Kwame Nkrumah University of Science and Technology, Kumasi

ACCOUNTING POLICIES AND PROCEDURES MANUAL

Revised: January, 2022

FOREWORD

The Kwame Nkrumah University of Science and Technology has for more than sixty years prosecuted its agenda of science and technology education. It has thus expanded in all its frontiers in terms of the number of programs, facilities, students, and staff numbers. This new order brings with it, a myriad of challenges with respect to fundraising, financing of the University's activities, and accounting for same. With the advent of information communication technology with its attendant sophistication for fraud and cybercrime, coupled with the restructuring of the University into Colleges with some form of autonomy to the Colleges, there is the need to adopt simple uniform systems and procedures in the way we manage our finances and account for same.

Consequently, and in tandem with international best practices, this Accounting Policies and Procedures Manual has been developed as reference material on all issues that relate to raising, spending and accounting for funds in the University. I believe this Manual would serve as a guide for transacting business relating to finances in the University.

Thank you.

Professor (Mrs.) Rita Akosua Dickson
VICE CHANCELLOR
(January 2022)

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CHAPTER ONE REGULATORY FRAMEWORK

1.1 Background Information

This manual is a description of the accounting system and responsibilities of the Finance Office of Kwame Nkrumah University of Science and Technology (KNUST). KNUST is a state-owned university established by an Act of Parliament on 22 August 1961. The Statutes of the University state that the purpose of KNUST shall include a Strategic Mandate, Vision, Mission and Core Values.

Our Strategic Mandate

The Act establishing the University defines its mandate, which essentially is to provide higher education, undertake research, disseminate knowledge and foster relationships with outside persons and bodies. The strategic mandate of the University is derived from the Science and Technology in its name.

Our Vision

The vision of the University is to be globally recognized as a premier centre of excellence in Africa for teaching Science and Technology for development, producing high caliber graduates with knowledge and expertise to support the industrial and socio-economic development of Ghana and Africa.

In summary, the vision can be stated as "Advancing Knowledge in Science and Technology for Sustainable Development in Africa".

Our Mission

Our mission is to provide an environment for teaching, research and entrepreneurship training in Science and Technology for the industrial and socio-economic development of Ghana, Africa and other nations. KNUST also offers services to the community, is open to all the people of Ghana and is positioned to attract scholars, industrialists and entrepreneurs from Africa and the international community.

Our Core Values

1. Leadership in Innovation and Technology
2. Culture of Excellence
3. Diversity and Equal Opportunity for All
4. Integrity and Stewardship of Resources

1.2 The Governing Council of the University

The University Council hereafter referred to as “Council” is the governing body of the University. The Council shall have the power to take decisions in relation to the University which it considers expedient in its capacity as provided by the Kwame Nkrumah University of Science and Technology, Kumasi Act – 1961(Act 80). The Council’s roles include:

1) Subject to the Act, Council may provide for any act or thing in relation to the University which it considers necessary or expedient in its capacity as the highest governing body of the University.

2) Without prejudice to the generality of the powers of Council as provided for by the Act and the Statutes, the functions of Council shall be to:

   a) ensure that the aims and objectives of the University are realised;
   b) determine the strategic direction and policies of the Universit y and establish processes to monitor, evaluate and implement the policies;
   c) ensure the creation of an environment of equal opportunity for members of the University without regard to ethnicity, race, sex, religion, belief or political affiliation;
   d) promote income-generating activities for the operations of the University as part of the programmes undertaken by the University;
   e) regulate appointments, promotions, and conditions of service, termination of appointment, dismissals, retirement benefits and other privileges of staff of the University;
   f) Control and dispose of property, funds and investments of the University, and may on behalf of the University:
      - sell, buy, exchange, lease and accept leases of property;
      - borrow money on the security of the property of the University or otherwise;
      - enter into, carry out, vary or cancel contracts of which the University is a part;
   g) control the finances of the University and may determine, finally, any question of finance arising out of the administration of the University or the implementation of its policy or in the execution of any trust by the University;
   h) approve the award of degrees including honorary degrees, diplomas and certificates;
   i) determine the student admission policy of the University in consultation with the Senate;
   j) enter into any association or affiliation with other Universities or other institutions of learning whether within Ghana or outside as it may deem necessary and appropriate;
   k) determine the allocation of funds at the disposal of the University and cause the accounts of the University to be prepared, audited and published annually;
   l) ensure that relevant documents are put together to spell out Conditions of Service for all categories of staff in the University; and
   m) ensure that appraisal systems are set up in the University for all categories of staff of the University, in accordance with the Statutes.

3) To achieve the aims of the University, Council may establish standing

and ad-hoc committees made up of members and non-members of Council and assign them functions that Council considers appropriate.

1.3 Aims and objectives of the Accounting Manual

The purpose of this accounting manual is to have explicit descriptions of accounting procedures, functions and systems of the University. Specifically, the manual seeks to:

1. Establish sound procedures in the administration of the funds of the University and to provide guidance for the day-to-day operations of the Finance Office.
2. Ensure that an effective system of internal control processes and procedures is in place.
3. Ensure that the required financial reports are produced with relative ease and are relevant, reliable, comparable and understandable.
4. Serve as a basis for developing training brochure for the staff of the Finance Office.
5. Enhance accountability and transparency of financial reports prepared by the University.
6. Provide a uniform basis of approved standards and procedures that shall guide users in the performance of their financial management responsibilities.

1.4 Financial Governance Structure of the University

The statutes state that, there shall be a Standing and Finance Committee of the Council which shall be composed of:

- The Council Chairman as the Chairman;
- The Vice Chancellor;
- The Pro Vice-Chancellor;
- Two Government Nominees of Council;
- The Council Nominee; and
- The Professorial Member of Council.

The following shall be in attendance:

- The Registrar;
- The Finance Officer;
- The Internal Auditor; and
- The Deputy Registrar (General Administration) as Secretary.

1.4.1. The functions of the Standing and Finance Committee

1. To consider and advise Council on estimates on all financial matters of the University.
2. To serve as the Budget Committee of the University.
3. To ensure strict adherence to all requirements under the Public Financial Management Regulations; 2019 (LI 2378)
4. To monitor the University's financial key performance indicators against annual budget and set acceptable variations.
5. To advice on borrowing and investment policy, to consider proposals for borrowing, capital financing structure and external funding arrangements.
6. To ensure appropriate governance strategy of the University's estate in terms of asset

management, capital projects, facilities management and repair and maintenance.

7. To monitor and approve the treasury management policy and activities of the University.
8. To perform any other function delegated by the University's Council.
9. All other functions as stipulated in the PFM Act, 2016 (Act 921) and PFM Regulations LI 2378.

1.5 Audit committee

The University shall establish an Audit Committee under the Public Financial Management Act 2016 (Act 921) section 86

1. The Audit Committee shall consist of five members.
2. The majority of members of an Audit Committee shall be independent members.
3. The Internal Audit Agency and the Institute of Chartered Accountants, Ghana shall nominate the majority of members from among persons who do not work in the University and two (2) other members shall be nominated by the Vice Chancellor.
4. The chairperson of the Audit Committee shall be elected from among the independent members of the Committee.
5. The Audit Committee may, in the performance of its functions, co-opt senior management personnel to serve on the Audit Committee.

1.5.1. Qualification and Tenure of the Audit Committee

a) Members of the committee should have professional expertise and work experience in the area of accounting, auditing or public financial management.
b) The tenure of the chairperson or an independent member of the University's Audit Committee shall be for a period of two years and may be reappointed for another term only.
c) A chairperson or an independent member of the University's Audit Committee shall not be removed from office without the prior written approval of the Internal Audit Agency or the Institute of Chartered Accountants, Ghana, whichever institution nominated the chairperson or that independent member.

1.5.2. Functions of the Audit Committee

The Audit Committee shall ensure that the Vice-Chancellor:

(a) Pursues the implementation of any recommendation contained in:
i. An internal audit report;
ii. Parliament's decision on the Auditor-General's report;
iii. Auditor-General's Management Letter;

(b) Prepares an annual statement showing the status of the implementation of any recommendation contained in:
i. An internal audit report;
ii. Parliament's decision on the Auditor-General's report;

iii. Auditor-General's Management letter;
v. Any other related directive of Parliament.

The annual statement referred in (b) above shall:

(a) Indicate the remedial action taken or proposed to be taken to avoid or minimize the recurrence of an undesirable feature in the accounts and operations of the University; and
(b) Indicate the period for the completion of the remedial action.
(c) Be endorsed by the relevant sector Minister and forwarded to the Minister, Parliament, Office of the President and the Auditor-General within six months after the end of each financial year.

1.6 Compliance with applicable laws and standards

The accounting principles of the University shall be consistent with all applicable laws. These include International Public Sector Accounting Standards (IPSAS) and other laws and regulations relevant to the financial management of the University.

The University is a public institution and complies fully with existing laws and regulations governing the conduct of public financial management. The existing regulations include:

- the Public Procurement Act 2003, (Act 663), as amended by the Public Procurement (Amendment) Act, 2016 (Act 914);
- the Internal Audit Agency Act 2003, (Act 658);
- the Income Tax Act 2015, (Act 896);
- the National Pension Act 2008, (Act 766);
- the Public Financial Management Act, 2016 (Act 921);
- the Audit Service Act, 2000 (Act 584)
- the Unified Conditions of Service for Unionized Staff of the Public Universities of Ghana, 1 January 2008;
- the Labour Act 2003, (Act 657);
- the Fair Wages and Salaries Commission Act, 2007 (Act 737); and
- the Statutes of the University.

Where there is any conflict between this manual and any of the public regulations, the stipulations in the public regulation shall prevail. Where there is any doubt about the interpretation of the manual not governed by a public regulation or standard, the Vice Chancellor shall act as the final arbiter in deciding on the interpretation.

1.7 Maintenance of the manual

This manual will be updated as and when necessary and any amendments shall be approved by the Council. The Standing and Finance Committee is responsible for maintaining a continuous review of the manual, on the advice of the Finance Officer through the Vice Chancellor. Possible recommendations for review will be incorporated into the manual. The date of the update will be stated on the front page of the manual.

CHAPTER TWO

THE ORGANISATION AND FUNCTIONS OF THE FINANCE OFFICE

2.1 The Finance Officer

The Finance Officer is the Chief Accounting Officer of the University and he is directly responsible to the Vice Chancellor and Council. He/she is responsible for the planning and management of the financial affairs of the University in accordance with the University Statutes and relevant laws and under the delegated powers of the Vice Chancellor. In addition, it is part of the Finance Officer's duties, acting in conjunction with other officers of the University and subject to the Vice Chancellor's approval, to initiate and enforce measures and procedures whereby the financial affairs of the University shall be conducted effectively and efficiently.

He/she shall ensure that all financial transactions and business activities of the University have to be recorded, analysed and collated in due form for audit and publication once a year in accordance with relevant laws. Secondly, the periodic financial reports and financial statements are prepared and submitted to appropriate authorities as an aid to financial control and for the effective administration of programmes. In addition, he/she should ensure the training of accounts office staff with a view to increasing their efficiency and their productivity is another function of the Finance Officer.

2.2 Summary of duties of the Finance Officer

In summary, the Finance Officer performs among others, the following duties as per the University Statutes:

a. Formulation and implementation of policies relating to accounting and financial management and controls in the University.
b. Receipt, proper custody and accounting for all revenue, assets and property of the University.
c. Corporate planning involving budgeting, budgetary control and long-term or strategic planning in respect of all the finances of the University.
d. Liaison with Ministries, Departments and Agencies (MDAs) in respect of financial matters.
e. Treasury Management in relation to cash and liquidity management and investment decisions
f. The regular appraisal, training and development of all staff under him in consultation with the Registrar.
g. Preparation and consolidation of Financial Statements in accordance with International Public Sector Accounting Standards (IPSAS) and other relevant public regulations and commenting on management reports of external auditors.
h. Ensuring, on behalf of the University Council, that proper records are kept of all University assets and other valuables of every kind in a register.
i. Oversight responsibility for the accounting functions of all the semi-autonomous bodies, self-accounting and income-generating units within the University.
j. Acting as a consultant in all financial matters in the University.
k. Attending meetings of the University Council and sub-committees of the Council.
l. Administration of funds of the Ghana Universities Staff Superannuation Scheme (GUSSS) and Provident Fund.

m. Any other functions as may be assigned to him by the Vice Chancellor.

2.3 Organization of the Finance Office

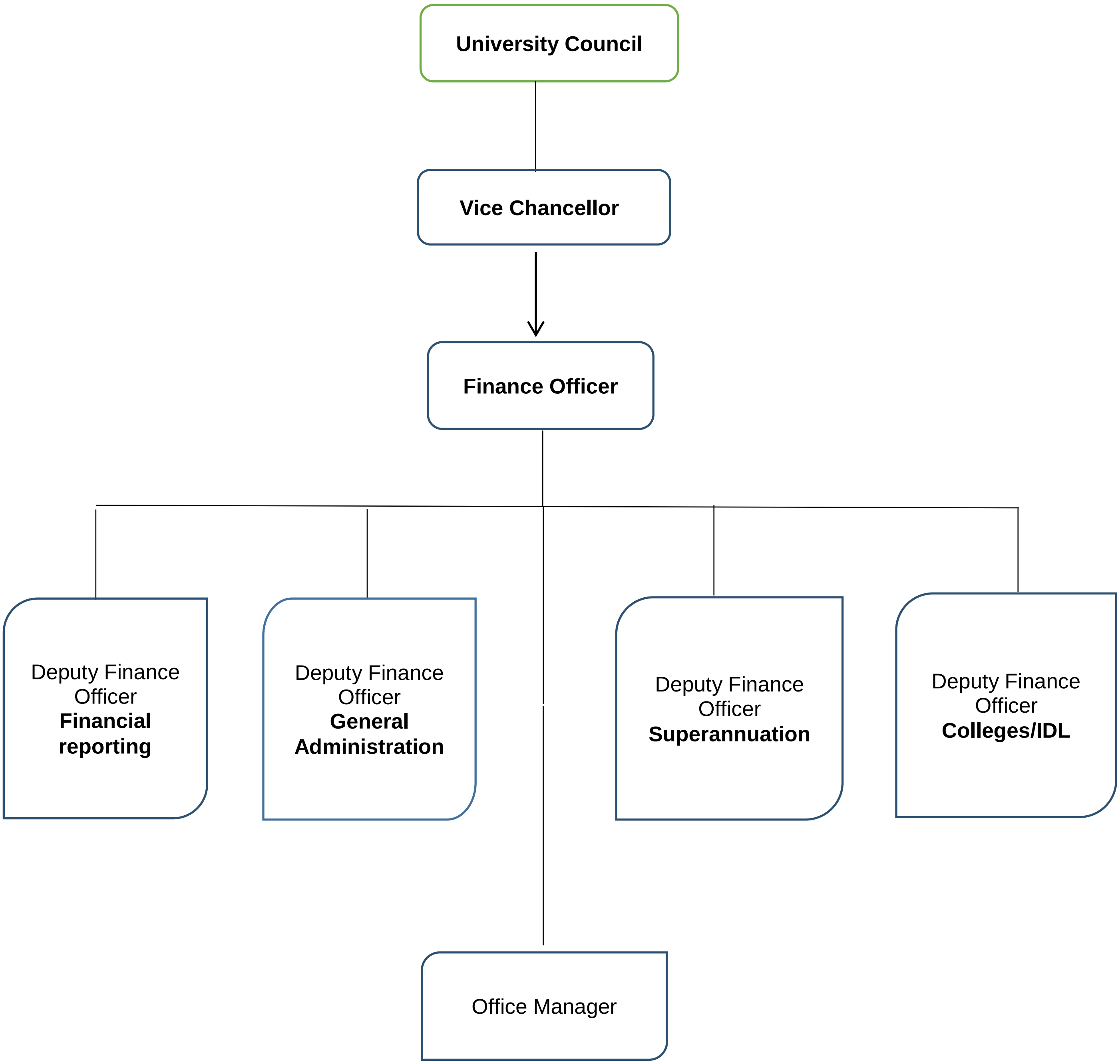
The Finance Office is organised to ensure that core functions are segregated to ensure more effective and efficient management of the funds of the University. The main Finance Office is organised into the following units:

a) Budget
b) Payroll
c) Payables
d) Receivables
e) Information Systems
f) Superannuation (Pensions)
g) Students Accounts
h) Treasury
i) Final Accounts
j) Transport, Maintenance and Development Office (Municipal Unit)
k) KNUST Guest Houses
l) Office of Grants and Research
m) University Stores

The Finance Office also has sub-offices in all Colleges headed by College Finance Officers. Other self-accounting units of the Finance Office include the following:

a. Photocopy Unit,
b. Printing Press;
c. Halls of Residence;
d. University Hospital;
e. Basic Schools,
f. Senior Staff Club;
g. School of Graduate Studies,
h. Office of Dean of Students,

Fig. 1 Basic organogram showing reporting line of the Finance Office



CHAPTER THREE

REVENUE

3.1 Revenue

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of the University. Revenue for the University shall comprise;

1. Government Subvention – for employee compensation, goods, services and investment,
2. School fees;

   -Academic Fees (i.e., academic facility user fees and other academic charges i.e., Library fees, ICT fees etc.);

   -Non-Academic Fees (i.e., residential facility user fees, attestation fees, introductory letter, transcripts, graduation fee, hiring of auditorium/conference rooms, rent, sale of paraphernalia, hiring of vehicles etc.

3. Other income payable by students, grants, donations and all other payments by individuals and institutions for goods and services rendered by the University.

Revenue shall be recognized in accordance with IPSAS 23 (Revenue from Non-Exchange Transactions) and IPSAS 9 (Revenue from Exchange Transactions). Where a particular IPSAS for revenue from exchange or non-exchange transactions is amended or a new standard is issued, the University shall adopt that standard on the date it becomes applicable. The Finance Officer, as the custodian of all University funds, is responsible for all revenue accruing to the University.

Non-Tax Revenue and Internally Generated Revenue

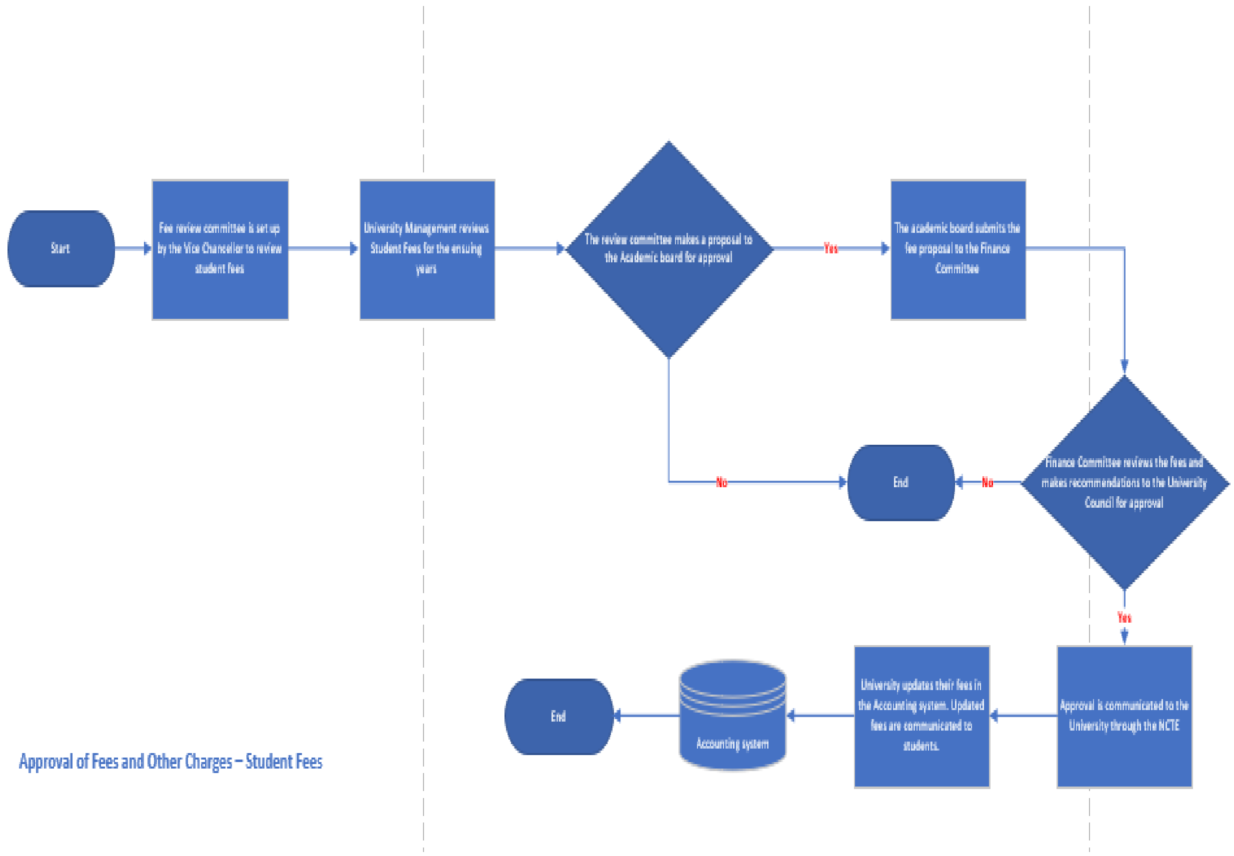
1. "non-tax revenue" includes fines, penalties, forfeitures, fees and charges, rent on government lands and buildings, interest on Government investments, dividends and all other revenue generated from the activities of the University;
2. "Internally-generated revenue" means revenue generated from the activities of the University from its operations other than transfer from the consolidated funds.

3.1.1 Approval of fees

Academic Fees

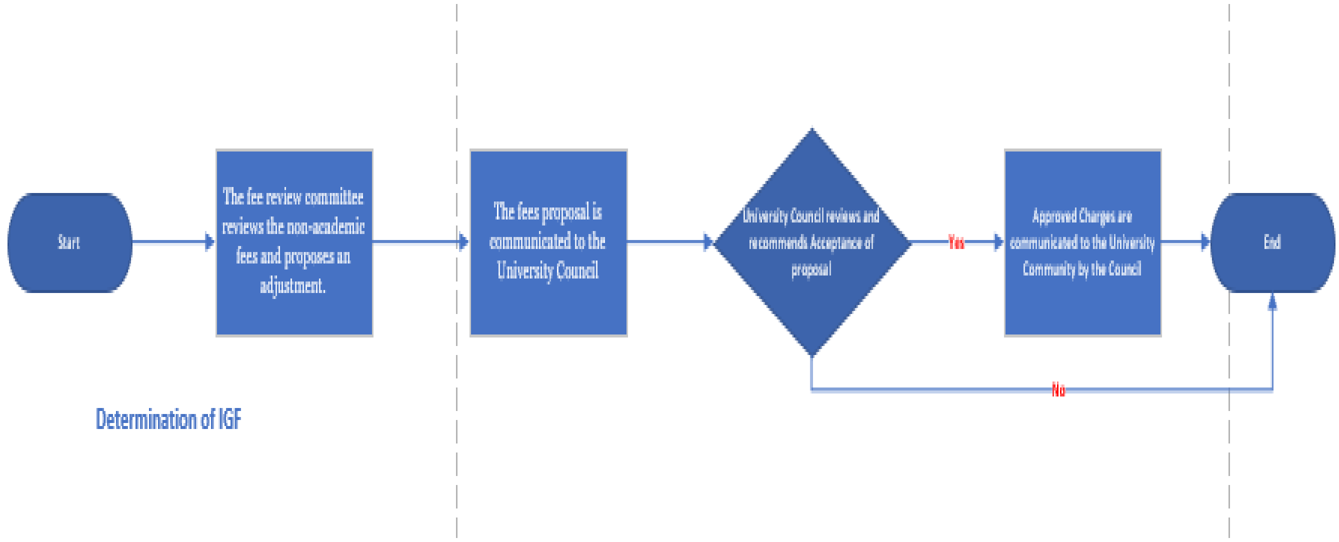
1. Before the start of the new academic year, a fee review committee set up by the Vice Chancellor reviews the students' fees and proposes an adjustment. The members of the fee review committee are the Finance Officer, the Dean of Students, Pro Vice Chancellor, all College Finance Officers, Deputy Finance officer of Students Accounts, all Provosts, Students' leadership, Director of UITS, and Librarian.
2. The proposal from the review committee is reviewed by the Academic Board.
3. The recommendation from the Academic Board is sent to the University Council for review and approval.

4. The proposed fees are then forwarded for review and approval at the Ghana Tertiary Education Commission.
5. The proposed fees are then reviewed by Parliament for final approval.



Non-Academic fees

6. Before the start of the new academic year, the fee review committee reviews the non-academic fees and proposes an adjustment. The Committee consults relevant technical units for input into some fees such as rent. For rent, the Estate Unit proposes the fees based on square space and location for the approval of the Vice Chancellor in consultation with the Finance Officer.
7. The proposal is communicated to the University Council for review and approval.



3.2 Policies and procedures on revenue

1. Fees shall be recognised as revenue when students validly register for that period. Registered students will be closely reviewed each academic year to determine whether the amount is still collectible and whether the balance of the fees receivable is adequately catered for with the allowance for receivables.
2. Subvention from the Government (Employee Compensation, Goods, Service and Investment) shall be recorded as and when due.
3. Rent should be recognised in the period to which it relates. Any rent receivable should be reviewed periodically to determine if the amounts are collectible and what collection actions are being taken.
4. All other income should be recognised in the period to which it relates.
5. Grants which are classified as exchange transactions with the University shall be recognised as revenue when the grant money is earned. Each restricted grant shall be set up as a separate cost centre to allow for accurate and consistent recording of the expenses of each grant.
6. Income and expenses shall not be offset.
7. When revenue is received, the accounting system is used to record the transaction into the respective ledgers.
8. The Final Accounts unit uses the revenue recorded in the general ledger to prepare the financial statements.
9. As a public entity, the University reports its monthly cash collections by the 15th of every month to the Ministry of Finance through the Ghana Tertiary Education Commission (GTEC) with copies to the Controller and Accountant General (CAG).

3.3 Collection, Lodgment and disclosure of revenue

The Vice Chancellor shall:

1. ensure that revenue is efficiently collected;
2. ensure that revenue is immediately lodged in gross without any disbursement from it into a designated account by close of the next working day.
3. monitor and ensure that revenue lodged into a transit bank account are promptly transferred into the main University bank account.
4. The Vice Chancellor shall fully disclose all revenue collected and retained as part of the monthly report to the Minister of Finance, with copies to the Controller and Accountant-General and the Ghana Tertiary Education Commission.
5. A disclosure under (d) above shall cover:
    i. the collection points of the University in all the self-accounting units by any type of revenue;
    ii. the extent to which the self-accounting unit revenue target for the period has been achieved and measures that need to be taken to address any shortfall;
    iii. expenditure incurred out of retained non-tax revenue including internally generated funds;
    iv. non-tax revenue including internally generated funds due but not collected.
6. A University staff who fails to comply with these Regulations on collections, accounting and disclosures in respect of revenue including internally generated funds is in breach the Public Financial Management Act,2016 (Act 921)

3.3.1. Ceremonial receipts

1. Where any money is paid to the University as part of a public or official ceremony, the money shall be paid into the appropriate University Account by close of the next working day.
2. A University staff shall not accept a symbolic cheque if that cheque is not supported with an actual cheque.

3.4 Financial Regulations

3.4.1 Revenue

1. The Finance Officer shall receive on behalf of the University all subventions, assets and revenues payable to the University and his/her receipt shall be sufficient discharge for same.
2. He shall be responsible to the Vice Chancellor for the safe custody and proper disposition of all University funds and assets;
3. A person who collects or receives monies in trust for the University shall issue receipts for the amount received.
4. All monies received shall be recorded and balanced on daily basis.
5. Monies received shall be banked not later than the close of the next working day following the receipts of the funds.
6. All monies received shall be banked intact and no payment shall be made out of amounts collected before banking.
7. Monies received shall be kept under lock and key.
8. No personal money or property shall be kept in the University safe.
9. Personal cheque(s) must not be cashed out of the money received on behalf of the University.

3.4.2 Receipts

1. Official receipts of the University shall be printed only on the authority of the Finance Officer.
2. Only pre-numbered official receipts of the University issued by the Chief Cashier or duly authorised finance office staff shall constitute proper discharge.
3. All accounts officers to whom receipt books are issued shall keep their own stock registers and ensure that both receipt books and stock registers are kept under lock and key. Accounts officers shall be held responsible for the loss of any used or unused receipt books.
4. A receipt shall be cancelled and a fresh one issued whenever a mistake is made on the original receipt. Any cancelled receipt shall be retained in the receipt book. No alteration or cancellation shall be made on a receipt.
5. Notice of the loss of receipt books or any value books must be given to the Finance Officer by the Head of Department where the loss occurred promptly. The Finance Officer, in turn, shall cause the loss to be published in the appropriate University organ, the Government Gazette and/or the national newspapers.
6. In handing over duties to another officer, certificates signed by both officers are required in respect of all receipt books and value forms held on charge by the outgoing officer. The certificates made in the prescribed form shall be supported by a detailed list showing the quantities and serial numbers of each type of book and the officer taking over shall sign below the last entry in the register.
7. Manual receipts may be issued upon the approval of the Finance Officer.
8. Any receipt book other than the authorized receipt book shall not be used. A person who issues a such receipt book or an unauthorized form for collection is in breach of section 96 of the Public Financial Management Act, 2016 (Act 921).

3.4.3 Receipts in kind

Any other money due the University shall not be paid in kind unless permitted or stipulated by:

a) an applicable enactment; or
b) the University Council.

However, the above provision does not apply to the collection of delinquent claims for revenue or money owed the University.

3.4.4 Academic fees and other charges

1. All academic fees and other charges payable for each academic year will be discussed and recommended by a fee review committee to the Vice Chancellor for his/her approval.
2. The Finance Officer is responsible for ensuring that all academic fees due the University are received.
3. All fees and charges shall be paid at designated banks approved by the Vice Chancellor on the recommendation of the Finance Officer.
4. Fees may also be paid by banker's draft issued in the name of the University and other approved medium of payments.
5. An official receipt shall be issued to a student for fees and charges paid.
6. Official receipts issued shall be reconciled with the bank statement on monthly basis.
7. Steps should be taken immediately to resolve any outstanding payments.

3.4.5 Other income

1. All other income due the University may be paid at a designated office or at the bank as may be directed by the Finance Officer.
2. Where payment is made at the bank, valid pay-in-slip shall be submitted at the designated office for an official receipt to be issued upon confirmation of payment.
3. Official receipts shall be issued when the payment is made at the designated office.

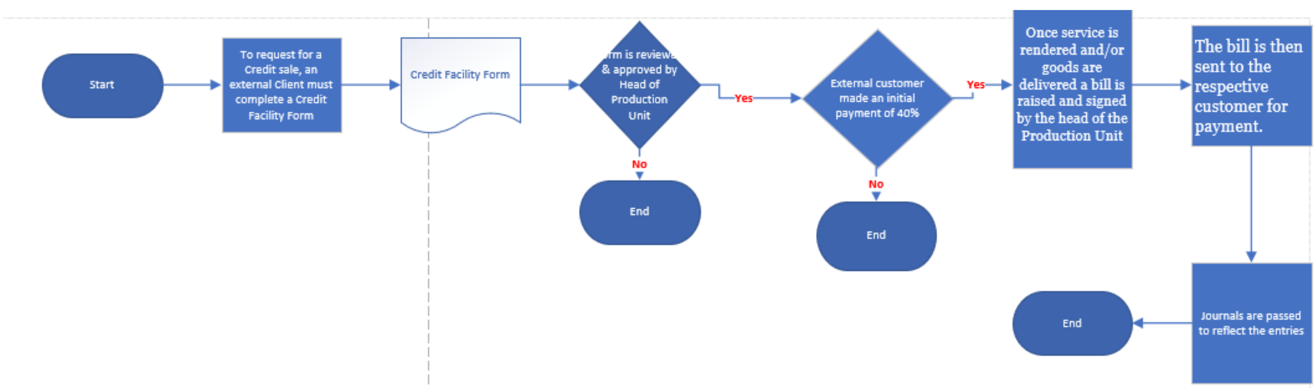
3.4.6 Consultancy income

Faculty staff may earn income from consultancy as a result of their membership of the faculty. The University shall levy a charge of 10% of the total earnings where University facilities are used, where no University facilities or equipment are used, the University shall levy a charge of 5% of the total earnings; and in both cases, a declaration of earnings shall be made to the Vice-Chancellor and income tax laws complied with. Where the total income is received into the University's account before disbursement, the total inflow shall not be set-off against the related expenditure and total income and total expenditure shall be recorded separately.

3.5 Credit and debtors' process

3.5.1. Credit control for Production Units

1. To be granted credit, an external client of the University must complete a Credit Facility Form which is used to determine the credit risk and worthiness of the customer requesting the credit.
2. Once completed, the form is reviewed by the Head of the Production Unit based on a creditworthiness criterion set by the unit and approved by the Finance Officer**.** Credit is granted for a maximum of thirty calendar days for all Departments/ Sections/Units within the University.
3. External customers must make an initial payment of 40% of the total bill/invoice value prior to being granted credits. Staff are required to make an initial payment of 25% of the value of goods/services before being granted credit.
4. Once service is rendered and/or goods are delivered a bill is raised and signed by the head of the Production Unit.
5. The bill is then sent to the respective customer for payment.
6. Journals are then passed to reflect the entries.



Credit Control & Trade Receivable – External client

(A)

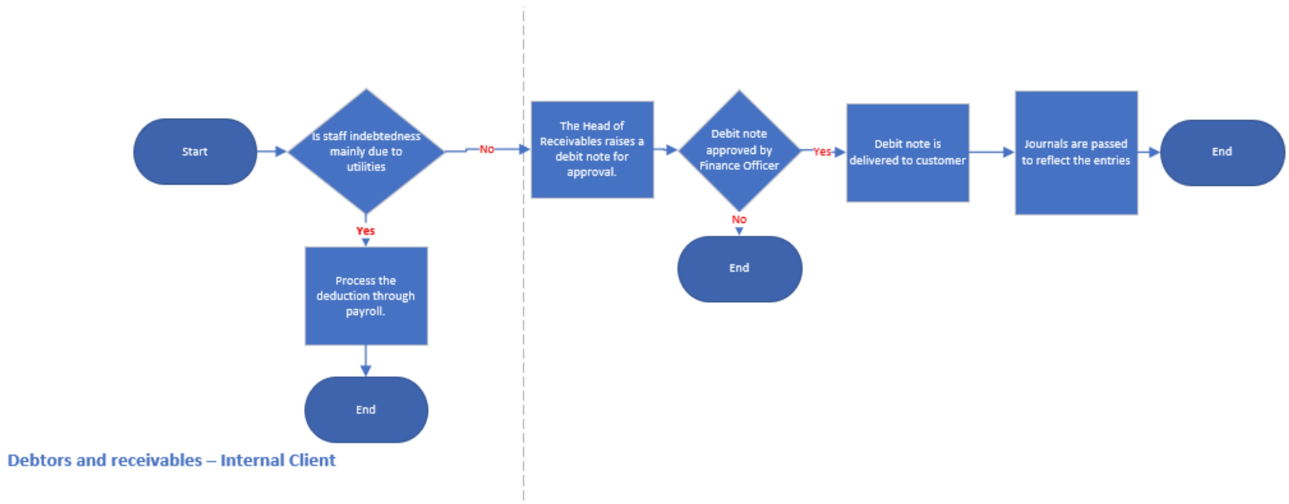
1. All External Clients (Clients who are not part of the University System) shall be granted a maximum credit period of thirty (30) straight days after initial payment of 40% of the total bill/invoice value.

2. Staff of the University shall be granted a maximum credit period of sixty (60) days after initial payment of 25% of the service value or goods supplied. Recovery through payroll deduction option is allowed for qualified members of Staff. Recovery shall however, be done within the credit period of sixty days.

3. As a rule, all credit transactions do not qualify for any discounts, whether cash or trade.

3.5.2. Debtors/Receivables – Central Administration

1. Debtors to the University central administration mainly arise due to utilities (water, electricity and fuel).
2. For staff receivables, the deduction of the indebtedness is done through payroll.
3. For other receivables, the head of receivables unit raises a debit note for approval by Finance Officer and delivered to the customer for payment.
4. Journal entries are passed to reflect the transactions in the accounting system.



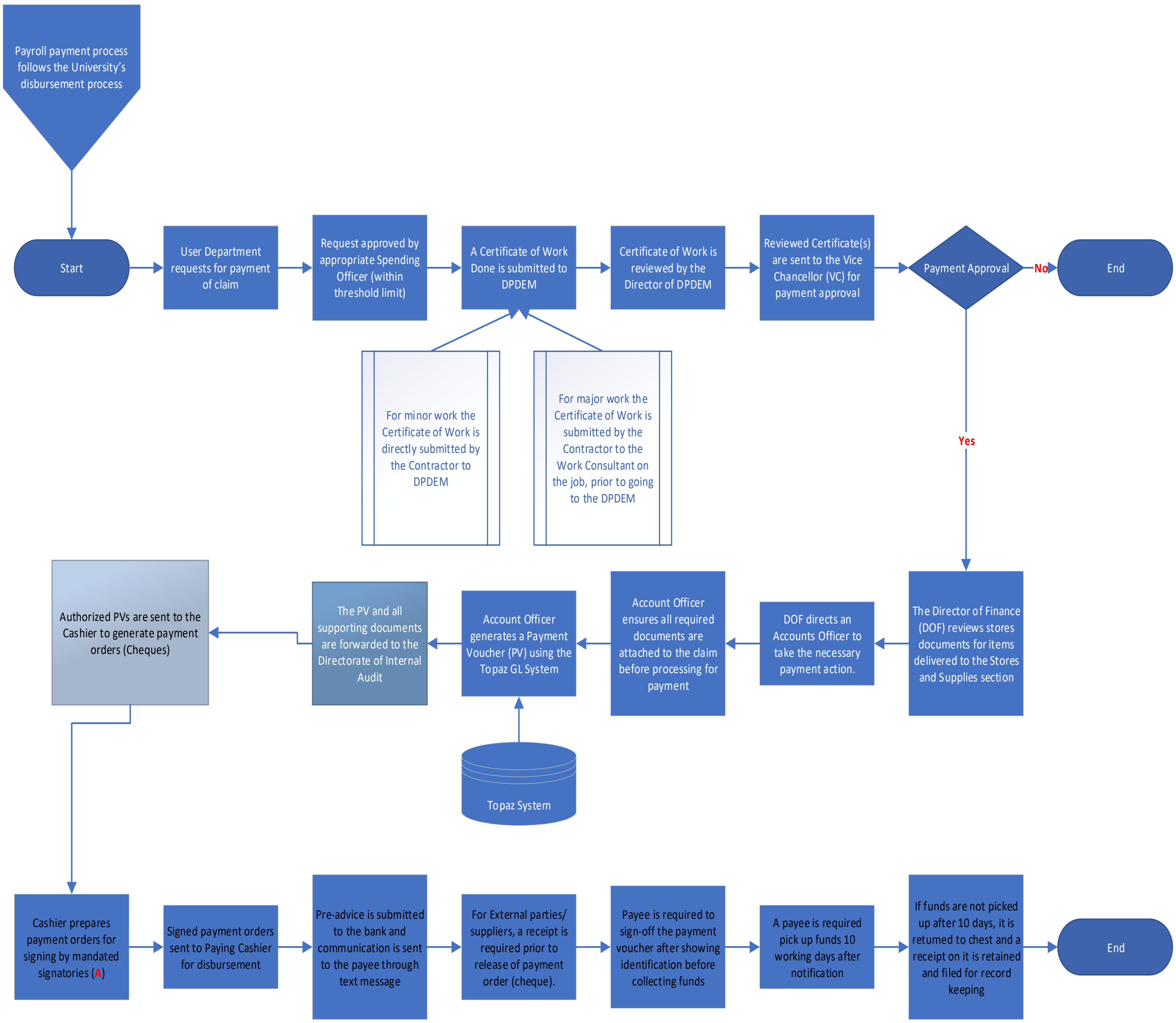
3.6 Debt Collection

3.6.1 Policies and Procedures

The Finance Officer shall ensure that all outstanding monies due the University are collected promptly by ensuring that:

1. All persons owing the University are billed promptly in respect of services or goods supplied by the University.
2. All credit arrangements are properly authorised by management.
3. Separate records are kept for all receivables.
4. All income accruing is credited to the appropriate income accounts and monies received are posted to the correct receivables account.
5. A schedule of debtors is prepared on a monthly basis based on age analysis.
6. Overdue debts report should be prepared and be accompanied by action to be taken in collecting the debts.
7. Debts owed by resigned or dismissed employees are deducted from their entitlements to the extent possible, then any amount left to be pursued through guarantors and legal means.
8. Requests to write off debts must be referred in writing to the Finance Officer for submission to the Vice Chancellor for consideration and approval by Council.

FLOW CHART DEPICTING CASH AND CHEQUE RECEIPT PROCESSES



CHAPTER FOUR

EXPENDITURE

4.1 Definition

Expenditure is the payment of cash or cash equivalents for goods or services or a charge against available funds in settlement of an obligation as evidenced by an invoice, a receipt, a voucher or other such documents.

4.2 Policies and Procedures

The Vice Chancellor of the University is responsible for ensuring in respect of each payment by the University that;

- it is valid, accurate, and legal for claim or payment.
- the evidence of service received, certificates for work done and any other supporting documents exist.
- the commitment for the payment has been approved in accordance with the University accounting policies and procedures.
- there is sufficient budget allocation for such expenditure.
- requests for payments, commitment of expenditure against budget, preparation of payments voucher and the preparation of cheques shall all be performed by separate independent units or persons of the University to enhance segregation of duties and internal checks.
- no withdrawal shall be made from the University bank accounts without any properly approved payment vouchers.

4.2.1 Recognition

Expenditure shall be recognised in the financial statements when the University accepts an obligation for the assets, goods or services and the cost can be reliably estimated.

4.2.2 Expenditure on Goods and Services

Any expenditure incurred on goods and services, the benefits of which will be consumed within one year, shall be expensed in the period in which the benefit is consumed by the University.

4.2.3 Expenditure on Capital Items

Capital expenditure includes all expenditure on non-current assets, the benefit of which is expected to be consumed in more than one year. Expenditure on capital items shall be capitalised in accordance with the University Capitalization Policy, Section 8.4 (Table 2.0).

4.2.4 Research expenditure

Research expenditure shall be fully written off in the period in which the expenditure is incurred.

4.2.5 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and therefore should be capitalised. All other borrowing costs are recognised as expense in the period they occur as required by IPSAS 5-Borrowing Costs.

4.2.6 Books and periodicals

Expenditure on books and periodicals shall be written off in the year of acquisition.

4.3 Internal Control Procedures and Policies on Expenditure

4.3.1 General

1. Heads of Colleges, Faculties, Institutes, Departments, Schools, Divisions or Units may initiate expenditure under the following headings:
   a. Employee Compensation
   b. Direct Teaching and Research Expenses
   c. General Education Expenses
   d. Municipal Services Expenses
   e. Production Cost
   f. General Administration Expenses
   g. Library Expenses
   h. Miscellaneous Expenses
   i. Employee Benefits Cost (GUSSS & Ex-Gratia)

2. Votes under staff compensation will however be controlled by means of the approved staff requirement for the academic year. These will be governed by the Conditions of Service and will be subject to the Principal Spending Officer's approval.

3. The Heads of Colleges, Faculties, Schools, Departments, Institutes and Units shall not commit the University to expenditure without reserving sufficient funds to meet the cost of that expenditure.
4. Approval for payment shall be made in accordance with authorisation thresholds set by the University.
5. The Finance Officer shall maintain proper records of income and expenditure, assets and liabilities and report periodically on the finances of the University to the Vice Chancellor.
6. Upon advice by the Vice Chancellor as Chairman of the Budgetary Committee on allocation of votes to the Colleges and Institutes, each College/Institute shall reallocate its votes to the departments within it, subject to the ratification by the Board of the College/Institute. The Finance Officer should be notified of such allocations.

4.3.2 Payments for Goods Received and Services Rendered

Payments from bank account(s) shall be made only on the basis of completed and approved payment vouchers for goods and services. Such payment vouchers entered in the cash book shall be supported by original copies of:

a. Bills, invoices, LPOs or contract documents of the goods supplied or services rendered;
b. Authentic receipts issued by the payee in acknowledgement of the amount paid. This receipt should indicate the name and address of the payee;
c. Copies of order notes and Goods Receipt Vouchers, and
d. The documents should be duly pre-audited by the Internal Audit Unit

The following procedures shall be observed when making a payment for goods received or services rendered:

a. Authorisation for payment shall be by the Vice Chancellor or his/her designated representative
b. The goods or services should have been received and taken charge of
c. The prices charged are in accordance with the contract and are fair and reasonable
d. That the calculations are arithmetically correct
e. All vouchers shall be signed by the payee, and
f. All cheques issued to outsiders should be crossed

4.3.3 Petty Cash Transactions

a. Imprest may be kept by all Heads of the University to cater for petty cash expenses.
b. Imprest may be used for payment for fuel, general transport expenses and other routine petty office expenditure.
c. No single payment may exceed 20% of the gross imprest except for the payment for fuel.
d. Imprest should be reimbursed on production of valid receipts/bills or certificates for expenses made. It must be ensured that reimbursement does not exceed the authorised imprest.
e. Where it is not possible to obtain official receipts for payments, an honour certificate duly authorised by Head of Department may be used.
f. All imprest holders shall retire their imprest at the end of each financial year to the Finance Officer.
g. Any requests for increase in the imprest amount should be approved by the Finance Officer upon recommendation of the Internal Auditor.

4.3.4 Honour Certificates

Honour certificates shall only be used for petty cash payments where for a valid reason a receipt cannot be obtained. An honour certificate shall be certified by the Head of the Unit.

Sample: ***''I certify that the above payment was made by me in the interest of the University and that no receipt could be obtained.''***

4.4 Disbursement of Central Votes

The disbursement of central votes shall be subject to the approval of the Vice Chancellor acting on the advice of the Registrar and the Finance Officer.

4.5 Special Advances

1. Where possible, Heads of Department may be granted special advances to enable them pay for goods and services where it is not possible to obtain such goods and services before payment is made.
2. Special advances must be accounted for within 21 days counted from the date payment is made.
3. Heads of Department who fail to account for special advances after 3 months will have the amount recovered from their salaries with interest at the prevailing bank rate.
4. Heads of Department who have not accounted for previous advances will not be granted further advances.
5. Any special advance granted to a Head of Department shall be treated as a receivable in his/her personal name until it is retired.
6. The University shall not grant special advance for constructional and non-constructional contracts to any Head of Department.

4.6 Advance payment for civil works

An advance payment for goods services and civil work shall meet the following conditions:

1. the advance payment shall be by a written and signed contract:
2. the amount shall not be more than fifteen percent (15%) of the total price to be paid under the contract,
3. the advance payment must be acquitted fully from a maximum of three preceding certificates submitted by the contractor.
4. a supplier or contractor shall obtain from a financial institution, a guarantee on payments of damages to the University in case of the non-performance of contractual obligations by the supplier or contractor;
5. the term of the guarantee shall cover the entire contract period; and
6. the financial institution issuing the guarantee shall be an institution licensed by the Bank of Ghana or subject to the regulations of a foreign central bank or regulator; and meet the regulatory requirements of capital adequacy or solvency ratios calculated in accordance with internationally accepted standards.

An advance payment for civil works made in a financial year shall be acquitted when

a. the goods and services are delivered or the civil works are completed; or
b. progress payments are made.

4.7 Record of advance payment for goods and services and civil works

1. The detailed information on advance payments that have not been acquitted shall be kept in our records
2. Until point (1) is implemented, the Finance Officer shall maintain a database **(contract register)** of advance payments that have not been acquitted.

3. The database under point (2) shall at least include, in respect of each advance payment,
   a. the amount and date of the advance payment,
   b. the identification of the recipient,
   c. the name of the guaranteeing financial institution,
   d. the date, amount, and reason for the acquittal.

4.8 Pre-financing

Staff are required to use the laid down procedures for purchases and payments and as much as possible avoid pre-financing. However, where an employee pre-finances expenditure on behalf of the University, the transaction shall be approved by the Head of Department, Dean, Provost or Director depending on the threshold of the amount for reimbursement. The appropriate withholding tax may be applied where necessary.

4.9 Questioned Expenditure

Questioned expenditure means:

a) Expenditure that is
   i) unreasonable or prohibited by the award contract
   ii) not allowed by applicable laws
   iii) unsupported expenditure which has no or inadequate documentation or did not have required prior approval or authorisation

b) Misappropriation or misapplication of funds

The Vice Chancellor of the University shall take the necessary action to recover all money due the University from a supplier, contractor or staff. Questioned expenditure may arise from:

a) Non-performance of contractual obligations by that supplier or contractor; or
b) Over-payments to the supplier, contractor or staff

In addition to the actions for the recovery of moneys due the University, the Vice Chancellor shall suspend any financial transactions with such supplier or contractor in accordance with applicable laws.

4.10 Travelling & Transport Claims

Claims for official travel expenses shall be submitted on appropriate forms through the applicant's Head of Department or the Registrar as appropriate. Travel and Transport allowances are governed by the Conditions of Service and other regulations that show applicable rates. No one shall authorise the reimbursement of his/her own claim or expenses. All such claims should be authorised by a senior employee except where it is impracticable.

4.11 Overseas Subsistence Allowances

Overseas subsistence allowances are payable at rates approved by the University. The approval of the allowance should be communicated to the Finance Office by the Registrar or Secretary of the appropriate committee. All overseas travels shall be guided by the University's International travel policy. Overseas payment shall be supported by the Vice Chancellor approval (permission to travel).

4.12 Council Allowances and Expense Claims

Allowances for members of the University Council shall be paid as prescribed by the Minister of Finance. Other expense claims shall be authorised by the Council Chairman.

4.13 Stale Cheques

- Stale cheques should be reversed as soon as they are detected to reinstate the Payable and also reverse the cash book entry.

- For any reason, where a reversed cheque/invoice is no longer payable within the accounting year, the payables and expenditure entries should be reversed in the same accounting year. Reversed cheques that are not repayable after three years shall be transferred to Accumulated Fund.

4.14 Missing Cheques

- A misplaced or missing cheque shall be reported to the Finance Officer in writing.
- The finance Officer shall authorise a letter to be served to the particular bank to stop payment of that cheque
- A fresh cheque may be issued upon the instruction of the Finance Officer.

CHAPTER FIVE

VALUE BOOKS

5.1 Policies and Procedures

1. All accounting officers to whom any value books are issued shall keep their own inventory register of the value book.
2. The value books of the University include but are not limited to:
    a. Official Receipts
    b. Cheque Books
    c. Goods Received Vouchers (GRVs)
    d. Requisition Books
    e. Local Purchase Orders (LPOs)
3. The following detailed information shall be recorded for each value book:
    a. Date of receipt
    b. Serial no. (from-to)
    c. Date of issue
    d. Person to whom it is issued
    e. Date of completion
    f. Signatures for issue and return
4. The Finance Officer shall be the custodian of certificates of all financial instruments of the University.
5. Accounting officers responsible shall ensure that value books are kept under lock and key until the receipt of the value books has been duly acknowledged by another officer.
6. All cancelled leaflets of value books shall be retained in the value book.
7. The Finance Officer shall be notified on the loss of value books by the officer involved promptly. The Finance Officer shall inform the Vice-Chancellor and the Head of Security Services.
8. The Finance Officer and the Internal Auditor shall undertake investigations to confirm the loss of the value book.
9. The Finance Officer after confirmation shall cause the loss to be published in the appropriate University organ, government gazette and/or national newspaper.
10. An outgoing officer shall include in his/her handing over notes all value books in his/her custody.
11. Security features of value books shall be reviewed periodically to prevent theft, misuse, duplication and tampering.
12. Adequate protocols and controls of system used in the production of value books to prevent unauthorised usage and access. Value books shall have identifiable pre-printed serial numbers.

5.2 Destruction of Payment Vouchers, Receipt Books, Debit Notes and other Accounting Documents

1. No payment voucher, receipt book, debit note, journal voucher and other accounting documents may be destroyed before fifteen years after audit.
2. Before any vouchers, receipts, debit notes, or other accounting documents are destroyed, they shall be listed and examined by a Board of Survey. Upon the approval of the report of the Board of Survey by the Vice Chancellor, the document shall be destroyed by the Finance Officer and the Internal Auditor.
3. Preservation of records shall be governed by the Public Records and Archives Administration Act 1997, (Act 535), which make it necessary to keep financial and accounting records until such time as claims by or against government are statute-barred.

5.3 Register of Contents of Safe

All documents and other valuables, except money and personal effects, which are kept in safes, shall be recorded in a register to be kept by the Head of Department. The Finance Officer and the Internal Auditor shall have access to the register of contents in any University safe. Random checks shall be performed by the Internal Auditor to verify the contents of the safe.

CHAPTER SIX

DONOR-FUNDED PROJECTS

6.1 Policies and Procedures

The University policy is to ensure Full Economic Costing (FEC) approach. This is an activity-based costing approach which aims to ensure that the full cost of research or academic projects, including overheads is calculated and included in research project budgets.

The University has clear and transparent procedures in accounting for project funds which are essential to ensure that the funds are managed in an appropriate manner.

a. All project budgets and accounting procedures shall be made available to the Finance Officer to ensure full compliance with the project conditions.
b. Project funds shall not be used for purposes or activities not approved in the project budget.
c. Where research projects are to be undertaken on behalf of external bodies, the Provosts, Deans and Directors shall be responsible for ensuring that:
    i. financial appraisal is conducted before any contract is agreed upon; and
    ii. terms and conditions relating to such grants are available to ensure its smooth implementation and appropriate monitoring.
d. Each project shall be assigned to a specific unit and shall have a Principal Investigator (PI) or a Coordinator. The grant holder is responsible for meeting the conditions of the funding. The project coordinator shall ensure that the project funds are at all times used for approved project activities and budgeted items only. Losses arising from failure to meet the conditions of funding shall be the responsibility of the Provost, Dean or Director and shall be charged to the unit.
e. Procurement of goods and services shall be in accordance with of the Procurement Act, 2003 (Act 663) and the Public Procurement (Amendment) Act, 2016 (Act 914). Where the project has its specific procurement rules, such rules should be stated clearly in the contract and shall be applied.
f. The head of the unit where the project is implemented is responsible for ensuring that every formal application for a grant is examined and shall also ensure that there is adequate provision of resources to meet all commitments.
g. The Finance Officer shall ensure that the full cost of research contracts is established. The research agreement must be in line with the University's policy with regard to indirect costs and other expenses and should also take account of different procedures for the pricing of research projects depending on the nature of the funding body. Where there is a conflict between University policy and the procedures of the funding body, the issue shall be referred to the Vice Chancellor.
h. The Office of Grants and Research (OGR) shall have records of all projects accepted by the University.
i. Cost to be charged to research activity shall be in line with the financial agreement (budget) of the research project. However, where the financial agreement is silent on the cost to be charged to the research project, full cost shall be charged.
j. The University indirect cost policy should be applied in determining indirect cost to be charged on projects.

k. Proper financial records relating to the research project and contracts shall be kept by the Finance Officer.

l. The Head of the Office of Grants and Research or Principal Investigator shall ensure that proper procedures are followed to close a project.

m. A pool bank account shall be opened for all research projects at the College/Institute through the Finance Office and approved by the Vice Chancellor. A control account shall be maintained for individual projects in the pool. A new bank account may be opened for an individual project only with the prior approval of the Vice Chancellor.

n. Where a separate bank account is opened for any donor-funded project, the donor shall have access to the bank statement direct from the bank upon request through the Finance Officer.

o. In the absence of prescribed financial reporting procedures for any project, the financial reporting procedures of the University shall be applied. In all cases International Public Sector Accounting Standards (IPSAS) shall be applied.

p. A project may specify its own External Auditors. Otherwise, the Finance Officer shall contact the Auditor General for an appointment External Auditors for a project where there is the need for audit.

6.2 Policy on Closing out Research Projects:

i. Donor funded project closure is the shared responsibility of the Principal Investigator (PI), the College Management and the University Administration, the Donor and all direct beneficiaries, where relevant.

ii. Unless the Agreement stipulates that the residual funds shall be returned to the Donor, any unspent funds shall be kept by the University at the time of closing out the project.

iii. Unless otherwise stated in the project contract document, all tangible assets from the project shall be transferred to the University on closing out.

- When a project is completed, the PI must officially notify the University, the College and the Office of Grants and Research (OGR) in writing.
- The Internal Audit Unit in consultation with the OGR shall ensure that all the terms and conditions of the Award have been met and determine if there are outstanding obligations for their appropriate action.
- The PI, in consultation with the Finance Officer, shall ensure that all financial transactions associated with the project are appropriately documented prior to the closing of projects.
- The PI shall request the Finance Officer to carry forward any residual funds at the end of the year to the following year’s budget in accordance with the procedures for continuous Research.

6.3 Cost Sharing

1. **Definition:** A cost sharing commitment is an obligation by the University to contribute to the total cost of a project by providing goods or services at no cost to the funder. The University may also commit itself to a cash contribution towards project expense, e.g. for the purchase of equipment.

2. Types of Cost Sharing

a. Mandatory Cost Sharing: Cost sharing required by the funder as a condition for an award.

b. Voluntary Cost Sharing: Cost sharing not required by the funder as a condition for an award but the University offers cost sharing in the proposed budget to be more competitive.

3. Policy on Valuation of Cost Sharing

Below are some guidelines for valuing some possible sources of cost sharing for funded projects:

a. **Salaries and associated costs:** Valued at the contractual payroll rates and other indirect benefits.
b. **Equipment:** Valued at the fair value of the equipment.
c. **Supplies (including donated supplies):** The supplies should be valued at the fair market value at the time of their use.
d. **Travel expenses:** Should be valued consistently with the university's travel reimbursement policy and rates.
e. **Space**: (including donated space by a third party): The value shall not exceed the fair rental value of comparable space and facilities in a privately-owned building in the same location.
f. **Volunteer services:** Rates for volunteer services shall be consistent with those paid for similar work in the University. In the event that the required skills are not found in the University, rates shall be consistent with those paid for similar work in the labour market.
g. **Donated land and buildings:** Where the land and building was acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.
h. **Donated equipment:** Usually, only depreciation or user charges for the equipment may be claimed as cost sharing. However, the full value of the equipment may be claimed with permission from the funder. The full value is defined as the fair market value of equipment of the same age and condition at the time of its use. If depreciation is charged as cost sharing, it must be excluded from the indirect cost.

CHAPTER SEVEN

PROCUREMENT

7.1 Definition

Procurement relates to the purchase of goods, works and services. All purchases shall be made in accordance with the Public Procurement Act of 2003, (ACT 663), Public Procurement (Amendment) Act, 2016 (Act 914), the Public Financial Management Regulations, 2019 (LI 2378) and the Public Financial Management Act, 2016 (Act 921). The Vice Chancellor and the officer with delegated powers are responsible and accountable for actions taken and for instructions stipulated per the Public Procurement (Amendment) Act.

7.2 Policies and Procedures

1. Identify the needs/requirements in terms of goods, works or services based on procurement plans, budgets, proposals or requests from user departments.
2. Where the amount required is above the threshold of the spending officer of the user department, the request shall be forwarded to the Director of Procurement for further action. Where the request is within the threshold of the user department, the following steps shall be followed:
    a. The Provost, Dean, Director or Head of Department, is ultimately responsible for purchases within his/her unit in accordance with the procurement process.
    b. Contact the suppliers (through PPA registered suppliers list) and request a quotation or a proposal. Normally, a minimum number of three quotations/proposals is required to meet competition requirements. All suppliers shall be VAT registered. Accredited Suppliers must be registered with the Public Procurement Authority and with the University's procurement unit.
    c. Review the quotations or proposals based on pre-set criteria (such as price, quality, delivery time, etc.).
    d. Negotiate and conclude an agreement/contract with the most appropriate supplier.
    e. The transaction must be conducted at an arm's length.
    f. Check that all steps are transparent and that documentation is complete.
    g. Where the goods, services or works can be obtained in-house, the department which provides the goods, services or works may be contacted directly.

7.3 Procedure for Taking Delivery of Goods Procured

1. All goods procured through the procurement unit shall be delivered to the Stores.
2. In the case of goods procured directly by the user department, the goods should be delivered to the procurement officer of that user department.
3. All goods received shall be supported by suppliers' VAT invoices, waybills, delivery notes and packing lists where applicable. The receiving officer shall enter particulars of the goods on a Goods Received Voucher (GRV) after satisfying himself that the quality, weight and quantity are correct and agree with the purchase order and invoice in the presence of a procurement officer and Head of Stores. Any discrepancies shall be reported to the head of a department immediately.

4. Where the goods received are of a technical nature, an expert shall inspect the goods to ensure that they meet the required specifications.
5. When goods procured arrive and the inspection team finds any defects or variation in price, the inspection team shall reject the order immediately.
6. All goods received shall be verified by the Internal Audit.
7. Heads of the units where inventory is held are responsible for the safe custody and control of inventory to ensure that the inventory is adequately protected against loss, damage and misuse.

7.4 Entity Tender Committee

The University shall establish a tender committee in accordance with the Public Procurement (Amendment) Act, 2016 (Act 914)

Composition of Entity Tender Committee

Vice Chancellor	Chairperson
Registrar	Member
Finance Officer	Member
A lawyer appointed by Council	Member
Three (3) Heads of Departmental including User Department	Member
One (1) Ghana Tertiary Education Commission representative	Member
One (1) Professional Body representative	Member
Director of Procurement	Secretary

A quorum shall consist of the Chairperson and four (4) Committee members.

7.4.1 Functions of the Entity Tender Committee

1. Ensure the Committee works within the specified threshold per the Public Procurement (Amendment) Act, 2016 (Act 914);
2. Ensure concurrent approval is obtained from the appropriate Tender Review Committee where procurement is above the threshold of the Entity Tender Committee as required per the Public Procurement (Amendment) Act, 2016 (Act 914);
3. Review and approve annual procurement plans and quarterly updates to confirm they are in line with the University's objectives and operations;
4.
5. Ensure strict conformity with procurement procedures with the Public Procurement Act by reviewing schedules of procurement and specifications;
6. Ensure reporting requirements compliance and contract administration facilitation as required by the Public Procurement Act.

7.5 Procurement of Goods, Services and Works Methods

The University may conduct procurement by following the methods determined by the Public Procurement Act, 2016 (Act 914);

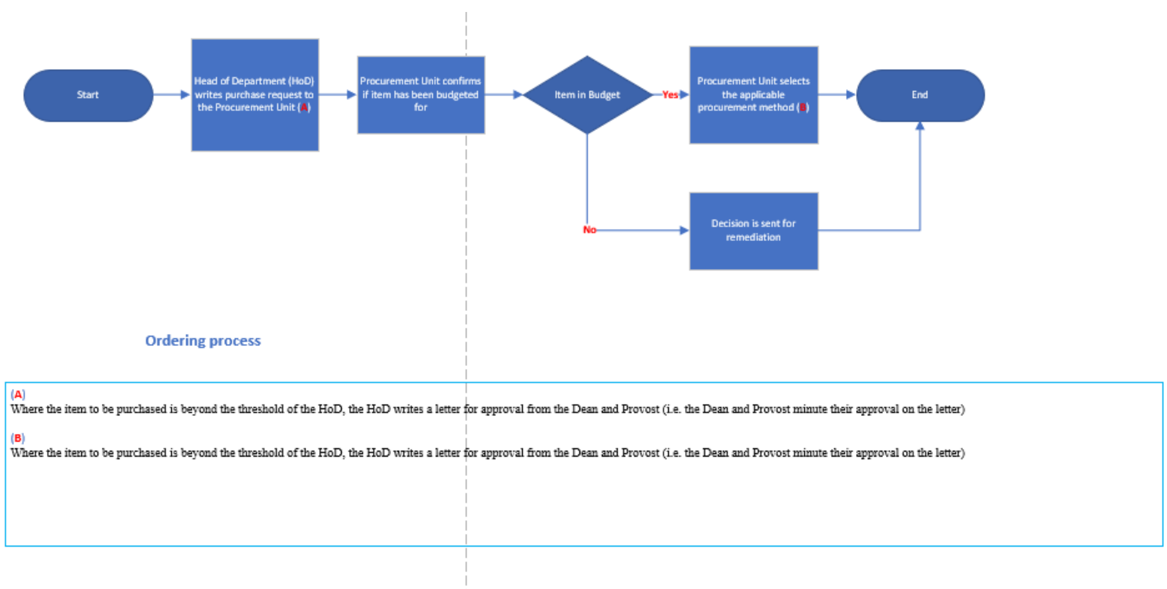
- International Competitive Tendering;

- National Competitive Tendering;
- Restricted Tendering;
- Price Quotations; and
- Sole/Single Sourcing.

ORDERING

1. The head of a user department writes a letter to request for the purchase of an item to the KNUST Procurement Directorate/Unit Procurement Committee depending on the threshold.
2. If the amount is within the threshold of the head of a department, he approves and forwards to the college procurement committee for the item to be procured.
3. If the amount is within the threshold of the Dean, he approves and forwards it to the college procurement committee for the item to be procured.
4. If the amount is within the threshold of the provost, he approves and forwards it to the college procurement committee for the item to be procured.
5. If the amount is above the threshold of the provost, he forwards it to the procurement directorate for the item to be procured.
6. Upon receipt of the approved letter, the Procurement Unit requests for the budget of the user department from the Finance Office to confirm whether the item was budgeted for.
7. The Finance Office will then confirm the availability of funds for the procurement.
8. After confirming that the item is budgeted for and funds available, the Procurement Unit selects the applicable procurement method to procure the item.

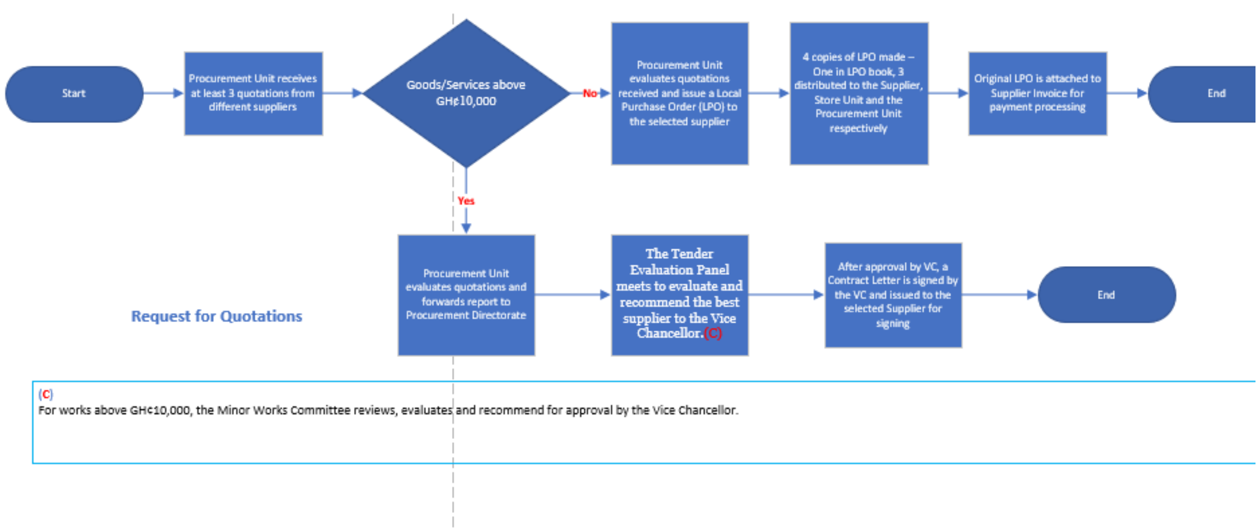
FLOW CHART DEPICTING THE ORDERING PROCESS



Request for Quotations

1. To use this method, the Procurement Unit obtains at least three invoices from three different suppliers registered with the Public Procurement Authority (PPA).
2. For goods/services below GHS 10,000 (i.e., within the approval limited of the provost), the Procurement Unit prepares a summary report on the quotations received and issues a Local Purchase Order (LPO) to the selected supplier. (Four (4) copies of the LPO are made: One (1) in the LPO book, three (3) distributed to the supplier, stores unit, procurement unit and the original attached to the suppliers' invoice for processing payment).
3. For goods/services above GHs 10,000, the Procurement Unit prepares a summary evaluation report and sends to the Procurement Directorate. The Tender Evaluation Panel meets to evaluate and recommend the best supplier to the Vice Chancellor. For works above GHS 10,000, the Minor Works Committee reviews, evaluates and recommend for approval by the Vice Chancellor.
4. **4.** After approval from the Vice Chancellor, a contract letter is issued to the selected supplier. The contract letter is signed by the Vice Chancellor on behalf of the university and the supplier also signs.

FLOW CHART DEPICTING REQUEST FOR QUOTATION



7.6 Procurement Methods

International Competitive Tendering

a. This method shall be used whenever open competitive tendering can only be effective when foreign firms are invited to tender.
b. Invitation to tender shall be advertised in a newspaper with adequate coverage to attract foreign competition.

National Competitive Tendering

Where the University decides to limit participation to only domestic suppliers, contractors or consultants National Competitive Tendering method shall be used;

a) KNUST places an advert in newspapers with wide circulation and on the PPA website to notify potential suppliers. The advert usually specifies 21 days from the date of the advert to the date of the submission and opening of tender date.
b) Upon receipt of the tenders, an Evaluation Committee is formed to evaluate the bid documents received and to make recommendation of the best supplier to the Entity Tender Committee.
c) The Evaluation Committee is formed by the Registrar. The Committee comprises staff from the Finance Office, Internal Audit, User Department, a Unit with technical knowledge of the good/service/work and Procurement Unit.
d) The Entity Tender Committee reviews the summary report and recommendation of the Evaluation Committee. The Entity Tender Committee comprises the VC, Registrar, Council Secretary, Finance Officer, Procurement Director, 3 Heads of Department including the user department, a Lawyer appointed by Council, 1 Professional Body representative and 1 Ghana Tertiary Education Commission (GTEC) representative.
e) For goods/services/works above GHS800,000 the Entity Tender Committee makes a recommendation to the Central Tender Review Committee.
f) After approval, a contract letter is issued to the selected supplier. The contract letter is signed by the Vice Chancellor on behalf of the University and the supplier also signs.

Restricted Tendering

The University sends a written request to Public Procurement Authority (PPA) upon obtaining approval shall procure by means of restricted tendering where;

a) goods, works or services are provided by a limited number of suppliers due to its highly complex and specialized nature;
b) if the value of goods, services, or works is disproportionate to the time and cost required to review a large number of tenders; or
c) if after the publication of an offer for competitive tendering no response is received.
d) the written request shall contain the list of the names of the companies and provide a detailed description of the good/service/work to be procured and rationale for using the restricted tendering.

Price Quotations

The University shall obtain a minimum number of three quotations/proposals to meet competition requirements from PPA registered suppliers list.

Sole/Single Sourcing

The University shall obtain approval from the PPA after communicating the reason for the use of sole or single source which should be in accordance with section 40 of the Public Procurement (Amendment) Act, 2016 (Act 914). The Procurement Unit prepares a notification letter to the supplier giving the supplier 14 days to present a performance bond before a final contract is drafted. After a presentation of the performance bond, the contract is drafted and signed by the VC on behalf of the University.

Receiving

1. Items delivered to the University must be accompanied by VAT invoice, waybill, LPO, or contract documents.
2. When an item is procured, the item is received into the store of the user department. Where the user department does not have a store, the item is received into the main University Stores.
3. The item delivered to the University is inspected by a team comprising a technical person, internal audit, storekeeper, and user department.
4. Upon completion of inspection of the items delivered, an inspection certificate is completed by the storekeeper and signed by the internal auditor and the technical person. Where the item is a fixed asset, the item is embossed with a predetermined serial number (label). The original copy is attached to the documents accompanying the items received.
5. The waybill presented by the supplier is signed by the storekeeper to acknowledge receipt from the supplier.
6. A Goods Receipt Voucher (GRV) is prepared by the storekeeper and signed by the internal auditor.
7. When there are delays in the delivery of items to the stores, the stores unit prepares a Delay Form that details when the delivery was expected as indicated by the LPO/contract, the actual date of delivery, date of inspection, and date of completion of the GRV and reasons for the delay. The Delay Form is signed by the storekeeper and head of stores.
8. The completed GRV is sent to the head of the stores unit to be keyed into the inventory management information system. The storekeeper records the following information on the items delivered:
    - Supplier’s name
    - Location (Store)
    - Cost Centre
    - Date
    - Mode of Payment
    - Stock Code
    - Quantity Received
    - Cost Price

The GL account to be affected
Dr. Inventory A/C
Cr. Bank or Payables

The storekeeper entering information determines if the item purchased is on cash or credit.
Where the staff selects “Cash”, the item stays in the stock control database as already paid for. Where the staff select “credit”, the item is recorded in the system to be paid for.

9. The Head of Final Accounts then reviews and posts the entry. This creates a credit on the supplier’s account. Upon saving the entries, the inventory management information system creates a batch number that can be used to trace the stock transaction.

10. The storekeeper entering the data checks the inventory management information system if the item is an already existing stock item (i.e. with a stock code) or a new item which requires that a stock code should be created to register it in the module. To register a new stock item, the following fields are completed in the inventory management information system by the Stock Control Administrator:
    - Item name
    - Item category
    - Minimum level
    - Maximum level
    - Reorder level
    - Reorder quantity
    - Unit of Measurement
    - GL Accounts
11. The Stores Unit requests for payment by sending a letter to the Finance Office with attached GRV, VAT invoice, LPO/contract and Inspection Certificate.

Payment

1. For items delivered to the stores, the Correspondence Unit of the Finance Office receives the letter from Stores Unit requesting for payment for items procured with attached GRV, VAT invoice, LPO/contract and Inspection Certificate

   For major works (work spanning longer period), the certificate of work done is submitted by the Contractor through a Works Consultant recruited for the job. The certificate work done is sent to the Director of Works and Physical Development (DWPD).
2. For minor works (usually maintenance work that last a few months), a certificate of work done is submitted by the Contractor directly to the Director of Works and Physical Development (DWPD).
3. After a successful review of the certificate of work done, the DWPD then sends a letter to the Vice Chancellor requesting for approval of the certificate of work done.
4. Upon Vice Chancellor’s approval, the certificate of the work done is forwarded to the Correspondence Unit.
5. The Correspondence Unit submits same to Finance Officer for approval for payment.
6. Upon approval by the Finance Officer, the request for payment is sent to the Budget/Payables Unit.
7. The Payable Unit inspects the request for payment to ensure appropriate authorizations and appropriate supporting documents such as LPO/contract, GRV, quantities requested, and quantities supplied.
8. The Payable Unit raises a Payment Voucher in the Financial Management Information System. To prepare the Supplier PV, the Payable Officer selects the name of the supplier in the Financial Management Information System and the bank account to be paid from (Dr. Supplier/Cr. Bank) and the officer then keys in the details of the item supplied, invoice number, date of invoice etc. Where the item is a fixed asset item, the entries passed are Dr. Fixed Assets and Bank to recognize the fixed asset in the system and then map the respective asset into the fixed asset register.
9. A print out of the PV is attached to the payment request documents and sent to the Internal Audit unit for pre-auditing.
10. The documents are then passed onto the Cash Office for payment.

11. The Cash Officer reviews the documents and checks if the bank from which the payment is being made is the correct bank account. The Chief Cashier then writes a cheque. The cheque and supporting documents is sent to the Finance Officer or his/her representative to sign. The cheque is then sent to the Registrar/Pro VC/VC, or their representative at various units as second signatory.
12. The cheque is then collected by the supplier. The supplier then signs the PV and provides an official receipt for collection of the cheque. The receipt is then attached to the PV.
13. Cheque date and number is then entered on the PV that was originally raised in the Financial Management Information System.

7.7 Discrepancies, Shortages and Claims

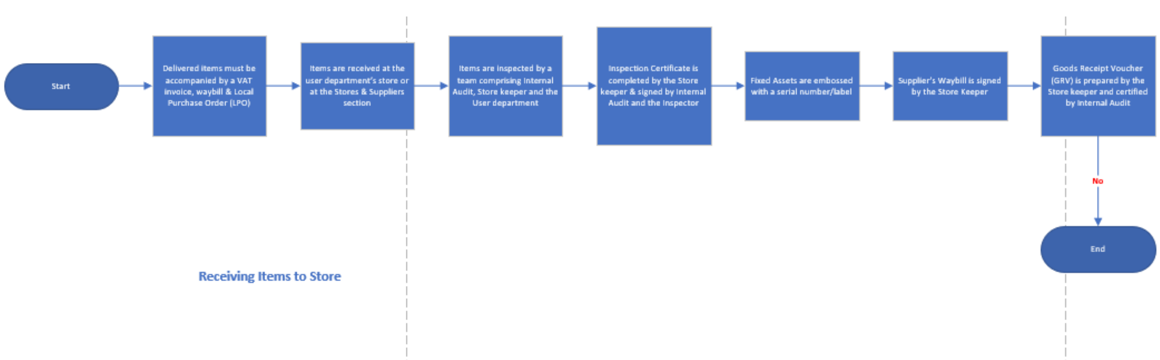
Discrepancies and shortages discovered by storekeepers in their store houses shall be reported to the Finance Officer and the Internal Auditor immediately. Where storekeepers are found liable for shortages discovered in stores, they shall be charged at replacement costs.

7.8 Stock Management/Fixed Asset Process

The University uses the First In First Out (FIFO). The cost price for stock items bought is the same cost charged on the issued stock.

Receiving in Stores

1. The item delivered to the University are inspected by a team comprising a unit of the University with technical knowledge about the item, internal audit, storekeeper and user department.
2. Upon completion of inspection of the items delivered, an Inspection Certificate is completed by the storekeeper and signed by the internal auditor and the inspector (technical unit). Where the item is a fixed asset, the item is embossed with a predetermined serial number (label). The original copy of the inspection certificate is attached to the documents accompanying the items received.
3. The waybill presented by the supplier is signed by the storekeeper to acknowledge receipt from the supplier.
4. A Goods Receipt Voucher (GRV) is prepared by the storekeeper and signed by the internal auditor.
5. After completing the GRV for an item, the details about the item received is entered in the Good Inwards Register and onto a tally card. A tally card is completed for each stock item received (e.g. blue pens, green pens etc.).

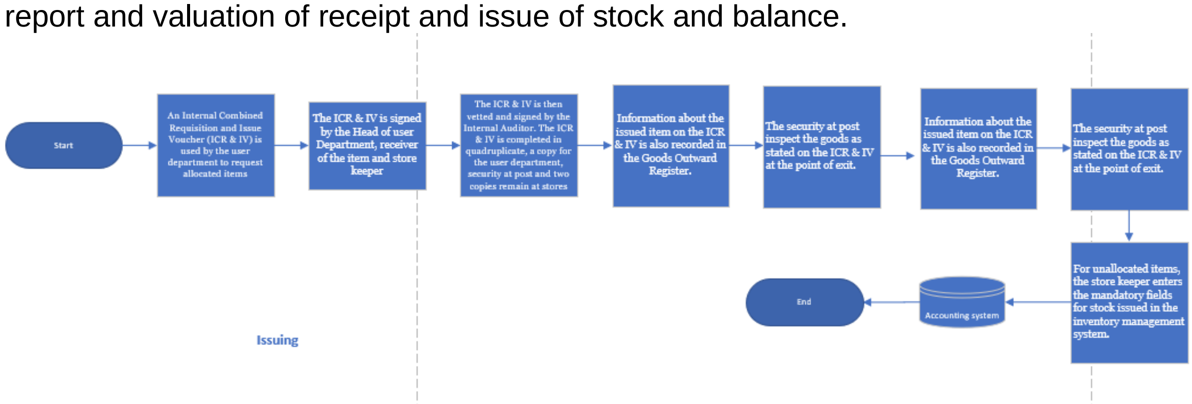


Issuing

Allocated Items and Unallocated Items

1. An Internal Combined Requisition and Issue Voucher (ICR & IV) is used by the user department to request allocated items (An allocated item is an item that belongs to a specific unit but which were received at the University's central store).
2. The ICR & IV is signed by the Head of user Department, receiver of the item and Storekeeper. In addition, the HoD and Storekeeper will stamp. The ICR & IV is then vetted and signed by the Internal Auditor. The ICR & IV is completed in quadruplicate, a copy for the user department, security at post and two copies remain at stores (Storekeeper and head of stores).
3. Where the item is a fixed asset, the item is entered into the Fixed Assets Register of the user department.
4. Information about the issued item on the ICR & IV is also recorded in the Goods Outward Register. The information includes description of the item, item quantity, unit price, total value and destination.
5. The security at post should inspect the goods as stated on the ICR & IV.
6. The Storekeeper should record the details of the items on the ICR & IV onto the tally card.
7. For unallocated items, the Storekeeper then enters the following compulsory fields for stock issued in the inventory management information system:
   - Date
   - Location (store from which item was issued)
   - Cost Centre
   - Expense GL codes (Dr. Expense A/C (eg. Stationery) Cr. Stock/Inventory A/C)

8. Return Issued Stock: Returns to stores should be recorded on the stores return voucher.
9. Stock Balance: A stock movement report is run from the system that provides a detailed report and valuation of receipt and issue of stock and balance.



Stocktaking

1. Any department of the University which holds stocks of allocated or unallocated stores shall perform stock taking quarterly, half-yearly and annually, and at other times as may be directed by the Finance Officer or the Internal Auditor. Stocktaking should be performed daily for fast moving items.
2. The stocktaking shall be supervised by the Internal Auditor and the Finance Officer

shall determine a cut-off date for stock taking

3. Stock shall be valued at the lower of historical cost and Net Realizable Value (NRV)/replacement cost and the total value shall be reconciled with the stores accounts.
4. A system stock sheet is printed. The system stock sheet has columns for item name, item code, system quantity and physically stock count. The system quantity should be shown on the stock sheet.
5. The physical counts are undertaken by a team comprising a finance office staff, internal audit staff and the storekeeper. External auditors may join the team to observe the annual stock take. The stock take sheets are signed by each member of the team.
6. After the physical count is undertaken, the results are compared with the detailed report from the system. Discrepancies discovered at stocktaking shall be investigated by the Internal Auditor who shall report his/her findings to the Finance Officer. After variance noted are resolved and corrected, the final valuation report is printed.
7. Stock certificates, original copies of all stock sheets, certified by the Head of Department and countersigned by the Internal Auditor and the store-keeper shall be forwarded to the Finance Officer for incorporation into the final accounts of the University.

Obsolete Items

1. Obsolete items should be certified as such by a technical person.
2. The items should be isolated from main stores to a salvage yard using a store issue voucher for that purpose.
3. A board of survey is then contacted to dispose off the obsolete stock.
4. The accounting system is updated to reflect the obsolete stock

CHAPTER EIGHT

NON-CURRENT ASSETS AND DEPRECIATION

8.1 Definition

Non-current assets include both tangibles and intangibles. Tangible assets include land, buildings, furniture, equipment, plant and machinery, heritage assets and other biological assets used in the operations of the University. Intangible assets include software, patent right, goodwill etc.

8.2 Measurement and Recognition

8.2.1 Tangible Assets

Land, buildings, furniture and fittings, motor vehicles, equipment, computer equipment, bore-holes and other water systems should be measured at costs less accumulated depreciation and impairment losses. The cost of property, plant and equipment shall be recognised as an asset in accordance with IPSAS 17- Property, Plant and Equipment if and only if:

1. Future economic benefits or service potentially associated with the item will flow to the University and is probable; and
2. The cost or fair value of the item can be measured reliably.

Asset acquired through a non-exchange transaction, shall be measured at its fair value as at the date of acquisition. The cost of an asset comprises the purchase price and any costs directly attributable in bringing the asset to the location and condition necessary for it to operate as intended by the University. The cost of an asset also includes initial estimate of the present value of the cost of dismantling and removing the item and restoring the site in which it is located.

8.2.2 Investment Property

These are land or building facilities used by the University for rental purposes including any property held by the University for rentals or capital appreciation or both. Assets shall be recognized as investment property when and only when:

3. It is probable that the future economic benefits or service potentially associated with the investment property will flow to the University; and
4. The cost or fair value of the investment property can be measured reliably.

All investment properties should be initially recognised at cost and should include transaction cost in its initial measurement. The cost of a purchased investment property shall comprise its purchase price and any directly attributable expenditure such as professional fees for legal services, property transfer taxes and other transaction costs. However, where investment property is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition as required by IPSAS 16-Investment Property. A change in the fair value of investment property resulting in a gain or loss shall be recognized in surplus or deficit for the period in which it arises.

8.2.3 Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible asset shall be accounted for in accordance with IPSAS 31– Intangible Assets. To meet the definition, the asset must be identifiable, i.e., separable from the rest of the University assets or arising from legal rights. An item per IPSAS 31 can be recognized as an intangible asset when the University is able to demonstrate that it meets the definition of an intangible asset and the recognition criteria. An intangible shall be recognized if and only if:

1. It is probable that the expected future economic benefits or service potentially associated with the intangible asset will flow to the University using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset; and
2. The cost or fair value of the intangible asset can be measured reliably.

The University shall measure intangible asset initially at cost and at fair value for a non-exchange transaction. The intangible asset should be carried at cost less amortization and any impairment losses after initial recognition. Under IPSAS 31 internally generated assets are classified into research and development phase. If the University cannot distinguish the research phase from the development phase of an internal project to create an intangible asset, the University treats the expenditure on that project as if it were incurred in the research phase only. However, if the University can demonstrate an intangible asset arising from the development stage meets the criterion in IPSAS 31then the asset is recognized as an intangible asset.

The capitalization of software rule requires that the software should pass the development phase. The five main software currently in use which qualify for recognition as intangible non-current assets are:

1. Students Information System (SIS);
2. Financial management information system (PANACEA);
3. The Student Admissions system;
4. The payroll system (PAYMASTER);
5. Human Resource Management Information system;

8.2.4 Biological Assets

Biological assets are living plants and animals which are recognised in accordance with IPSAS 27–Agriculture. The University recognises a biological asset or agricultural produce when and only when:

(a) The University controls the asset as a result of past events;
(b) It is probable that future economic benefits or service potential associated with the asset will flow to the University; and
(c) The fair value or cost of the asset can be measured reliably.

Biological assets shall be initially recognised at fair value less estimated cost to sell unless fair values cannot be measured reliably. Where the fair value of the biological assets cannot be reliably measured, they shall be recognised at cost (book value).

8.3 Service Concession Arrangements

Service Concession asset is an asset used to provide public services in a service concession arrangement that;

a) is provided by the operator which the operator constructs, develops, or acquires from a third party or is an existing asset of the operator, or
b) is provided by the University which is an existing asset of the University or is an upgrade to an existing asset of the University.

A service concession asset shall be recognized if:

a) the university controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price.; and
b) the university controls — through ownership, beneficial entitlement, or otherwise — any significant residual interest in the asset at the end of the term of the arrangement

Service Concession assets shall initially be measured by the University at fair value and subsequently be measured in accordance with IPSAS 17 & 31 (PPE & Intangible Assets)

8.4 Capitalisation policy

The general capitalization policy is that all non-current assets shall be capitalised on a regular and consistent basis. The subsequent expenditure incurred on these assets shall either be capitalised or expensed within the relevant accounting period. If the subsequent expenditure is incurred to maintain the existing capacity of the asset, the expenditure shall be wholly written off within the relevant accounting period. However, if the expenditure is incurred to improve the earning capacity of the assets the expenditure shall be capitalised and depreciated over the remaining economic useful life (EUL) of the asset.

For the acquisition of newly acquired non-current assets, the decision to capitalise or otherwise shall depend on the cost incurred. The threshold for capitalisation of cost is detailed below:

Table 1.0 Capitalisation

SN	**Description of item**	**Threshold in currency points**
1	Land	Full Capitalisation
2	Land Improvement	20,000
3	Buildings	Full Capitalization
4	Building Renovation	50,000
5	Purchased Equipment	5,000
6	Constructed Equipment	10,000

SN	**Description of item**	**Threshold in currency points**
7	Production Equipment	20,000
*8	Furniture and Fittings	2,000
*9	Donated Asset	To be capitalised based on the threshold of the specific asset type
10	Software	100,000
11	Computers and other IT equipment	3,000
12	Infrastructure	50,000
13	Motor Vehicle	Full Capitalisation

Table 2.0 Capitalisation policy

Asset	Capitalization Policy
Land	The full cost shall be capitalised. Cost includes the purchase price and other consideration given in acquiring the land.
Land Improvements	Improvements to be capitalised include the cost of landscape, surface parking lots, and outdoor public recreational fields having a cost in excess of 20,000 currency points. All costs of land improvements associated with newly constructed buildings will be capitalised.
Buildings	The full cost should be capitalised.
Building Renovations	Building renovations to be capitalised are significant alterations or structural changes that: a. cost in excess of 50,000 currency points and b. meets one or more of the following conditions: i. The project extends the useful life of the building beyond what was originally estimated; ii. The project substantially changes the use or purpose of the original space; and iii. The project expands the total square footage of the building. Renovation costs which do not meet either of these criteria is treated as maintenance expenditure and charged to the statement of performance.
Purchased Equipment	Purchased equipment to be capitalised shall have a useful life of more than one year or a cost of 5,000 currency points or more per unit.

Asset	Capitalization Policy
Constructed Equipment	For equipment constructed at the University, the acquisition cost to be capitalised include cost of materials, labour and other directly attributable cost charged to the equipment. The total cost shall exceed 10,000 currency points.
Production Equipment	The full cost should be capitalised. The cost includes the purchase price and other consideration given in acquiring it and any direct cost in bringing the equipment into use. The total cost shall exceed 20,000 currency points.
Furniture and Fittings	Purchased furniture and Fittings to be capitalised shall have a useful life of more than one year or a cost of 2,000 currency points or more per unit. Where classroom furniture is purchased in lots, the lot should be capitalised in aggregate.
Donated Assets	Land and buildings received as a gift will be capitalised at the fair market or appraised value at the date of the gift. Equipment received as a gift having a fair or market value of 5,000 currency points or more shall be capitalised. Must satisfy Non exchange transaction test
Software	Operating or Application software included in the price of the hardware will be capitalised. When purchased separately, software will be capitalised if the cost exceeds 5,000 currency points. Internally developed software with material and labour costs in excess of 5,000 currency points shall also be capitalised.
Computers and other IT equipment	Purchased Computers and other IT equipment to be capitalised shall have a useful life of more than one year or a cost of 3,000 currency points or more per unit.
Infrastructure	Infrastructure includes relays of utilities and service lines, tunnels, parking lots, sports grounds, public recreational fields, campus lighting, entertainment parks that are not part of a building construction or cost of land. This should be Capitalised at the cost of construction.
Motor vehicle	The full cost shall be capitalised. Cost includes the purchase price and other related cost necessary consideration given in acquiring the motor vehicle. The motor vehicle should have a useful life of more than one year or a cost of 50,000 currency points or more per unit.

Asset	Capitalization Policy
Planning Costs	Capital project planning costs associated with the planned construction, renovation, or purchase of a specific building will be capitalised in advance of the capital project being approved to the extent that such costs exceed 5,000 currency points. Planning costs include but are not limited to feasibility studies, preliminary drawings, and initial cost estimates. Previously capitalised planning costs will be written off to expense in the period when it becomes clear that the specific project will not move forward in the approval process.

Demolition of	The book value of the building will be written off when a
Buildings	building is demolished.
Sales or Disposal of Capitalised Assets	The carrying amount of assets will be removed from the books. Any profit or loss realized shall be separately recognised in the income and expenditure statement.

For a repair or improvement to be capitalised, the expenditure must extend the useful life of the asset repaired or improved. For example, painting would not be capitalised, but replacing the boiler or repairing the roof would be capitalised, if the cedi value is in excess of 50,000 currency points.

However, when fixed assets are purchased in bulk and the total value is GHS10,000 or more, such assets should be capitalised in aggregate.

8.5 Donated Assets

Generally, donated assets will be capitalised at their fair value in line with IPSAS 23 Revenue from Non-Exchange Transactions. Any donated assets that meet the capitalization criteria will be recorded as deferred income and as a fixed asset. The deferred income amount shall be reduced by the periodic depreciation charges that are recognised in the statement of financial performance for the donated assets.

8.6 Revaluation of Non-Current Assets

The University may revalue its non-current assets, and the revalued amounts are incorporated in the books and depreciated over their remaining useful life. If the University decides to revalue non-current assets the revaluation should be carried out regularly so that the market value does not differ materially from its carrying amount at the end of year. If an item is revalued, the entire class of assets to which that class of assets belongs should be revalued. Any revaluation loss should be expensed for the period unless it reverses an earlier revaluation increase. However, revaluation surplus will be treated as equity, unless it reverses an earlier revaluation loss.

8.7 Depreciation

All capital assets will be depreciated over their estimated useful lives. The straight-line basis will be used, with depreciation charged in full on assets existing at the end of the year.

The following assets will be depreciated over their estimated useful life as below:

Class	Includes	Years
Buildings, Structures & Infrastructure	Boreholes and Water tank and structure, if included in initial Borehole construction. Building Improvements, Fence Wall, Monuments.	50
Land Improvement	Parking Lots, Landscaping, Drains, walkways, lay by, Pavements, Bus Waiting Area.	10
Equipment	Binding Machine, Photocopier, Music Systems, P.A. systems, Refrigerators, TV, Laboratory Equipment, Movers, Power Generators, Gas Burners/cylinders, Washing machine, water dispensers.	5
Computers & Related Equipment	computers, printers, audio visual equipment, CCTV, card readers, digital camera, neon screen, projector, UPS, Scanner	5
Production Equipment	machinery used for production, tractors and accessories	10
Furniture, Fixtures & Fittings	Air conditioners, Office Desk, office chairs, living room furniture, beds and mattresses, Access control equipment, book shelves, file cabinets, centre table, ceiling/standing fans, conference tables, curtain blinds, etc	4

Class	Includes	Years
Motor Vehicles	All types of vehicles, including truck mounted refuse Containers and trailers.	5
Intangible	Computer Software Patent, Copyright Website	5 Per contract 5

The University shall cease depreciating an item when the item is withdrawn permanently from use and is held for disposal as required by IPSAS 17- Property, Plant and Equipment.

8.8 De-recognition

An asset shall be removed from the statement of financial position on disposal or when it is withdrawn permanently from use and no future economic benefits are expected from this asset. The gain or loss is the difference between the proceeds and the carrying amount on the date of disposal and should be recognised in the statement of income and expenditure.

8.9 Disposal of University property

No University property shall be disposed of without the prior recommendation of a duly constituted Board of Survey. A Head of Department, who for any good reason wishes to dispose of any University property, shall request the Registrar to convene a Board of Survey to take charge of the disposal of the assets in accordance with its mandate.

Recommendations of the Board of Survey shall be subject to the approval of the Vice Chancellor except in the case of fixed assets, e.g., buildings, plants, vehicles and heavy equipment the disposal of which shall be subject to the approval of Council.

8.10 Custody and Control of Moveable Assets - University identification marks

1. All plant, vehicles, equipment or furniture belonging to the University shall be marked and numbered with the University's name or initials before they are used.
2. Equipment and furniture manufactured by a department of the University shall similarly be marked and numbered.

Assets register

Every unit shall maintain an asset register into which they shall enter the following particulars of all tangible non-current assets:

a. date of purchase (delivery or manufacture)
b. cost;
c. description (quantity and serial number);
d. name and address of supplier;
e. location and condition; and
f. Identification mark

Verification of Assets

The Internal Auditor shall verify at least once during each year the existence of all tangible non-current assets in the assets register.

CHAPTER NINE

LEASES

9.1 Lease of University Property

When the University leases out any of its property to a third party, the transaction shall be accounted for in accordance with the substance of the transaction in line with IPSAS 13–Leases. If the effect of the substance of the transaction is an operating lease, the following shall apply:

a. The property will remain an asset of the University and shall be presented in the statement of financial position based on the nature of the asset
b. All rentals receivable shall be recognized as income.
c. The rental charge for each period shall be on straight line basis.
d. Any resulting difference between charge for the year and actual payments shall be accounted for in the statement of financial position as asset or liability as the case may be.
e. Negotiation and arrangement cost of operating lease shall be added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease revenue.
f. The depreciation policy for depreciable leased assets shall be consistent with University's depreciation policy for similar assets in section 8.7 and in accordance with IPSAS 17-Property, Plant and Equipment.

If the substance of the transaction is a finance lease the following shall apply:

a. The University effectively transfers the risks and rewards of ownership of the assets to the lessee;
b. All rentals receivable shall be recognised in the statement of financial performance, and in the statement of financial position, the gross investment in the lease that is the lease payment receivable shall be recognised as an asset.
c. Asset shall be presented as a receivable at an amount equal to the net investment in the lease.
d. Net investment in finance lease shall be based on a pattern reflecting a constant periodic rate of return.

9.2 University as a lessee

When the University leases any property from a third party, the transaction shall be accounted for in the records in accordance with the substance of the transaction. If the substance of the transaction is a finance lease to the University the following shall apply:

a. Assets acquired and the associated lease obligations under finance leases shall be recognized as assets and liabilities respectively in the statements of financial position. The asset shall be capitalised in the books of the University at lower of the present value of minimum lease payments and the fair value of the asset on the day of inception of the lease. The present value of the minimum lease payments will be calculated based on a discount rate or the University's incremental borrowing whichever is practicable to determine.

b. A corresponding obligation shall be recognised and recorded for the lessor;

c. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. Any finance charges shall be allocated to the financial statement on a straight-line basis,

d. The asset shall be depreciated in line with the existing policy of the University on similar assets and in accordance with IPSAS 17, and

e. Contingent rents shall be expensed in the periods in which they are incurred

If the effect of the substance of the transaction is an operating lease, the following shall apply:

a. All rentals payable shall be charged to the statement of financial performance and recognized as an expense on a straight-line basis. Lease payment shall exclude service costs such as insurance and maintenance;

b. The rental charge for each period shall be on straight line basis over the lease term, and

c. Any resulting difference between charge for the year and actual payments shall be accounted for in the statement of financial position as asset or liability as the case may be.

CHAPTER TEN

PAYROLL

10.1. Policies and Procedures

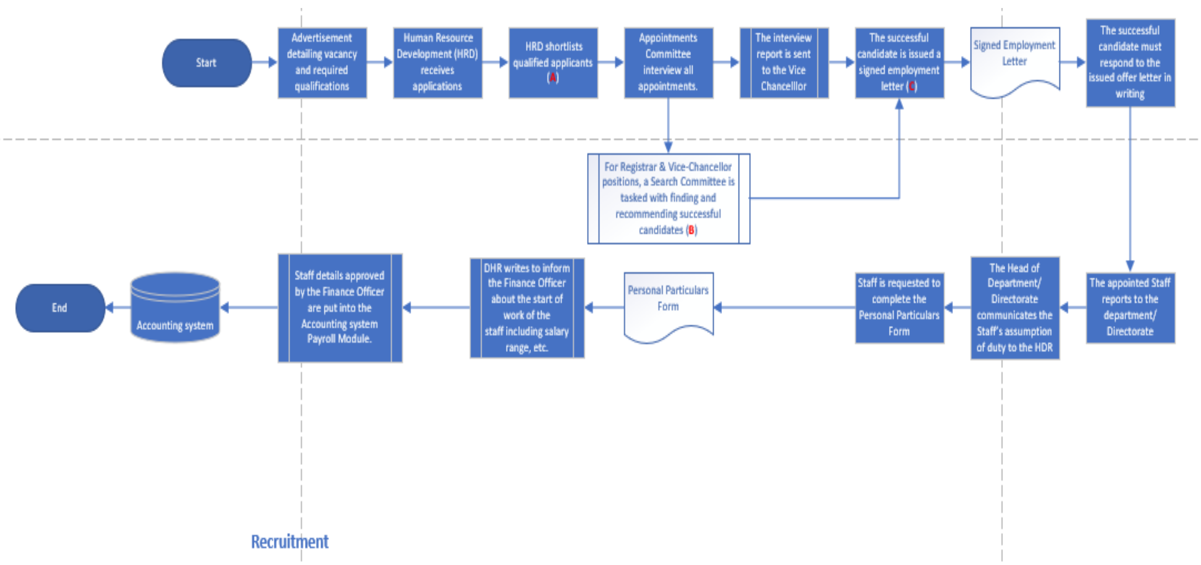
There shall be established in the University, a payroll department to be headed by a senior member of the Finance Office. The Head of the payroll unit shall be responsible to the Finance Officer and will work closely with the Registrar's office.

1. Processing and payment of staff salaries shall be made on monthly basis. Subsequently, pay slips shall be distributed to the staff of the University using a medium approved by the Finance Officer.
2. The authority for payment of salaries to full-time or part-time employees is the letter of appointment duly signed by the Registrar. All additions to and removal from the payroll shall be done upon receipt of a letter duly signed by the Registrar. However, any anomaly identified shall be corrected with immediate effect, and full recovery made, if any.
3. A full-time employee is paid a salary and allowances upon receipt of a letter from the Registrar on the assumption of duty.
4. Staff on post-retirement contract shall be paid only on receipt of appointment and assumption of duty letters. Payments of their salaries and allowances shall be in accordance with the terms of the appointment letter.
5. Part-time salary claims shall be processed for payment upon receipt of completed standardized form(s) duly endorsed by the employee's Head of Department.
6. Annual pay increase may be awarded to staff in line with approved Government of Ghana pay policy.
7. All requests for extra working hours (overtime) shall be approved by the Vice Chancellor.
8. The payroll database shall be maintained by the payroll unit of the Finance Office.
9. The payroll system should be post-audited by the Internal Audit unit.
11. A subvention report based on salaries paid for the month shall be sent to the government by the 10th day of the month following.
12. Book and Research Allowance shall be paid to only staff that were entitled to salaries at the point of submitting claims to government.
13. Payment of arrears for salaries and allowances shall be spread over such period as deemed fit by the Finance Officer.
14. Permanent staff who for some reason need to be re-instated, shall have their salaries paid only on receipt of resumption-of-duty letters from the Registrar.
15. Changes to basic salaries and allowances shall be initiated by the Registrar's Office and shall be approved by the Vice Chancellor.
16. The Finance Officer shall review and approve the payroll before payment is made.
17. All full-time staff shall be paid through the bank.
18. Allowances that are applied for must be periodically reviewed by the Internal Auditor.
19. Overtime allowance for a month shall not exceed 75% of the basic salary for the same month.
20. Extra-Teaching Load allowance for a month shall not exceed 75% of the staff normal teaching hours respectively for the same month.

10.2. Payroll Management

Recruitment

- Through the Human Resource Development of the Registrar's Office, an advertisement shall be made for recruitment of staff, when a vacancy arises. Subsequently, the HRD shall shortlist the qualified candidates for interview.
- An Appointment Committee shall sit to interview the shortlisted applicants. The interview report shall be sent to the Vice Chancellor. The report shall indicate the ranked performance of the candidates.
- The most preferred candidate(s) for employment shall be issued an employment letter signed by the Registrar to offer employment. Where the offer is accepted by the nominated candidate, he/she writes to the Registrar/VC to accept the offer.



(A)
For the position of Pro Vice Chancellor, Provost and Directors, Director of Human Resource in consultation with the Registrar shortlist the candidates for interviews.

(B)
The Search Committee undertakes its assignment as prescribe by the University's Status.

(C)
The successful candidate is issued with an employment offer letter signed by the Registrar, Vice Chancellor or Chairman of Council depending on the category of staff.
a. Junior Staff – Registrar
b. Senior Staff/Members – Vice Chancellor
C. Vice Chancellor and Registrar – Chairman of Council

Assumption of duty

- The newly employed staff shall report in person to the college/directorate/unit.
- The HoD shall write to inform the Office of the Registrar of assumption of duty. The details of the letter include the date of assumption.
- The staff completes the personal particulars form that details the personal bio data of the staff including marriage status, children, etc
- Director of Human Resources writes to inform the Finance Officer about the start of work of the staff including details such as salary range and the point on the range that the staff is, bank details and attached with the personal particulars form.
- The staff details provided by the Registrar and approved by the Finance Officer are input into the accounting system Payroll Module.

Payroll processing

- Head of Payroll reviews payroll reconciliation reports. The reports detail changes to the payroll of staff. These includes changes to basic salary, allowances, leavers, deductions etc. The report is produced from the payroll system electronically.
- Upon review of the payroll reconciliation, any necessary amendments are made to the payroll register by the payroll officer and the final reconciliation is reviewed by the Head of Payroll.
- The Head of Payroll uploads the approved payroll data onto the payroll Software.

Payment

- The Head of Payroll raises a PV in the payroll system. Raising the PV requires: Cr Bank and Dr. Payroll Expenses. The PV is printed out and a copy of the bank listing (showing the bank details of each staff is attached) for review and approval by Finance Officer
- The approved PV is also reviewed by the Office of the Internal Auditor.
- The Cashier receives the approved PV and raises cheques for signing by the Finance Officer and Registrar/VC.

Overtime processing

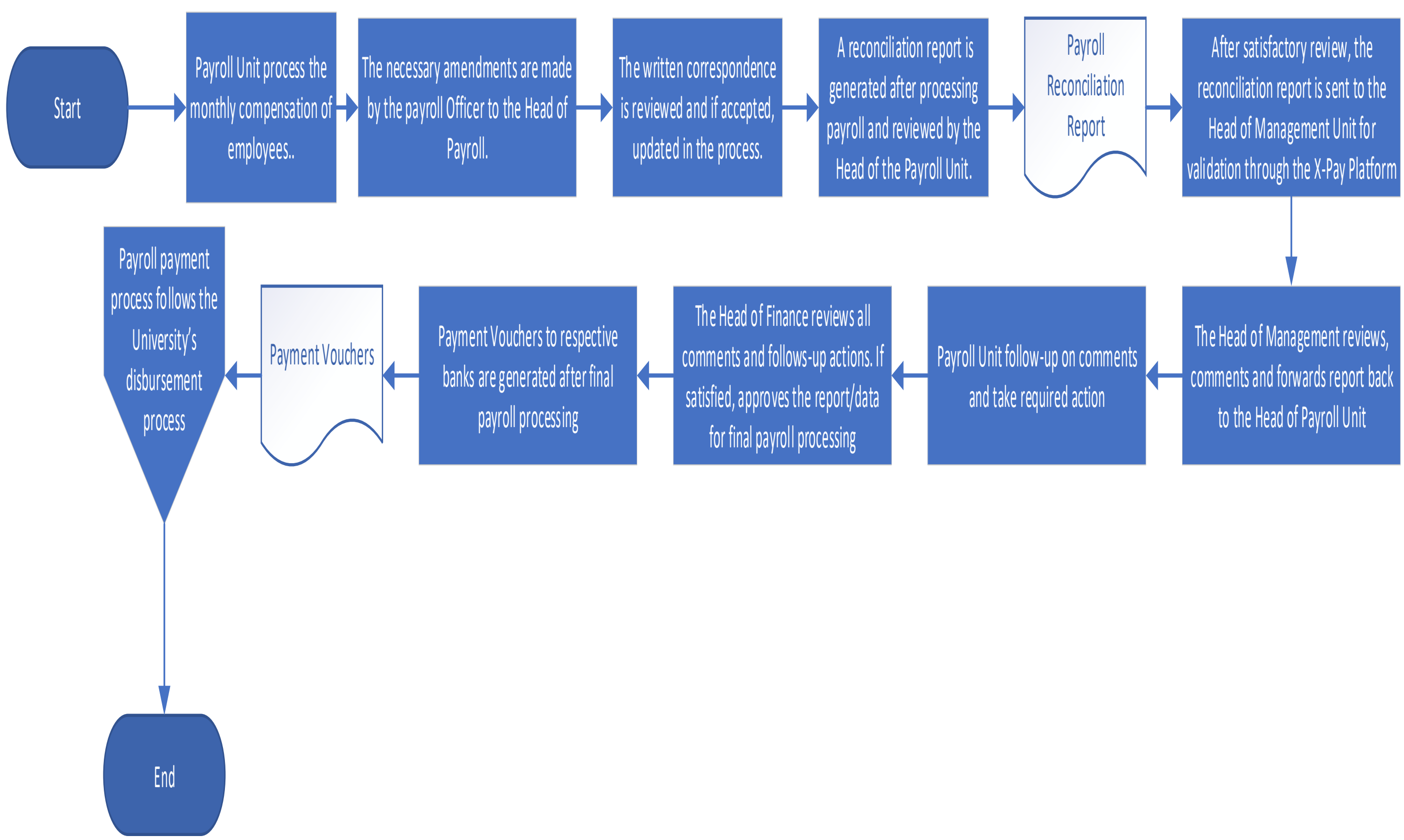
- The HoD or unit writes to the Vice Chancellor to seek for approval for overtime work. The letter states the period for the overtime and the reasons.
- Upon approval, copies shall be sent to the Finance Officer.
- After the overtime work is completed, the staff who worked overtime completes an overtime form that detail the work done and period covered.
- The completed form is then reviewed and approved by the unit head. The form is then forwarded to the Finance Officer for approval for Head of Payroll to process.

Allowances

- Where a staff qualifies for an allowance, the Director of Human Resource writes to the Finance Officer approving the staff's entitlement to be paid the allowance as part of the payroll.

Staff loans

- Only full-time University staff may be granted advances or loans of any nature
- A staff requesting a salary advance must complete an appropriate form
- A salary advance or a loan shall not be paid to any employee within the first 12 months of service to the University
- The form is then reviewed by the Finance Officer taking into consideration the following:
    - The availability of funds.
    - The salary advance should not be more than twice the basic salary.
    - The staff should be left with at least 50% of net pay after all deductions including the salary advance.
- Upon approval of the Finance Officer, a PV is raised in the Finance Accounting system by Debit Staff Advance Control and Cr Salary Advance Account.
- The PV is then forwarded to the Internal Audit Unit for review.
- Upon review and approval by the Internal Audit the Cash office raises a cheque for payment to the staff.
- The Cash Office provides the Payroll Office with a list of cheques collected. The Head of Payroll then passes the staff loan given into the Finance Accounting Payroll module to begin running the deduction on a regular basis on the staff's account in the Accounting module.
- On a monthly basis the Head of Payroll prepares a schedule showing the amount given to staff, amount deducted and balance of the staff loan to reconcile with the staff advance control account in the GL.



Other deductions

- Other deductions include union/association related dues, loan facilities guaranteed by the University for the staff and other miscellaneous deductions.

Union/association dues/ loan facilities

- Where the Payroll Unit already knows the dues to be paid by staff such as UTAG, GAWA, TEWU dues, the Head of Payroll runs the deductions as part of the payroll processing for the month
- The leadership of the Departmental Associations write to the Finance Officer indicating joiner/ leavers to their association and any changes in their dues.
- The deductions are then input into the payroll module by the Payroll Unit and run as part of the monthly payroll processing.
- For other deductions such as bank loan deductions where the bank has an MoU with the University to deduct from staff account, the Head of Payroll runs deductions as part of the monthly payroll process.

Miscellaneous

- For other deductions, the head of the unit complete a form requesting for deduction of the bill amount from the staff's payroll to the Finance Officer.
- The completed form is reviewed by the Finance Officer and approval
- The deductions are then input into the payroll module by the payroll Unit and run as part of the monthly payroll processing.

10.3. Terminal Benefits Process

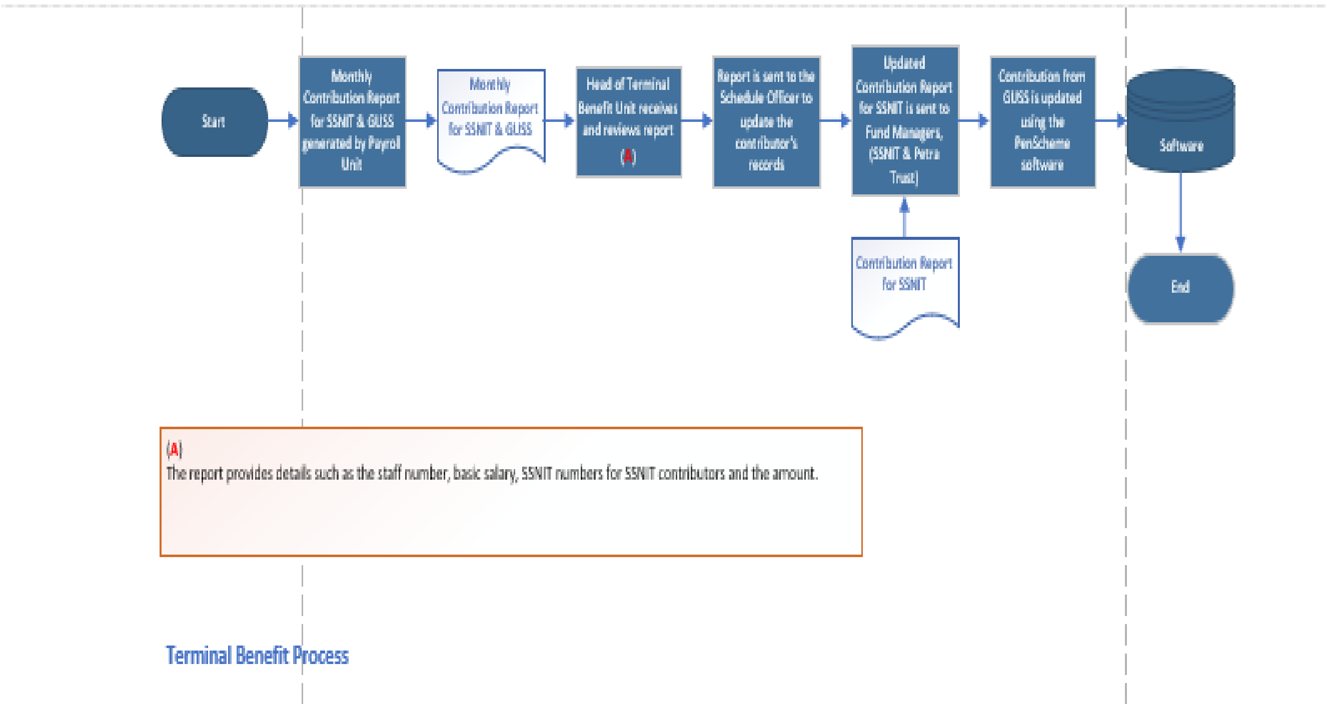
Introduction

- The terminal benefits process deals with the payment of pension, end of service benefits and death-in-service payments.
- There are two categories of pension benefits for staff and members: SSNIT and Ghana Universities Staff Superannuation Scheme (GUSSS).
- Those on SSNIT: Junior, senior staff and senior members with less than 15 years to retirement when they joined the University.
- Those on GUSSS: Senior members with 15 years to retirement when employed by the University.

Monthly Process

1. On a monthly basis, the Payroll Unit provides a returns document to the GUSSS Office, Pension Managers (Petra Trust) and SSNIT. The document shows information on each staff, such as staff number, basic salary and social security contribution or superannuation contribution for the month.
2. The GUSSS Office use the returns information to update members' terminal benefits (GUSSS) entitlement of senior members. For staff of SSNIT, the Payroll Unit forwards the returns to the Pension Managers (Petra Trust).

3. For staff on Superannuation, the GUSSS Office uses the returns information to update the benefits of the staff in the system.
4. At the end of the academic year, the Deputy Registrar in charge of Human Resource provides to the Finance Officer a list of staff who are to retire. The list indicates staff name, staff number and length of years of service of staff.
5. Based on this information, the GUSSS Office prepares end of service benefits in terms of ex-gratia for all the retired staff and the retirement benefits for staff on the Superannuation scheme to be paid.
6. For senior and junior staff and senior members who were not enrolled on the Superannuation scheme, SSNIT and Petra Trust will be advised to pay their retirement benefits to them.



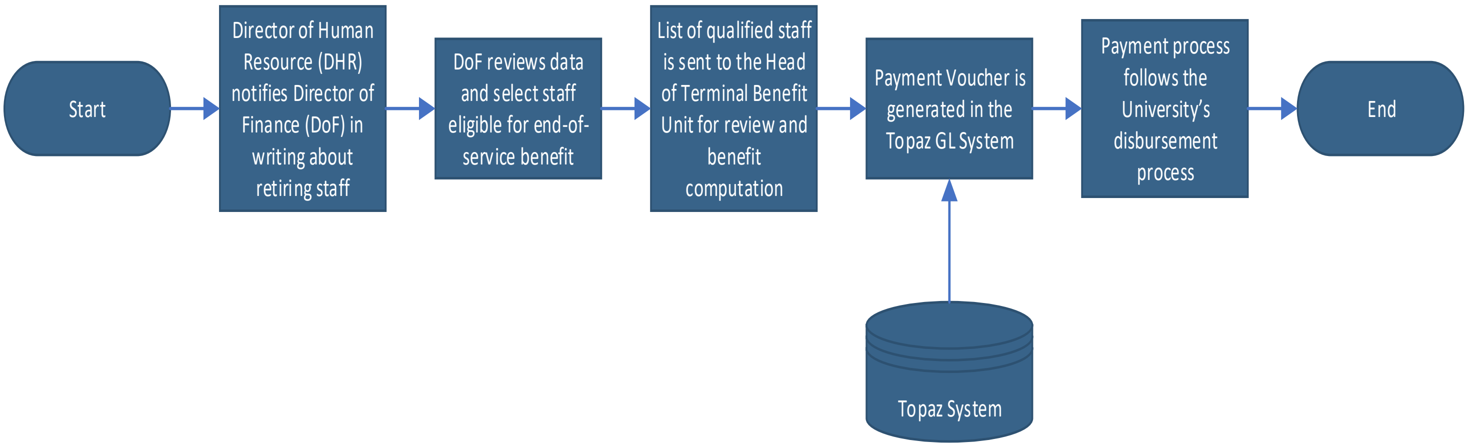
End of service benefits process

Long service benefit

1. To qualify for long service benefits, a staff must have served KNUST for at least 10 years. Each long serving staff (whether on SSNIT benefits or Superannuation) is rewarded with long service benefits.
2. Upon receipt of the information of staff who are retiring (sent by the HR unit to the Finance Officer), the GUSSS Office computes the staff's entitlement.
3. The GUSSS Office raises a PV in the general ledger module to pass the computed benefit payment ((1) Dr. Ex-gratia award Cr. Accounts Payable (2) Dr. Accounts Payable and Cr. Bank)
4. The PV raised in the accounting system is printed out and attached with the information

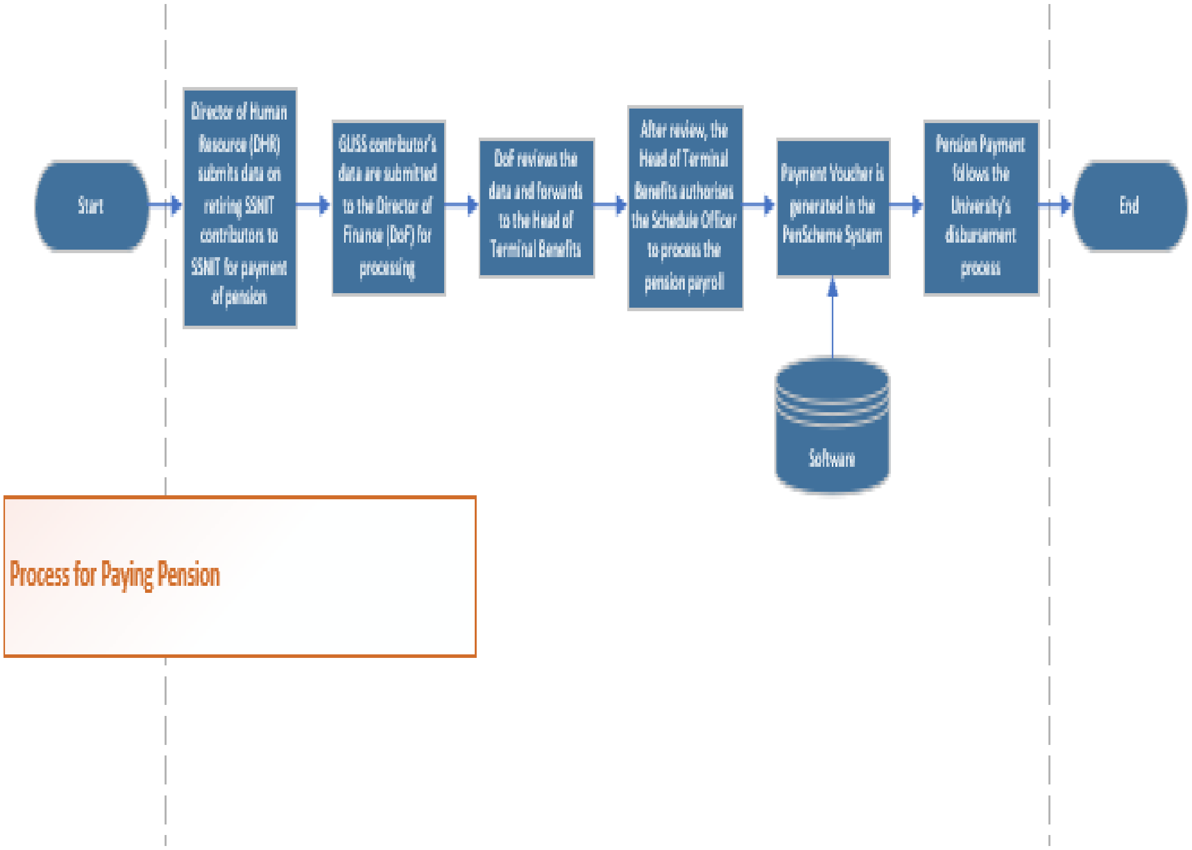
received from the HR department and sent to the Internal Audit unit for review.

5. After a successful pre-audit of the PV by the Internal Audit unit, the Cash Office prepares the cheque for signing by appropriate signatories.



Pension benefit

1. The Deputy Registrar in charge of Human Resources writes a letter to each retiring staff informing them of their date of retirement.
2. For staff on SSNIT pension benefit, the Deputy Registrar in charge of HR sends details of the retiring staff's employment information to SSNIT.
3. The individual staff follows up with the SSNIT office to process the benefits.
4. For senior members of the University on the GUSSS, the GUSSS office computes their gratuity and pension entitlement.
5. The GUSSS office raises a PV in the accounting system.
6. The PV raised is printed out and sent to the Internal Audit unit for review.
7. Upon successful pre-audit of the PV by the Internal Audit unit, a cheque is prepared for signing by appropriate signatories.
8. In order to ensure monthly payment of pension to the GUSSS beneficiary, the GUSSS office then updates the pension payroll kept by the GUSSS office. The pension payroll contains information about the name and monthly pension entitlement of each retired GUSSS member.
9. The GUSSS raises a PV in the accounting system.
10. The PV raised is printed out and sent to the Internal Audit unit for review.
11. Upon successful pre-audit of the PV by the Internal Audit unit, monthly payments are effected into the beneficiaries' account.



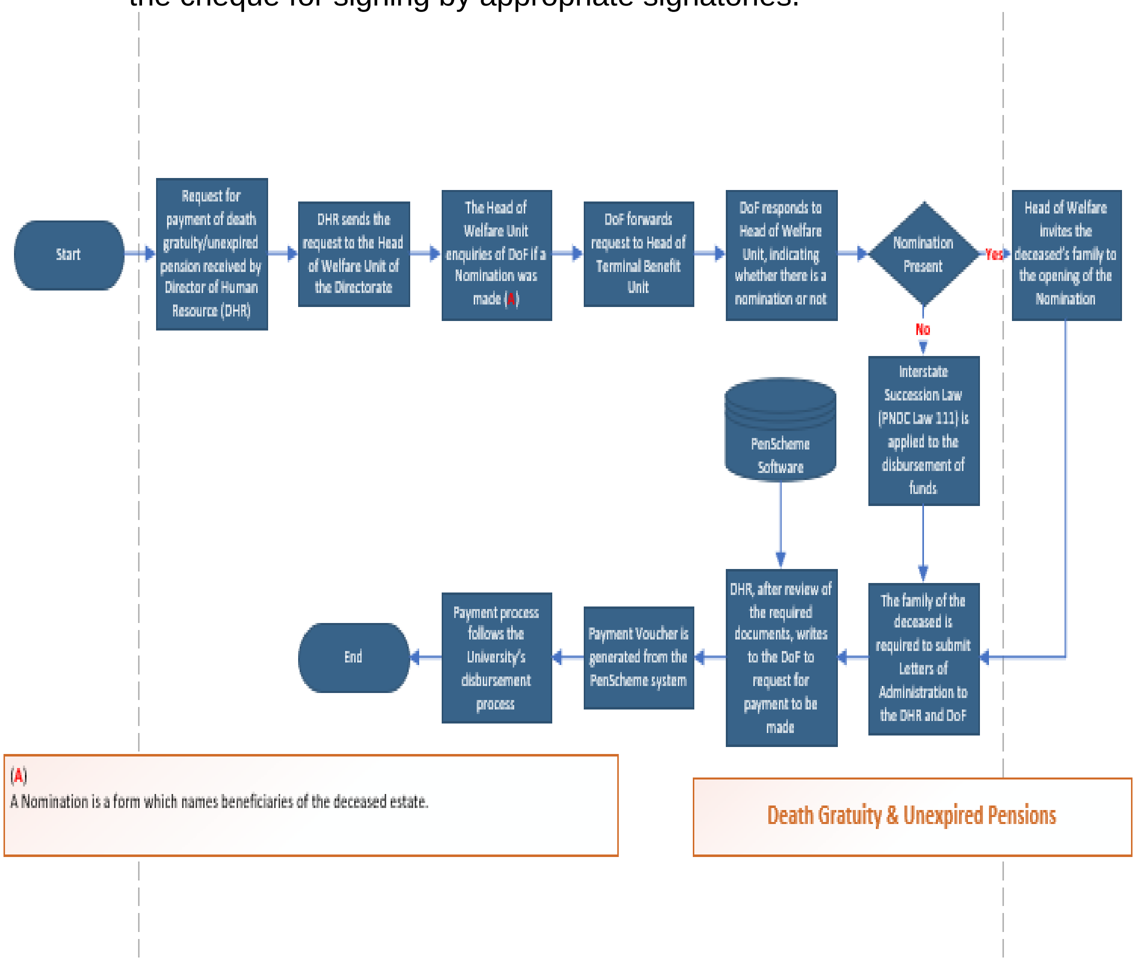
Process for payment of unexpired years pension paid to beneficiaries when GUSSS pensioner dies before the guaranteed 20 years,

1. A request from the beneficiaries is received by the Welfare Section of the Human Resource unit. The HR unit enquires from the Finance Officer whether the dead person has any benefits with KNUST.
2. Where there are benefits entitled to the dead GUSSS pensioner, the GUSSS office informs the Welfare Section about the benefits so that the beneficiaries can apply to the Deputy Registrar in charge of HR and Finance Office for the payment of the unexpired pension benefit.
3. Upon receipt of the application for payment of the benefits, the Finance Officer reviews the application.
4. Upon approval of the application, the GUSSS office compute the unexpired benefits and raises a PV.
5. The PV raised is printed out and attached supporting documents is sent to the Internal Audit unit for review.
6. Upon successful pre-audit of the PV by the Internal Audit unit, the Cash Office prepares the cheque for signing by appropriate signatories.

Death in Service

1. For GUSSS members, the GUSSS office computes the death in service gratuity for payment based on the number of years contributed.
2. For all staff who have passed on while in service, 9 months of the basic salary is paid as ex-gratia to the family.

3. To begin the process leading to the payment of the death-in-service benefit, a request from the beneficiaries of the deceased must be received by the Welfare Section of the Human Resource unit.
4. The GUSSS office informs the Welfare Section about the benefits so that the beneficiaries can apply to the Deputy Registrar in charge of HR and Finance Officer for the payment of the unexpired pension benefit.
5. Upon application for the payment of the benefits, the Finance Officer reviews the application.
6. Upon approval of the application, the GUSSS office compute the unexpired benefits and raises a PV.
7. The PV raised is printed out and supporting documents are attached and sent to the Internal Audit unit for review.
8. Upon successful pre-audit of the PV by the Internal Audit unit, the Cash Office prepares the cheque for signing by appropriate signatories.



CHAPTER ELEVEN

FUND MANAGEMENT

11.1 Bank Accounts

1. No bank account of any type may be opened or closed in the name of the University or any department/unit of the University unless authorised by the Vice Chancellor on the recommendation of the Finance Officer.
2. The mandate of the bank account shall be approved by the Vice Chancellor. The approved signatories to university cheques shall have the power to accept bills of exchange on behalf of the University.
3. All withdrawals from banks shall be signed by two signatories consisting of the Finance Officer (or his/her representative) as Class A and the Vice Chancellor or the Registrar (or their representatives) as Class B. No two from the same class shall sign to withdraw cash.
4. The Finance Officer and Internal Auditor shall have the right at all times to call for and be supplied with statements of any official bank accounts and any other information relating to the University's banking transactions.
5. The Finance Officer shall maintain a register of authorised signatories to the official bank accounts of the University and update it regularly.

11.2 Bank Reconciliation

1. Bank statements shall be obtained by the accounting staff responsible for each College, Unit or Centre.
2. Bank statements shall be obtained on regular basis and all unusual transactions and changes shall be reported to the Finance Officer for redress if it cannot be rectified immediately by the bank.
3. Bank statements are to be reconciled by the unit head on a monthly basis. The cash book and the reconciled bank statements will be adjusted to agree monthly.

11.3 Investment of Funds

1. University funds not needed for immediate use by the University will be transferred to interest yielding investments, unless the funds are designated for a particular purpose.
2. The university will assess the banks on the following criteria:
    a. Possesses a valid Banking license
    b. Three (3) years audited financial statement
    c. Competitive interest rate
    d. Historic investment performance with the university or analogous institutions

3. Colleges/Faculties/Schools/Institutes or Centre may invest funds of the University in such manner as the Finance Officer may approve of in order to preserve the value of the funds.
4. No funds shall be invested in Government securities.
5. The treasurer shall maintain an electronic register of all investments of the University and keep track of due dates of interests and dividends and ensure prompt receipts
6. The funds may be invested in the purchase of securities for such periods and on such terms

as the Finance Officer recommends.

7. The interest received in respect of securities shall be paid into the University bank account as revenue, except where the securities are held on behalf of a trust fund and an enactment or agreement requires that the interest shall be paid into the trust fund.
8. The Finance Officer may, where it appears expedient, cause the investment to be redeemed and the proceeds either credited to the University bank account or re-invested on behalf of the University.
9. All investment will be measured at amortised cost.

CHAPTER TWELVE

BUDGET

The purpose of this section is to detail all the processes and procedures involved in the University's budget preparation and approval. The budget shall cover a period of one financial year. The University uses different medium and processes for the preparation of budget to the Government of Ghana and the preparation of budget using Internal Generated Funds (IGF).

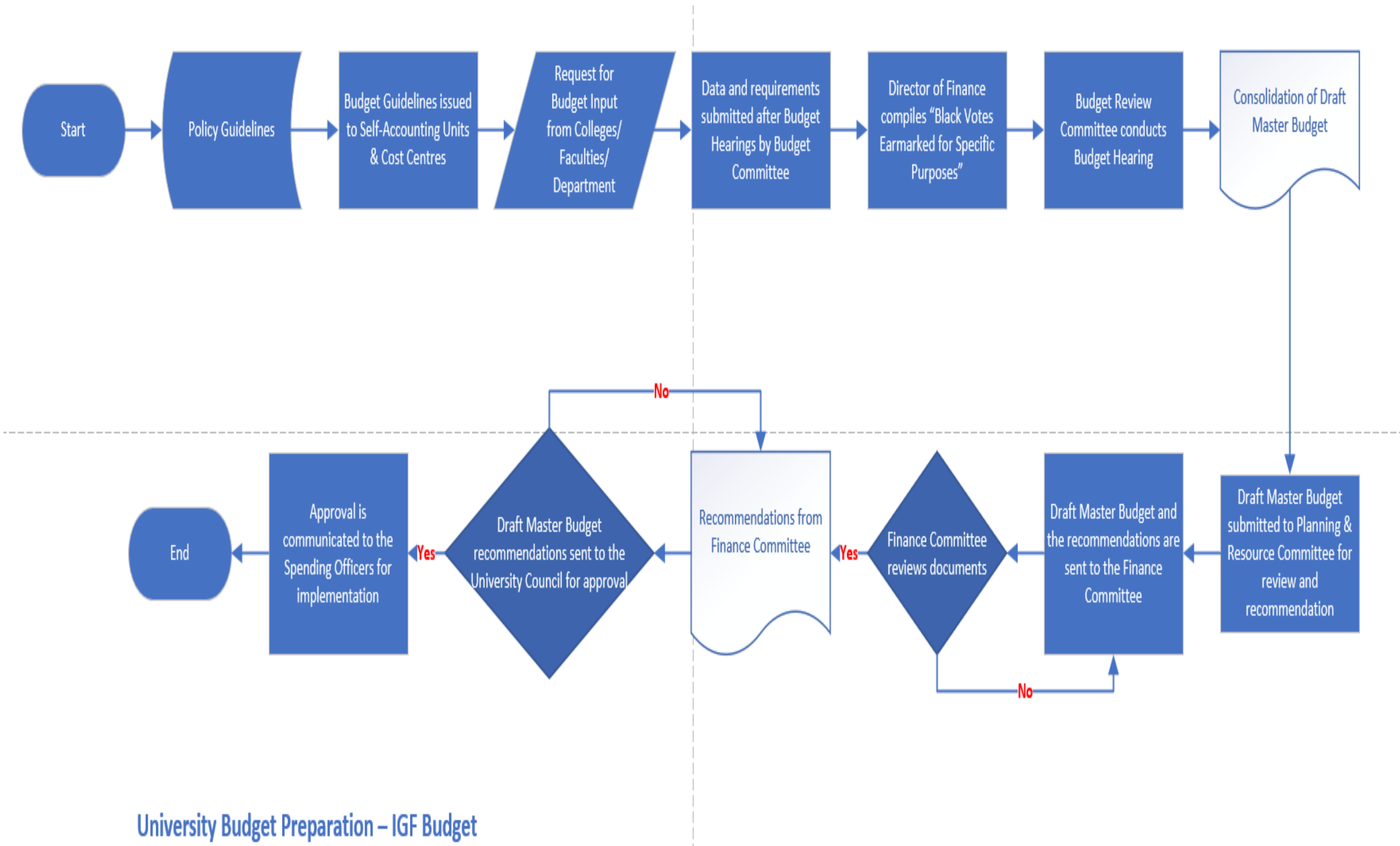
12.1 Budget and Budgetary Control

1. The Finance Officer is responsible for the preparation of the budget of the University.
2. The budget shall be prepared in line with the University's strategic objective and the budget guidelines from the Ministry of Finance through the Ghana Tertiary Education Commission (GTEC).
3. The Budget Officer in consultation with the Finance officer shall issue budget guidelines to all Colleges/Units/Centres of the University, specifying the modalities and requirements for the preparation of their functional budgets. This shall be at the beginning of each academic year.
4. The guidelines shall include but not limited to the following:
    a. Revenue Estimates;
    b. Student Numbers;
    c. Expenditure Estimates, and
    d. Estimates on Capital/Development Projects.
5. The Registrar's Office shall be responsible for providing the following:
    a. Staff at Post;
    b. Expected Recruitments;
    c. Expected Promotions, and
    d. Expected Retirements.
6. The Planning Unit in the Vice Chancellor's Office shall be responsible for providing full-time equivalent ratios per Department/Faculty/College.
7. The functional estimates must contain requirements of development and recurrent funds for the following fiscal year. The University's Annual Estimates comprise development estimates and recurrent estimates.
8. All Heads of Unit then submit estimates for goods, services and capital expenditure for the preparation of the annual budget of the University to the Finance Officer following review of budget by the respective unit board. For central administration units, the budget is reviewed by the Finance Officer
9. The Budget Unit shall collate and compile a draft master budget based on the functional budgets received from various Colleges, Units and Centres.
10. The Finance Officer shall review the draft master budget with the respective Colleges, Units and Centre Heads.
11. The reviewed draft budget shall be forwarded to the Budget Committee for consideration.
12. The Vice Chancellor then performs budget hearings and clear queries arising on submissions from Heads of units.
13. The Finance Officer shall forward the consolidated draft budget to the Standing and

Finance Committee of Council for its consideration and recommendation to the University Council.

14. The University's reviewed budget shall be approved by the University Council after consideration by the Standing and Finance Committee.
15. The approved budget is then communicated to all Colleges, Units and Centres by the Finance Officer for implementation.
16. The University submits its budget estimates to the GTEC for consolidation with other tertiary institutions.
17. The Vice Chancellor nominates the Finance Officer of the University to defend the budget estimates at a hearing organised by the GTEC Budget Office;

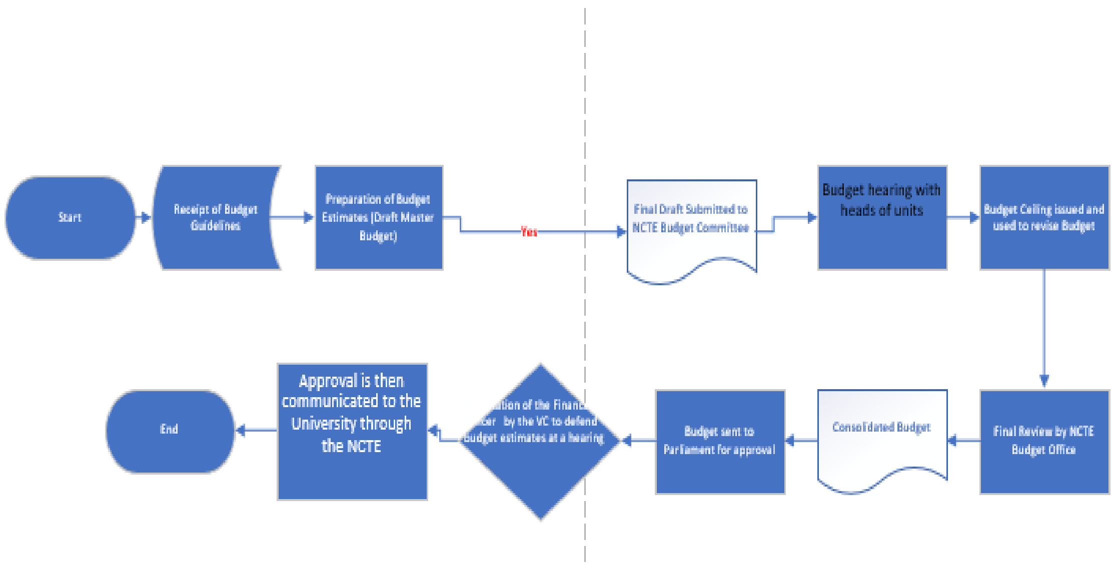
    After review by the GTEC budget office, the budget is sent to Parliament through the Ministry. Once the budget is approved by parliament, the Ministry through the GTEC communicates the approved budget estimates to the University



12.2 Budget preparation

1. The University receives budget guidelines from the Ministry of Finance through the Ghana Tertiary Education Commission (GTEC)
2. Budget estimates for compensation is prepared by the Budget Office of the University based on the guidelines issued by the Finance Officer;
3. All Heads of Unit then submit estimates for goods, services and capital expenditure for the preparation of the annual budget of the University to the Finance Officer following review of budget by the respective unit board. For central administration units, the budget is reviewed by the Finance Officer.

4. The Vice Chancellor then performs budget hearings and clear queries arising on submissions from Heads of units.
5. The Consolidated Budget is submitted to the Standing and Finance Committee of the Council for review.
6. The reviewed budget by the Standing and Finance Committee is submitted to council for approval.
7. The University submits its budget estimates to the GTEC for consolidation with other tertiary institutions.
8. The Vice Chancellor nominates the Finance Officer of the University to defend the budget estimates at a hearing organised by the GTEC Budget Office;
9. After review by the GTEC budget office, the budget is sent to Parliament through the Ministry. Once the budget is approved by parliament, the Ministry through the GTEC communicates the approved budget estimates to the University.



University Budget Preparation – Government Level

12.3 Revision and Supplementary Budget

The Finance Officer may submit a revised or supplementary budget in consultation with Colleges, Units and other Centres for consideration of Council through the Standing and Finance Committees of Council. The approved revised or supplementary budget shall be communicated by the Finance Officer. Circumstances that may call for supplementary budget may include, natural disaster, public health epidemic and any major event that may disrupt the operations of the University.

1. Provosts, Directors, Deans and Heads of other units shall be responsible for generating income and controlling expenditure within the approved budget.
2. A commitment shall be kept by each College/Unit/Centre.
3. Provosts, Directors, Deans and Heads of other units shall submit a monthly report of actual and budgeted expenditure/revenue and the resulting variance, if any, with justifications to the Finance Officer.
4. Actual and budgeted revenue shall be compared half-yearly to determine if allocated votes shall continue or be reviewed.
5. The Finance Officer shall keep the Vice Chancellor and the Standing and Finance Committee of Council informed of the financial implications of changes in policy, pay awards, and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.
6. The Finance Officer shall prepare a quarterly variance analysis report on the budget to the Finance Committee of Council.

12.4 Virement of Votes

Virement of votes from one expenditure area to another shall receive the prior approval of the Vice Chancellor. Virement will normally be approved provided:

a. that the votes earmarked for compensation shall not be vired for other non-compensation purposes.
b. the virement will not cause an excess on the total vote for the year.
c. a virement may be made from recurrent expenditure to capital expenditure as well as from one capital expenditure to another capital expenditure but shall not be made from a capital expenditure to a recurrent expenditure.

12.5 Disbursement of Central Votes

The disbursement of central votes shall be subject to the approval of the Vice Chancellor acting on the advice of the Finance Officer.

CHAPTER THIRTEEN
FINANCIAL REPORTING

13.1 End-of-Month Accounting Procedures

1. At the end of each month, the Final Accounts Unit performs a reconciliation of the general ledger and the sub ledgers to ensure that all transactions, which relate to that month, are properly recorded and classified in the books of accounts. The reconciliation is then reviewed by the Unit Head. Where there are mis-posting or issues, the Unit Head authorises the adjustments to be done.
2. After the reconciliation has been performed, journals are passed for adjusting items like depreciation, prepayments and accruals.
3. Subvention from government is paid net of SSF and income tax. At the end of the period the net amount is grossed-up and a journal is passed to that effect.
4. Journals are passed to ensure that all stock control balances are recorded accurately and completely in the financial statements.
5. Upon completion of the monthly bank reconciliations, the accountant completes the monthly journal entries. There are two types of monthly journal entries: those that remain constant from month to month (recurring) and those that are specific to that month.
6. The Accountant will maintain a file for each month which includes working papers which document the balance used for the preparation of financial statement. All financial statement shall be reconciled monthly to help ensure that accurate statements are provided to the main finance office.
7. After this, the period is closed to prevent the passage of entries in the closed period.
8. Once the final general journal entries are posted, the monthly financial statement will be printed.
9. The Finance Officer shall approve the financial statements of all units for consolidation into the University's accounts.
10. Any requests for financial information and documents of the University shall be approved by the Finance Officer.

13.1.1 Expenditure returns

1. Expenditure returns shall be submitted monthly.
2. The reports shall be made in a form approved by the appropriate legal regulatory framework.
3. The reports shall reach the Finance Officer not later than the 10th day of the month following, for onward submission to the Ghana Tertiary Education Commission (GTEC) and the Ministry of Finance (MoF).

13.2 End of Quarter Accounting Procedures

Policies

1 The Vice Chancellor through the Finance Officer submits financial statements to the University Council at the end of each quarter. These quarterly statements include the

following:
i) statement of financial performance,
ii) statement of financial position,
iii) statement of cash flow, and
iv) notes to the accounts

2 The Unit Heads are to send their financial statements to the Head of Financial Reporting latest by 15th day of the subsequent month. The monthly financial statements shall comprise:

a. A statement of financial performance;
b. A statement of financial position;
c. A statement of cash flows;
d. Narrative notes,
e. Management report
f. A statement of receipts and payments classified by nature and by source of funds
g. A statement of revenue and expenditure against warrants classified by nature showing year to date balances and
h. Any other information necessary.

13.3 End of Year Accounting Procedures

Policies

1. The Vice Chancellor through the Finance Officer shall prepare and submit financial statement within two (2) months after the end of the financial year to the Auditor-General and Controller and Accountant-General.
2. The financial statements shall be submitted to the University Council for authorization.
3. Each unit shall prepare annual financial statement which include:
   a) statement of financial performance,
   b) statement of financial position,
   c) statement of changes in net asset,
   d) statement of cash flow, and
   e) notes to the accounts.
4. The Unit Heads are to send their financial statements to the Head of Financial Reporting latest by 31st January of the subsequent year.
5. The Head of Financial Reporting shall complete the consolidation by the end February.
6. The reporting period shall be 1st January to 31st December of each year.
7. The reporting and functional currency is the Ghana Cedi and the Ghana Pesewa.

13.3.1. Prior Period Errors

Prior period errors are omissions from, and misstatements in an entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available and could reasonably be expected to have been obtained and taken into account in preparing those statements. Such errors result from mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

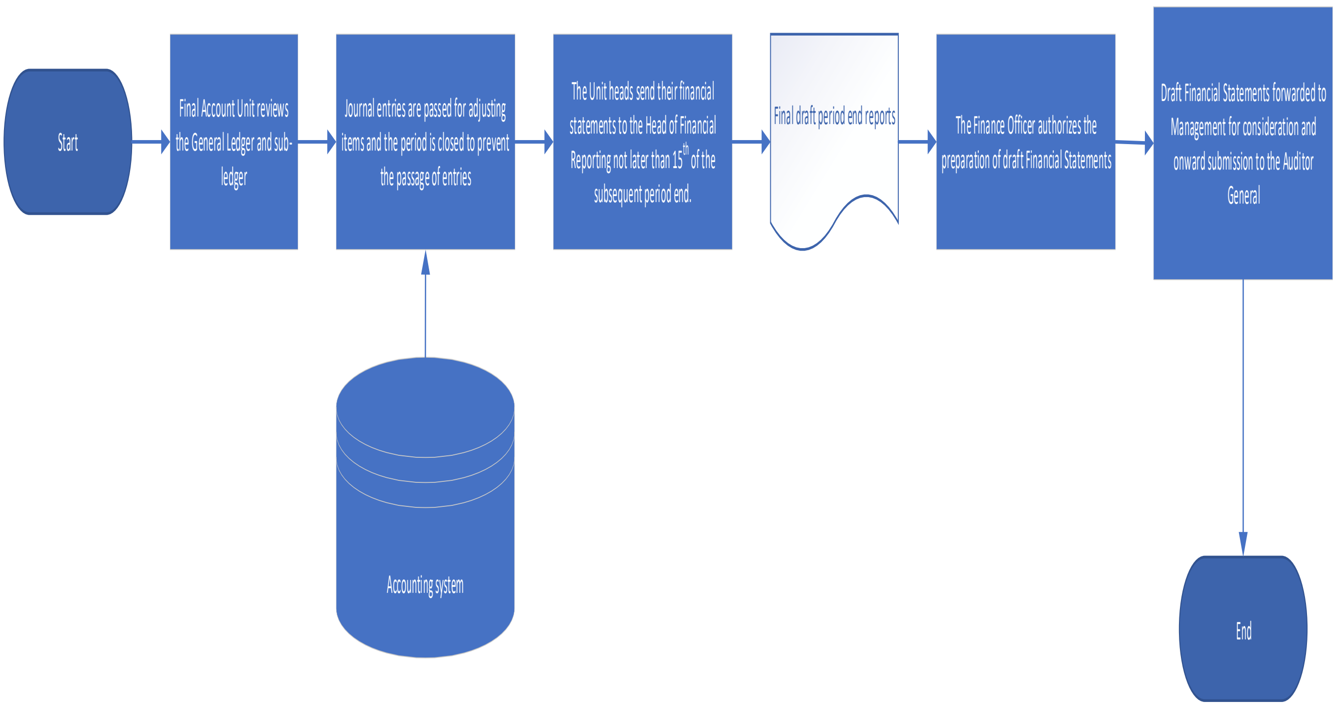
The general principle is that the University must correct all material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery in compliance with IPSAS 3, Accounting policies, changes in accounting estimates and errors:

a. restating the comparative amounts for the prior period(s) presented in which the error occurred, and

b. restating the opening balances of assets, liabilities and equity for the earliest prior period if the error occurred before the earliest prior period presented.

However, if it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the University will restate the opening balances of assets, liabilities, and equity for the earliest period for which retrospective restatement is practicable (which may be the current period).

FLOW CHART DEPICTING YEAR END PROCESS



13.3.2 Accounting Estimates

Accounting estimates is an approximation of the amount of an item in the financial statements in the absence of a precise means of measurement.

Accounting estimates for the purpose of the University may include:

c. Allowances to reduce inventory and receivables to their estimated realisable value;
d. Estimated useful life of assets;
e. Accrued revenue;
f. Provision for a loss from a lawsuit;
g. Profits or losses on construction contracts in progress, and
h. Provision to meet warranty provision.

Where estimation techniques are required to enable the accounting policies adopted to be applied, the University shall adopt the estimation technique that will enable its financial statements to give a true and fair view and are consistent with the requirements of IPSAS 3, Accounting policies, changes in accounting estimates and errors.

13.3 Changes in Accounting Estimates

1. A change in accounting estimate is an adjustment to the carrying amount of an asset or liability, or related expense, resulting from reassessing the expected future benefits and obligations associated with that asset or liability.
2. Changes in accounting estimates resulting from new information or new developments are not correction of errors.
3. The Finance Officer is responsible for making accounting estimates.
4. These estimates are often made in conditions of uncertainty. Thus accounting estimates are a very important part of the process of financial reporting and may change as circumstances change or experience grows.
5. The effect of a change in an accounting estimate shall be recognised prospectively by including it in Statement of financial performance in:
   a. the period of the change, if the change affects that period only, or
   b. the period of the change and future periods, if the change affects both.

Procedures

1. All self-accounting units shall submit their separate financial statements to the main finance office for consolidation.
2. The financial statements shall cover the following:
   a. Statement of financial position;
   b. Statement of financial performance;
   c. Statement of changes in net assets/equity;
   d. Cash flow statement;
   e. Notes, comprising a summary of significant accounting policies and other explanatory notes.

13.4 Significant Accounting Estimates and Judgement

In determining the application of University accounting policies, management will make judgements, assumptions and estimates that will affect the carrying values of assets and liabilities that are not readily comparable to other sources. The University shall ensure all assumptions and estimates are consistent with Accrual Basis IPSAS. Estimates and judgement are evaluated continuously and based on historical experience and other factors including future events expectations that are believed to be reasonable.

The use of assumptions and estimates could result in outcomes that could affect the future carrying value of assets and liabilities requiring material adjustments. Where adjustments are material and require revision of estimates, revision shall be recognized in the period in which estimates affects.
Estimates and assumptions shall be periodically reviewed and reflected in the financial statements in the period determined to be necessary.

Future and other key sources of estimation uncertainty with regards to key assumptions at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to assets and liabilities carrying amounts within a fiscal year are set out below:

- **Impairment**: Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service through depreciation or amortization (IPSAS 21&26, Impairment of Non-Cash Generating Assets and Impairment of Cash Generating Assets). The University shall recognize impairment when the carrying amount of an asset exceeds its recoverable amount. It shall conduct an impairment assessment at each reporting date to determine whether there is any indication of asset impairment. An impaired asset shall recognize in the Statement of Financial Performance;
- **Depreciation/Amortization:** An assessment of the useful lives and estimated residual values of each asset would be performed by management at the end of each financial year to determine the appropriateness;
- **Employees' gratuity and end of service benefit:** An employee of the University may be entitled to ex-gratia upon retirement, retrenchment or death. Management shall determine the number of employees based on certain assumptions in estimating the probability of incurring liability arising from gratuity and end of service benefit. In determining the fair value of liability, the expected increase in future salary and an appropriate discount rate will be based on certain assumption that must be in accordance with IPSAS 39(Employee Benefit);
- **Receivables:** Management shall make estimation of amount due the University for services provided during the year. This includes student fees, affiliation fees, rent and others. The amount expected to be recovered from the outstanding balances will be estimated with a provision of impairment based on estimates;
- All other balances that require estimations using estimation techniques acceptable by the University shall be consistent with accrual basis.

13.5 Statutory Audit

1. The Finance Officer shall contact the University's external auditors as soon as the financial statements are authorised for issue by the University Council.
2. The Finance Officer will ensure that adequate space is provided for the independent auditors during their visit.
3. The Finance Officer shall work with the external auditors to determine what confirmations will be required.
4. The Finance Officer shall cooperate with the University auditors to ensure a smooth process of external confirmation and free access to all information and explanation as they may require.
5. The Finance Officer will be responsible for preparing as many of the schedules which the external auditors may require. The completed monthly reconciliations for December 31st will partially fulfill this requirement.
6. The Finance Officer will be available at all times throughout the audit to facilitate the work of the independent auditors.

13.6 Foreign Currency transactions

Where the University transacts business in foreign currencies, the following rules shall apply:

a. The transaction shall be translated to the Ghana cedi using the exchange rate on the date of the transaction.
b. Any monetary items existing on the reporting date shall be translated at the rate on the reporting date.
c. Any resulting exchange difference should be treated in the statement of financial performance.
d. The Bank of Ghana website shall be the official reference point for all exchange rates.
e. The “BUY” rate shall be used for all currency translations.

Financial Statements Presentation and Disclosure

The University shall prepare and present the annual consolidated financial statements in accordance with applicable IPSAS.

The Council shall take responsibility for ensuring the annual financial statement is free from material misstatements and faithfully represents both the financial position and performance of the University. Application of appropriate accounting standards will result in the presentation of the state of affairs of the University in a true and fair view. Where the use of the standard will be misleading and conflicting with financial statement objectives, the departure from the acceptable standard will be explained in the financial statement. The explanation must confirm to acceptable requirement and include the nature, reason and financial impact of the departure.

The Annual Consolidated Financial Statements for the University shall consist:

- Statement of Financial Performance;
- Statement of Financial Position;
- Statement of Cash flow;
- Statement of Changes in Net Assets/Equity;
- Notes to the financial statements including summary of significant accounting policies and other explanatory notes;
- Comparative information in respect of the preceding period;

13.7 Statement of Financial Performance

The Statement of Financial Performance presents the accounting summary of the University’s revenue, expenses and income over a specific period.

The Statement of Financial Performance shall include the following amounts for the financial year:

i) total income of the University sub-classified using an appropriate classification basis applicable to operations of the University,
ii) total expenditure the University sub-classified using an appropriate classification basis applicable to operations of the University.

Income and Expenditure arising from the University’s operation shall be reported in gross in the Statement of Financial Performance. The University shall however report the net amount arising from transactions performed on behalf of other parties.

13.8 Revenue

Revenue shall be measured at fair value of consideration received or receivable taking into consideration any trade discounts, volume rebates allowed by the University in compliance with IPSAS 9 - Revenue from exchange transaction and IPSAS 23 - Revenue from Non-exchange transactions.

Revenue from exchange transactions occur when the University receives assets or services or has liabilities extinguished, and directly gives approximately equal value in exchange to another party. This includes;

1. Revenue from non-exchange transactions
   - Government subvention received
   - Donations
   - Revenue from other non-exchange transactions
   -
2. Revenue from exchange transaction
   - Fees and charges
   - Miscellaneous income

Exchange revenue transactions received is recognised in the financial year in which it is earned. Revenue from rendering services can be recognised if the amount of revenue can be reliably measured and service has been provided as at reporting date. Revenue from non-exchange transaction is where the University either receives or gives value to another entity without directly giving or receiving approximately equal value in exchange. IPSAS 23 requires that inflow of resources from a non-exchange transaction recognized as an asset shall be recognized as revenue only to the extent that a liability in respect of the transaction is also recognized. Transfers include grants, debt forgiveness, bequests, gifts, donations and goods and services in kind.

13.9 Expenditure

Expenditure is the decrease in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distribution to owners. The University expenses is made up of

a) Employee Compensation
b) Direct Teaching and Research
c) General Education Expenses
d) Municipal Services
e) General Administration
f) Library Expenses
g) Production Cost
h) Depreciation and Amortisation
i) Miscellaneous
j) Employee Benefits Cost (GUSSS & Ex-Gratia)

Expenditure shall be recognized using the following accounting policy;

- Revenue expenditure shall be expensed in the period in which it was incurred.
- Capital expenditure shall be accounted for in accordance with the University's capitalization policy.
- Research expenditure shall be fully written off in the period in which the expenditure is incurred.
- Borrowing costs directly attributable to the acquisition or construction of a qualifying asset shall form part of the asset and capitalised. All other borrowing costs are recognized as an expense in the period in which they occurred.
- Books and periodicals are written off in the year of acquisition

13.10 Statement of Financial Position

The Statement of Financial Position shall report the assets, liabilities and equity of the University as at the end of the fiscal year. The following shall be presented on the face of the financial statement;

a) Assets
b) Liabilities
c) Net Assets
d) Accumulated Fund

Assets

The University assets shall be classified into: Non-Current and Current Assets.

Non-Current Assets

a) Property, plant and equipment
b) Long term investment
c) Intangible Asset

Current Assets

a. Inventories
b. Accounts Receivable
c. Short Term Investments
d. Cash and Bank Balances

CHAPTER FOURTEEN
GENERAL ACCOUNTING POLICIES

14.1Accounting Policies

Accounting policies are the specific policies, bases, conventions, rules and practices applied by the University in preparing and presenting financial statements. The University shall prepare financial statement in accordance with accrual basis International Public Sector Accounting Standards (IPSAS). The University shall consider the following in assessing the appropriateness of accounting policies to its particular circumstances;

- the need to balance the cost and likely benefit arising from financial statements users; and
- the need to balance the four qualitative attributes for the presentation of financial information being relevance, faithful representation, understandability, timeliness, comparability and verifiability.

The University shall ensure consistent application of accounting policies. Regular review of the accounting policies by the Standing and Finance Committee of the University to ensure is in accordance with all relevant legislations. The University Council shall approve all changes to the accounting policies upon the recommendation of the Standing and Finance Committee.

14.2 Basis for Financial Statement Preparation

The Financial Statement shall be prepared in compliance with Accrual Based International Public Sector Accounting Standards (IPSAS).

Statement of Compliance

The University and its subsidiaries shall prepare Consolidated Annual Financial Statement in accordance with Accrual Based IPSAS.

Basis of Consolidation

The University and its controlled subsidiaries that exist shall prepare a Consolidated Financial Statement at the end of the financial year. The financial statement consolidation shall occur from the acquisition date where the University has effective control up to the date it ceases control. Control is determined to exist as per IPSAS 35(Consolidated Financial Statement).

14.3 Other IPSAS Policies

1. Service Concession Arrangements

This is a binding contract between the grantor and operator where the grantor grants the right to use the service concession asset to the operator in accordance with IPSAS 32 Service Concession Arrangement: Grantor. Under the binding arrangement the operator using the service concession asset shall provide a public service on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement.

Recognition and Measurement of a Service Concession Asset and Liabilities

The grantor shall recognize an asset provided by the operator and an upgrade to an existing asset of the grantor as a service concession asset if:
(a) The grantor controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price; and
(b) The grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the asset at the end of the term of the arrangement

The grantor shall recognize a liability in relation to the recognised asset except where an existing asset of the grantor is reclassified as a service concession asset.

2. Inventory

The University shall recognize inventory in accordance with IPSAS 12 –Inventories. Inventory shall be measured at the lower of cost and net realizable value. Inventories however acquired through a non-exchange transaction shall be measured at their fair value as at the date of acquisition. Cost of inventory shall include all purchase costs, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

3. Financial instruments

Financial instruments of the University classified into financial assets and liabilities shall include loans, bonds, stock, cash, short term investments, student receivables, account payables and other assets and liabilities.

The University shall recognize a financial asset or a financial liability in its statement of financial position when and only when, the University becomes a party to the contractual provisions of the instrument as required by IPSAS 41 Financial Instruments. Financial assets and liabilities shall be initially measured at fair value through surplus or deficit.

Financial assets shall be subsequently measured at amortized cost, fair value through net assets/equity or fair value through surplus or deficit on the basis of both:

a) The management model for financial assets of the University and
b) The contractual cash flow characteristics of the financial asset.

Financial liabilities shall be measured at amortized cost following its initial recognition except where;

a) Financial liabilities at fair value through surplus or deficit shall be subsequently measured at fair value including derivatives that are liabilities.
b) Finacial liabilities arising from transfer of financial asset.
c) Financial guarantee contracts.
d) Commitment to provide loan below market interest rate.
e) Where an acquirer in a public sector combination recognizes contingent consideration under IPSAS 40.

CHAPTER FIFTEEN

FINANCIAL MANAGEMENT INFORMATION SYSTEM

15.1 Policies

As much as possible, all procedures as defined by this manual shall be implemented by a Financial Management Information System. The information system should track financial events and summarize financial information in addition to producing auditable financial statements. The financial information system should have facilities for recording financial events, internal controls over data entry, transaction processing and reporting. The system should eliminate unnecessary duplication of data entry.

15.2 Procedures

15.2.1 Authentication and Authorization

The Financial Management Information System and other related accounting software shall only be accessible to end users after they have been properly authenticated and Authorised.
Authentication is the process of establishing a user identity and as such no two users shall share a username. Every user would be given a unique user name which the Financial Management Information System would use to track all activities of the user. No user shall at any time give his/her login credentials to another person. The Systems Administrator at the Finance Office is responsible for the creation and deletion of user accounts with the approval of the Finance Officer.

Authorization is the process of granting a user access to specific resources. Heads of all accounting units would be responsible for determining the access levels of all other personnel under their units and assigning or revoking such levels to users under their units. They would be responsible for periodically vetting the authentication system to ascertain that users are only able to access resources that have been assigned to them and are not able to do anything beyond their Authorization level.

The Finance Officer and his/her assigns would have access to view the financial data of all units in the University.

15.2.2 Vetting of Electronic Systems Access and Authorization

Heads of accounting units will at the beginning of each week audit the Authorised users for the various accounting systems and the levels of access each user has. Any anomaly detected shall be immediately investigated and rectified by the head of the unit. Staff who leave the unit or are transferred shall immediately have their access revoked by the head of the unit. Passwords will be changed once every three months.

15.2.3 Recording of Financial Transactions

All financial transactions shall be recorded at the time of occurrence in the Financial Management Information System of the University. If for any reason an immediate recording cannot be done, appropriate measures shall be taken to ensure that such transactions are electronically recorded.

15.2.4 Backup and Recovery

Backup procedures are designed to prevent data loss whereas recovery procedures involve using data backups to restore lost data. Backup and recovery form a critical part of Business Continuity and Disaster Recovery Planning.

The Financial Information System and other related accounting software will be backed up regularly. The Systems Administrator shall be responsible for backing up all electronic data hosted at the University's Data Centre. Heads of accounting units shall be responsible for backing up all other data/information, whether hard or soft copies, at their units on a weekly basis on external devices.

15.2.4.1 Responsibility of the Systems Administrator

The Systems Administrator shall be responsible for all electronic backup of systems maintained at the University's Data Centre. The following table details the backup procedure.

Day	Time	Backup Type	Action
Monday	23:00	Differential Database Backup	Notify Designated Officer by email
Tuesday	23:00	Differential Database Backup	Notify Designated Officer by email
Wednesday	23:00	Differential Database Backup	Notify Designated Officer by email
Thursday	23:00	Differential Database Backup	Notify Designated Officer by email
Friday	23:00	Full Database Backup	Notify Designated Officer by email
Saturday	23:00	Differential Database Backup	Notify Designated Officer by email
Sunday	23:00	Differential Database Backup	Notify Designated Officer by email

The backup plan detailed above allows for a maximum loss of a day's data. Recovery would only be possible up to the last backup taken. All backups shall be maintained for a period of at least one full year.

There shall be a secondary data centre where copies of all backed up data would be maintained. This secondary data centre would act as the disaster recovery site. The secondary data centre shall be sited in another geographical location from the main data centre.

The Systems Administrator would create and maintain a standby server so that when the active server fails, the passive server would become the active server allowing for minimum downtime.

15.2.4.2 Responsibility of the Finance Officer

The Finance Officer shall be responsible for periodically testing the recovery plan detailed above through the Director of UITS.

15.2.4.3 Audit Trails

The Financial Management Information System shall contain detailed audit trails which shall show who did what and when.

The head of an accounting unit shall be responsible for:

a. Randomly checking the activities of users on the Financial Management Information System.
b. Periodically testing the auditing system so as to ascertain that all key transactions recorded or changed shows who effected the change and when it was done.

15.3 Changes in Account Codes and System Modification

The Final Accounts Section shall be responsible for the generation of new codes. All changes in account codes and modifications in the system shall be approved by the Finance Officer.

15.4 Reporting

The Financial Management Information System would be required to produce the following reports:

a. Trial Balance
b. Statement of Financial Performance
c. Statement of Financial Position
d. Cash Flow Statement
e. General Ledger Account Transactions
f. Tax Deduction
g. Chart of Accounts
h. General Ledger
i. Transaction Audit Trails
j. User Audit Trails
k. User Authorization

CHAPTER SIXTEEN
MISCELLANEOUS PROVISIONS

16.1 SRC and GRASSAG

1. All students' dues shall be paid at the bank into a designated account opened for that purpose approved by the Vice Chancellor.
2. A reconciliation of all receipts and bank statements shall be done with the student executives under the supervision and direction of the Finance Officer.
3. The association must prepare a budget and approved by the Dean of Students.
4. The Finance Officer shall be a principal signatory to SRC and GRASSAG accounts. The other signatories shall be the President and the Financial Secretary of the association.
5. All requests for payments shall be endorsed by the Dean of Students.
6. All requests for payments must be pre-audited before cheques can be issued.
7. All payment documents shall be kept by the Finance Officer.

16.2. Other Student Associations

8. All students' dues shall be paid at the bank into a designated account opened for that purpose approved by the Patron.
9. A reconciliation of all receipts and bank statements shall be done with the student executives under the supervision and direction of the Unit Accountant.
10. The fees shall be allocated to respective associations based on an agreed formula approved by the Patron.
11. The College Finance Officer shall be a principal signatory to all other student association accounts at the College. The other signatories shall be the President and the Financial Secretary of the association.
12. All requests for payments shall be endorsed by the patron of the association.
13. All requests for payments must be pre-audited before cheques can be issued.
14. All payment documents shall be kept by the College Finance Officer.

16.3 Welfare Funds

Welfare funds (e.g., Finance Office Welfare) shall not be treated as part of university funds.

16.4 Endowment Funds

These are funds held in trust for third parties and therefore shall not be included in the income and expenditure accounts. However, any balance on such accounts at the end of the financial year shall be treated as a liability.

16.5 Bursaries and Scholarships

Bursaries and scholarships paid from the University's funds shall be expensed.

16.6 Insurance of University Property

The Finance Officer shall ensure that all insurable properties of the University are properly insured against burglary, fire, accident, flood and other disasters. Fully depreciated asset should not be insured comprehensively.

16.7 Capital Work in Progress

Any capital work in progress should be accounted for at cost based on the architect's certificate certified by the Development Office. The cost shall include both direct and indirect cost and should not be depreciated until the asset is brought into use.

Appendix 1 – Statement of Financial Position

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY					
STATEMENT OF FINANCIAL POSITION					
AS AT 31 DECEMBER 20XX					
		The University		**Consolidated**	
		As at 31 December		**As at 31 December**	
	Notes	**20XX**	20X-1	**20XX**	20X-1
ASSETS					
Non-Current Assets					
Property, plant and equipment		**XXXX**	XXXX	**XXXX**	XXXX
Intangible assets		**XXXX**	XXXX	**XXXX**	XXXX
Financial assets		**XXXX**	XXXX	**XXXX**	XXXX
Investment in subsidiary		**XXXX**	XXXX	**XXXX**	XXXX
Employee benefits – planned assets		**XXXX**	XXXX	**XXXX**	XXXX
Long term investment		**XXXX**	XXXX	**XXXX**	XXXX
		XXXX	XXXX	**XXXX**	XXXX
Current Assets					
Inventories		**XXXX**	XXXX	**XXXX**	XXXX
Sundry receivables from exchange transactions		**XXXX**	XXXX	**XXXX**	XXXX
Sundry receivables from non-exchange transactions		**XXXX**	XXXX	**XXXX**	XXXX
Short term investments		**XXXX**	XXXX	**XXXX**	XXXX
Cash and cash equivalents		**XXXX**	XXXX	**XXXX**	XXXX
		XXXX	XXXX	**XXXX**	XXXX
Current Liabilities					
Bank overdrafts		**XXXX**	XXXX	**XXXX**	XXXX
Accrued expenses		**XXXX**	XXXX	**XXXX**	XXXX
Sundry deposits		**XXXX**	XXXX	**XXXX**	XXXX
Accrued liabilities and accounts payables		**XXXX**	XXXX	**XXXX**	XXXX
Provisions		**XXXX**	XXXX	**XXXX**	XXXX
Borrowings-current		**XXXX**	XXXX	**XXXX**	XXXX
Employee benefit obligation		**XXXX**	XXXX	**XXXX**	XXXX
		XXXX	XXXX	**XXXX**	XXXX
Net Current Liabilities					
Borrowings		**XXXX**	XXXX	**XXXX**	XXXX
Restricted funds		**XXXX**	XXXX	**XXXX**	XXXX
Employee benefit obligation		**XXXX**	XXXX	**XXXX**	XXXX
Net Assets		**XXXX**	XXXX	**XXXX**	XXXX
FINANCED BY:					
Accumulated fund		**XXXX**	XXXX	**XXXX**	XXXX
Accumulated development grant		**XXXX**	XXXX	**XXXX**	XXXX
Revaluation reserve		**XXXX**	XXXX	**XXXX**	XXXX
Total funds		**XXXX**	XXXX	**XXXX**	XXXX

Appendix II – Statement of Financial Performance

TABLE 7					
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY					
STATEMENT OF FINANCIAL PERFORMANCE					
FOR THE YEAR ENDED 31 DECEMBER 20XX					
		The University		**Consolidated**	
	Notes	**20XX**	20X-1	**20XX**	20X-1
REVENUE					
Revenue from non-exchange transactions					
Government subvention received		**XXXX**	XXXX	**XXXX**	XXXX
Donations		**XXXX**	XXXX	**XXXX**	XXXX
Revenue from other non-exchange transactions		**XXXX**	XXXX	**XXXX**	XXXX
		XXXX	XXXX	**XXXX**	XXXX
Revenue from exchange transactions					
Fees and charges		**XXXX**	XXXX	**XXXX**	XXXX
Miscellaneous income		**XXXX**	XXXX	**XXXX**	XXXX
		XXXX	XXXX	**XXXX**	XXXX
Total revenue		**XXXX**	XXXX	**XXXX**	XXXX
EXPENDITURE					
Non-Teaching Staff Cost		**XXXX**	XXXX	**XXXX**	XXXX
Direct Teaching and Research					
General Education Expenses		**XXXX**	XXXX	**XXXX**	XXXX
Municipal Services		**XXXX**	XXXX	**XXXX**	XXXX
General Administration		**XXXX**	XXXX	**XXXX**	XXXX
Library Expenses		**XXXX**	XXXX	**XXXX**	XXXX
Production Cost		**XXXX**	XXXX	**XXXX**	XXXX
Depreciation		**XXXX**	XXXX	**XXXX**	XXXX
Miscellaneous		**XXXX**	XXXX	**XXXX**	XXXX
Total expenditure		**XXXX**	XXXX	**XXXX**	XXXX
Surplus/(deficit) for the year		**XXXX**	XXXX	**XXXX**	XXXX

Appendix III – Statement of Changes in Net Assets

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY						
STATEMENT OF CHANGES IN NET ASSETS						
AS AT 31 DECEMBER 20XX						
Year ended 31 December 20XX	**Accumulated surplus**	**Accumulated development grant**	**KNUST Endowment fund**	**Revaluation surplus**	**Other reserve funds**	**Total net assets**
At 1 January						
Surplus/ (deficit) for the year	**XXXX**	**XXXX**	**XXXX**	XXXX	XXXX	XXXX
Initial recognition of assets	**XXXX**	**XXXX**	**XXXX**	XXXX	XXXX	XXXX
Transfers to/from accumulated surplus	**XXXX**	**XXXX**	**XXXX**	XXXX	XXXX	XXXX
Decrease in specific funds						
Changes in the value of assets	**XXXX**	**XXXX**	**XXXX**	XXXX	XXXX	XXXX
Balance at 31 December	**XXXX**	**XXXX**	**XXXX**	XXXX	XXXX	XXXX
Year ended 31 December 20X-1						
At 1 January						
Surplus/ (deficit) for the year	**XXXX**	**XXXX**	**XXXX**	XXXX	XXXX	XXXX
Initial recognition of assets	**XXXX**	**XXXX**	**XXXX**	XXXX	XXXX	XXXX
Transfers to/from accumulated surplus	**XXXX**	**XXXX**	**XXXX**	XXXX	XXXX	XXXX
Decrease in specific funds						
Changes in the value of assets	**XXXX**	**XXXX**	**XXXX**	XXXX	XXXX	XXXX
Balance at 31 December	**XXXX**	**XXXX**	**XXXX**	XXXX	XXXX	XXXX

Appendix IV – Statement of Cash Flow

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY					
STATEMENT OF CASH FLOW					
FOR THE YEAR ENDED DECEMBER 20XX-1					
		The University		**Consolidated**	
	Notes	**20XX**	20X-1	**20XX**	20X-1
Cash generated from operating activities		**XXXX**	XXXX	**XXXX**	**XXXX**
Cash flows from investing activities					
Purchase of property, plant and equipment		**(XXX)**	(XXX)	**(XXX)**	**(XXX)**
Investment acquisition		**(XXX)**	(XXX)	**(XXX)**	**(XXX)**
Proceeds from disposal of property, plant and equipment		**XXXX**	XXXX	**XXXX**	**XXXX**
Net cash used in investing activities		**(XXX)**	(XXX)	**(XXX)**	**(XXX)**
Cash flows from financing activities					
Restricted funds used		**XXXX**	XXXX	**XXXX**	**XXXX**
Interest received		**XXXX**	XXXX	**XXXX**	**XXXX**
Finance cost paid		**(XXX)**	(XXX)	**(XXX)**	**(XXX)**
Net cash generated from financing activities		**XXXX**	XXXX	**XXXX**	**XXXX**
Net increase in cash and cash equivalents		**XXXX**	XXXX	**XXXX**	**XXXX**
Cash and cash equivalents at beginning of year		**XXXX**	XXXX	**XXXX**	**XXXX**
Cash and cash equivalents at end of year		**XXXX**	XXXX	**XXXX**	**XXXX**