**FINANCIAL POLICIES & PROCEDURES MANUAL**

1st Edition (2017)

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REVIEWED:…………………………

APPROVED: ………/……./…………

**SIGNED BY CHAIRPERSON**

**IUEA UNIVERSITY COUNCIL**

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REVIEWED:…………………………

APPROVED: ………/……./…………

**SIGNED BY CHAIRPERSON**

**IUEA SENATE**

**……………………………………………..**

**International University of East Africa**



**FINANCIAL POLICIES & PROCEDURES MANUAL**

1st Edition (2017)

**TABLE OF CONTENTS**

[GENERAL 5](#_Toc67576522)

[1.0 FINANCIAL OPERATIONS - OVERVIEW 6](#_Toc67576523)

[2.0 FINANCIAL OPERATIONS- RESPONSIBILITIES 7](#_Toc67576524)

[3.0 CASHIERS OFFICE 8](#_Toc67576525)

[4.0 CHART OF ACCOUNTS - OVERVIEW 8](#_Toc67576526)

[5.0 SUB LEDGER TO GENERAL LEDGER RECONCILIATION 9](#_Toc67576527)

[6.0 JOURNAL ENTRIES 9](#_Toc67576528)

7.0 CLOSING ENTRIES.............................................................................................11

[8 .0 RECORD RETENTION 13](#_Toc67576529)

[9.0 INTERNAL AUDIT 14](#_Toc67576530)

[10.0 ANNUAL AUDIT 17](#_Toc67576531)

[FINANCIAL REPORTING 20](#_Toc67576532)

[1.0 CASH, CASH EQUIVALENTS AND INVESTMENTS 21](#_Toc67576533)

[2.0 CASH - RECEIPT AND DEPOSIT 21](#_Toc67576534)

[3.0 CASH - CASH BALANCE MAINTENANCE 22](#_Toc67576535)

[4.0 CASH - BANK RECONCILIATION 23](#_Toc67576536)

[5.0 RECEIVABLES - STUDENT TUITION AND FEES 25](#_Toc67576537)

[6.0 RECEIVABLES- GRANTS AND CONTRACTS 26](#_Toc67576538)

[7.0 ALLOWANCE FOR DOUBTFUL ACCOUNTS, STUDENT TUITION AND FEES 27](#_Toc67576539)

[8.0 PREPAID EXPENSES 28](#_Toc67576540)

[9.0 CAPITAL ASSETS OVERVIEW 29](#_Toc67576541)

[10.0 ACQUISITIONS 31](#_Toc67576542)

[11.0 CAPITALIZATION AND CONSTRUCTION IN PROGRESS 33](#_Toc67576543)

[12.0 ASSET TAGGING 35](#_Toc67576544)

[13.0 DISPOSALS AND TRANSFERS 36](#_Toc67576545)

[14.0 DEPRECIATION 37](#_Toc67576546)

[15.0 INVENTORY 38](#_Toc67576547)

[17.0 NET POSITION 39](#_Toc67576548)

[18.0 OPERATING REVENUES- STUDENT TUITION AND FEES, NET 40](#_Toc67576549)

[19.0 DEFERRAL OF FALL TUITION REVENUE 4](#_Toc67576550)0

[20.0 GRANTS AND CONTRACTS 4](#_Toc67576551)1

21.0 OPERATING EXPENSES - SALARIES AND BENEFITS...............................43

[22.0 OPERATING EXPENSES- SCHOLARSHIPS AND INTERNSHIPS 4](#_Toc67576552)3

[23.0 OPERATING EXPENSES- CONTRACTUAL SERVICES, SUPPLIES, UTILITIES AND OTHERS 4](#_Toc67576553)4

[24.0 OPERATING EXPENSES - DEPRECIATION 4](#_Toc67576554)5

[26.0 CASH DISBURSEMENTS –STOP PAYMENTS 4](#_Toc67576555)6

27.0 FINANCIAL STATEMENTS.............................................................................47

[28.0 MONTHLY BOARD OF TRUSTEES REPORTS 4](#_Toc67576556)8

# GENERAL

# 1.0 FINANCIAL OPERATIONS - OVERVIEW

## 1.1 THEBURSAR

The departments and staff of the (Bursar) contribute to the International University of East Africa’s mission by providing financial services and support. Bursar is responsible for all aspects of financial management of the University. Responsibilities include oversight on accounting and financial controls, tax compliance, and financial auditing. The Bursar comprises of the following departments:

## 1.2 ACCOUNTING OPERATIONS

Accounting Operations encompasses a variety of specialized financial services and maintains a highly visible role in areas such as, Student Fee collocation, Banking, Accounts Payable, Fixed Assets, Inventory Management, Reporting, and Financial Statement preparation.

Daily operational tasks include a myriad of account and transaction analysis, banking reconciliations, invoice-to-cheque processing, customized reporting and the completion of special projects and other deliverables required for remediation of audit findings as mandated by University Secretary.

The Accounting Operations is staffed by an Accounting Manager, Senior Accountants, and Accountants.

## 1.3 BUDGET OPERATIONS

Budget Operations comprises of Bursars, Accountants and Departmental heads. The Budget Office pilots the annual budget formulation process for operating capital and grants. This unit leads the University Faculties/Departments through the budget cycle for developing departmental spending-plans and any required reprogramming adjustments.

The Budget Office also manages the financial review process and provides executive management with objective, accurate and timely analyses to assess any on-going budget and financial planning pressures that may negatively impact the University’s long-term strategic planning process.

## 1.4 ACCOUNTS PAYABLE

Accounts Payable is an integral component of financial operations. It involves nearly all aspects of the University’s payment processing platform with the exception of payroll. Accounts Payable main charge is to provide accurate and timely processing and disbursement of valid payments to Vendors, Contractors, Students, Faculty and Staff. All payments are processed in accordance with applicable compliance standards and legislative authority as established under the University Secretary and other applicable organs of the institution to promote efficient and effective disbursement administration and assist in the reliable reporting of disbursement related transactions.

## 1.5 CASHIER

The Cashier works with the respective Finance and Student Accounts offices in Student billing and in recording receipts and payments by posting into Accounting Software system. Although officially they receive/process various types of payments for tuition, fees, and hostel, and other charges related to University operations and auxiliary services.

Additionally, the cashier works closely with Accountants and Chief finance officer (Bursar) to prevent fraud by adhering to strict guidelines for managing the release of cheques designated for, faculty, staff, and vendors as well.

# 2.0 FINANCIAL OPERATIONS- RESPONSIBILITIES

## 2.1 CHIEF FINANCIAL OFFICER (Bursar)

The Bursar is responsible for the budget formulation and control, financial management for allocation and control of resources, fiscal accounting for the establishment and maintenance of accounting systems. This also includes supervision and monitoring of the operating and capital budgets and financial management programs for IUEA. Intercedes as necessary in complex issues and maintains an awareness of all on-going assignments. The Bursar oversees the supervision of IUEA’s financial staff involving a combination of professional, technical, administrative and clerical positions. The Bursar participates with the University Secretary, University Finance Committee, Board ofDirectors, to assist in the presentation and justification of the budget, and advises on the effects modifications will potentially have on operations. The Bursar examines and reports work progress on the budget and grants management program accomplishments. Lastly, the Bursar reviews the proposed capital budget and works closely with the staff of IUEA in order to remain informed as to the plans, cost estimates and schedules of IUEA’s capital projects.

## 2.2 PROGRAM SYSTEMS MANAGER

The Program Systems Manager is responsible for designing, creating, and maintaining procedures, scripts, reports and functions for Accounting Software Enterprise Resource Planning (ERP) System and related information systems. The Program Systems Manager must provide technical support for the Accounting Software Finance System Modules to include General Ledger, Finance Operations, Stores Inventory, Purchasing and Procurement, Accounts Payable, and Accounts Receivable. The Program Systems Manager must maintain an understanding of new Accounting Software releases and provides supplemental training, advice and information to technical and functional personnel within the University, as needed.

## 2.3ACCOUNTANT

The Accountant works under the general direction of the Bursar.The accountant directs, coordinates the execution of and/or personally performs accounting functions. The Accountant prescribes formats and procedures in the development of reports. The Accountant develops and maintains detailed accounting and financial records of expenditures of funds.

The Accountant prepares appropriate reports and statements to assure management a complete financial picture of expenditures. Examines and reviews the accounting, reporting and disbursing system for continuing improvements of financial practices and recommends modification of the system when needed.

The Accountant is also responsible for reviewing scheduled invoices for proper and timely payments and release of payments in the Accounting Software System and also provides accounts payable status report to IUEA’s Bursar. The Accountant also maintains and periodically updates vendor information file/data base of all vendors doing business with the University.

# 3.0 CASHIERS OFFICE

## 3.1 HEAD CASHIER

The Cashier head is responsible for the processing of cash items, disbursing of cash monies, and reconciliation of documents, register totals and preparation of processed cash, cheques, and credit cards for deposit. The Cashier head monitors procedures and exercises judgment in making decisions on deviation from normal routine which may present the need for immediate attention and on-the-spot decision making. Stays alert to detect counterfeit money, and exercises extreme care in the custody of all monies. Lastly, the Cashier head is responsible for weekly vault audits and weekly Cashier/Teller audits of all individual banks.

## 3.2 CUSTOMER CARE OFFICER (RECEPTIONIST)

The Customer Care Officer is responsible for providing customer service and responding to customer inquiries and concerns. The Customer Care Officer is also responsible for providing courteous and timely customer service to the various customers serviced by the Bursar. The Customer Care Officer scans documentation and payments into multiple systems. Obtains payments and performs daily settlement of monies collected to customer-presented documents and reconciles daily transactions to locate and correct errors.

The Customer Care officer responds to phone calls, emails and on-site visits and inquiries by students and their representatives

# 4.0 CHART OF ACCOUNTS - OVERVIEW

The chart of accounts serves as the foundation for IUEA’s financial record keeping system and outlines the accounts that IUEA has identified and made available for recording transactions in its general ledger. An account is a unique record for each type of asset, liability, revenue and expense. The chart of accounts provides a logical structure that facilitates the addition of new accounts and deletion of old accounts.

One of the most important purposes of the chart of accounts is to segregate asset, liability, revenue and expense so IUEA management and investors can quickly obtain a sense of IUEA’s financial health. It also assists IUEA to be in compliance with financial reporting standards. IUEA’s chart of accounts is configured in Accounting Software Finance in order to facilitate Accounts Payable, Budget Development, General Ledger, Student Charges and Payments of Financial Aid disbursements, and grants management

The chart of accounts is generated from the Accounting Software system.

# 5.0 SUB LEDGER TO GENERAL LEDGER RECONCILIATION

## 5.1 TASK DESCRIPTION

The sub ledger is reconciled to the general ledger monthly by the Accountant in order to identify and correct any posting errors. Any identified discrepancies are resolved in Accounting Software and errors which are attributable to incorrect Accounting Software detail code configuration, is further corrected by the Accountant.

## 5.2 PURPOSE

This directive outlines the policies and procedures on reconciling the Sub Ledger to the General Ledger in order to identify and correct any posting errors which applies to the International University of East Africa.

## 5.3 POLICIES

Each General Ledger and Sub ledger account shall be reconciled within 15 calendar days of the end of each month. All adjusting and correcting entries resulting from posting and other similar discrepancies will be communicated to the Bursar within 10 days of reconciliation for correction in Accounting Software.

## 5.4 RESPONSIBILITIES

1. The Accountant reconciles the sub ledger to the general ledger on a monthly basis.
2. The Accountant is responsible for updating the Accounting Software detail codes.

## 5.5 AUTHORIZATION

1. The Accountant is authorized by the Bursar to reconcile IUEA’s accounts on an ongoing basis.

# 6.0JOURNAL ENTRIES

## 6.1 TASK DESCRIPTION

Journal Entries are created in order to record or correct a business transaction and are posted throughout the fiscal calendar. At IUEA, Journal Entries are posted to their financial management system, Accounting Software.

## 6.2 PURPOSE

### This directive outlines the policies and procedures for journal entry posting to outline the specific accounts affected by the day to day transactions and reclassification of accounts that have been classified in the wrong group which apply to the International University of East Africa.

## 6.3POLICIES

### According to Generally Accepted Accounting Principles (GAAP), it states that it is required for each journal entry to include an equal amount of debits and credits. A journal entry is recorded for every transaction that occurs.

## 6.4 RESPONSIBILITIES

### The Accountant or Senior Accountant is responsible for the identification of the account, index, fund, program number and organization which must be adjusted.

### The Accountant or Senior Accountant is responsible for the preparation of the Journal Entry Form and entering Journal Entries into Accounting Software.

### The Accountant is responsible for ensuring journal entries that are posted incorrectly are reclassified.

### The Accountant is responsible for reviewing and approving the Journal Entry Form and posting Journal Entries in Accounting Software.

## 6.5 AUTHORIZATION

### The Senior Accountant or Accountant are authorized bythe Bursar to post journal entries in Accounting Software.

## 6.6 PROCEDURES

### 6.6.1Journal Entry Posting

### The Accountant or Senior Accountant completes the Journal Entry after determining the necessary debit and/or credit account adjustments. The Journal Entry Form is updated with the Index, Fund, Organization, Account Number and Program Number.

### The Accountant reviews the Journal Entry Form for accuracy and signs off on the Journal Entry Form.

### 6.6.2 Journal Entry Reclassification

### The Accountant receives a Journal Entry Reclassification Form requesting to reclassify a journal entry which was posted incorrectly. Included in the email is a screen print of the incorrect post in Accounting Software.

### The Accountant verifies the requested entry, completes and signs the Journal Entry Reclassification Form.

### The Bursar reviews and approves the Journal Entry Reclassification Form.

### The Accountant corrects the Journal Entry in Accounting Software. In Accounting Software, Accountant outlines the reason for reclassification, scans all supporting documents and uploads it into Accounting Soft

### 6.7 INTERNAL CONTROLS

Internal controls applicable to ensuring Journal Entries are authorized prior to entering into Accounting Software:

1. All journal entries must be supported by the appropriate documentation justifying the adjustment.
2. All journal entries must be approved and signed by the Bursar prior to entering into Accounting Software.

**7.0CLOSING ENTRIES**

7.1TASK DESCRIPTION

a) The Bursar is responsible for ensuring all temporary accounts that are affected during the year are closed out. Closing entries are conducted in order to ensure that each revenue and expense account will begin the next accounting year with a zero balance in order to facilitate the timely reporting of financial statements.

7.2PURPOSE

This directive outlines the policies and procedures required to close the financial accounts. Closing entries are necessary to bring the temporary account balances to zero for the next accounting period which is essential for keeping the accounts reconciled which are applicable to the International University of East Africa.

* 1. POLICIES
1. IUEA uses accrual basis accounting as required which states that accrual accounting matches expenses with the revenues that fund them by recording revenues in the fiscal year in which they are earned regardless of when payments are received, and expenses in the fiscal year in which they are incurred, regardless of when payments are made.
	1. RESPONSIBILITIES.

The Bursar is responsible for closing all temporary accounts to permanent accounts.

The Bursar is responsible for reviewing and approving closing entries prepared by the Senior Accountant or Accountant.

## 7.5 AUTHORIZATION

### The Accountant or Senior Accountant are authorized by the Bursar and IUEA to close accounts.

## 7.6 PROCEDURES

### 7.6.1 Prepaid Expenses

### The Accountant analyzes and reviews invoices to determine the period, service, and related expense or future benefit.

### The Accountant creates a Journal Entry Form (See Journal Entry process) to each prepaid account based on the analysis made.

### 7.6.2 Student Receivable

### The Bursar reviews the Aging Report to establish an allowance for uncollectible accounts based on Aging.

### The Accountant prepares a journal entry:

* DR Bad Debt Expense
* CR Allowance for Doubtful Account

Note: The journal entry prepared for deductions of the allowance is:

* DR Allowance for Doubtful Account
* CR Bad Debt Expense

### 7.6.3 Grants

1. On a weekly basis, the Accountant obtains the Grants Select Balance Sheet and reviews the receivables balances.
2. The Accountant creates a Journal Entry Form (See Journal Entry process) to adjust the deferred revenue balances with the receivable balance.
3. The Accountant prepares a schedule that consists of beginning balances plus collection in order to derive the revenue collected.
4. The Grants Billing Process is performed by the Accountant weekly, private and local monthly. Accounting Software System entry is:
* DR Grant Receivable
* CR Grant Receivable Unbilled

### 7.6.5 Long-Term Receivable

### The Accountant reviews and analyzes the security deposits and restitution accounts at year-end.

### 7.6.6 Accounts Payable Accrual

### The Accountant generates the Disbursement Report and reviews select invoices to verify service period, receipt of current goods, and services received to determine whether an accrual journal entry is necessary. The journal entry prepared is:

* DR Expense
* CR Yearend Accrual

### 7.6.7Compensated Absences

### The Accountant reviews the Compensated Absences Report from Human Resources to determine the necessary accrual journal entries to make for vacation and sick leave.

### 7.6.8 Contingent Liabilities

### The Bursar receives a report of Litigation Contingencies from the General Counsel. The Accountant prepares a journal entry at year end to record the lower end of expenses to be incurred:

* DR Settlement/Litigation Contingent Expense
* CR Claims and Judgments Liability

## 7.7 INTERNAL CONTROLS

Internal controls applicable to ensuring Journal Entries are authorized prior to entering into Accounting Software.

1. All journal entries must be supported by the appropriate documentation justifying the transaction.
2. All journal entries must be prepared by Accountant, reviewed/signed by the Senior Accountant and approved by the Accounting Officer prior to entering into Accounting Software.

Internal controls applicable to documentation retention of approved Journal Entry forms.

1. All Journal Entries are scanned to the shared drive along with the associated supporting documentation by the Senior Accountant or Accountant.

# 8 .0 RECORD RETENTION

## 8.1 TASK DESCRIPTION

1. This policy sets forth the requirement for effectively retaining and managing records and ensuring access to records is granted in accordance with applicable law, regulation, and policy.

## 8.2 PURPOSE

### This directive outlines the policies and procedures for record retention which is to ensure that IUEA retains its official records and to ensure that the official records that’s no longer needed by IUEA are discarded at the proper time. These policies apply to the International University of East Africa.

## 8.3POLICIES

### As stated in the policy, “a record may be destroyed, sold, transferred, or disposed of as prescribed by law, by records retention schedules, or by other authorization approved by the Committee; provided, that an authorization is approved by the Committee.

## 8.4RESPONSIBILITIES

### All Bursar staff is responsible for adhering to the Policy on Record Retention as it relates to the saving and securing of all significant financial records on IUEA’s file server or file cabinet.

## 8.5AUTHORIZATION

### Bursaries authorized to access IUEA’s financial records which are required in order for them to perform their assigned duties.

## 8.6PROCEDURES

### On a yearly basis, the Bursar verifies files stored on the applicable records management system.

## 8.7INTERNAL CONTROLS

Internal controls applicable to ensuring access to financial documentation are limited to authorized personnel.

1. Access to financial records is limited to users of the Finance group on the IUEA shared file server. Budget employees are only authorized to share on the I drive while the Accounting department is authorized to share on the storage drive.

# 9.0 INTERNAL AUDIT

## 9.1TASK DESCRIPTION

1. Internal audit involves an Internal Auditor to continuously ensure IUEA has proper controls, governance and risk management systems. The internal audit function should provide independent, objective assurance and consultative activities designed to add value and improve the universities operations. It helps IUEA to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

## 9.2PURPOSE

### This directive outlines the policies and procedures of execution of the Internal audit functions which ensure that International University of East Africa UEA has proper controls, governance and risk management systems.

## 9.3POLICIES

### The Internal audit must follow guidelines and principles set out in the Internal Audit Policies and Procedures Manual.

### The policy is to set out the framework within which the Internal Audit provides objective and independent assurance and advice to management and Board of Directors over the processes and system of internal control and risk management.

### The role of Internal Audit is to ensure policies and procedures are followed and to alert management of gaps in policy.

## 9.4RESPONSIBILITIES

### The Internal Auditor objectively assesses IUEA’s IT and business processes.

### The Auditor assesses IUEA’s risks and the efficacy of its risk management efforts.

### Ensures that IUEA complies with the relevant laws and statutes

###  Evaluates internal controls and makes recommendations on how to improve

### Identifies shortfalls or gaps in IUEA processes

### Promotes ethics and helps identify improper conduct

### Assures safeguards

### Investigates fraud

1. Conducts special investigations as requested by Management or BOD

### Communicates findings and recommendations

### Provides an opinion

## 9.5AUTHORIZATION

### The Internal Auditor is authorized by the University Council and Board of Directors to conduct continuous audits of the University.

## 9.6SCOPE

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of IUEA’s governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve IUEA's stated goals and objectives. It includes:

1. Reviewing the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information.
2. Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have significant impact on operations and reports and whether the organization is in compliance.
3. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
4. Reviewing and appraising the economy and efficiency with which resources are employed.
5. Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals of IUEA and whether the operations or programs are being carried out as planned.
6. Reviewing specific operations at the request of the Board, Audit Committee or management, as appropriate.
7. Monitoring and evaluating the effectiveness of the organization's risk management system.
8. Coordinating with the external auditors while executing their assigned duties.

### The auditor prepares a report detailing findings of the audit which includes: mathematical errors, posting problems, unauthorised payments, payment authorized but not paid and other discrepancies, and other audits concerns.

### The auditor implores a response from management that indicates whether it agrees or disagrees with problems in the report.

1. Makes follow up to ensure recommendations are implemented.

## 9.7PROCEDURES

a) **Know what and when to audit**

Before conducting the internal audit, the Auditor should identify what processes are going to be audited. Understanding the scope and objectives of the audit process helps the Auditor create an audit schedule. Internal audit should be conducted based on the risks of the processes. The higher the risk in a specific area of the university, the more frequent the Auditor would want to audit that business area. The Internal Auditor must be conversant with all the operations and processes of IUEA for proper planning and frequency of the audit.

 **b) Create an audit schedule**

Creating an audit schedule provides the Faculty/Departments with an advanced notice of the upcoming audit. The program will help them have the necessary documentation and records available for review and audit. The internal schedule will also enable the university to plan for resources required to conduct the internal audit.

**c) Pre-Planning the scheduled Audit**

Being prepared before a scheduled audit simplifies and makes the whole audit process effective. During the pre-planning phase, the Internal Auditors need to send an audit plan to Faculty/department providing information about the audit scope, objective, criteria and possible documentation evidence needed for the audit.

It is necessary that the auditor is prepared before the audit with a clear understanding of the policies and procedure that will be reviewed. For example; before auditing a purchasing process, the auditor needs to understand the policies and procedures related to purchasing and also know what kind of evidence that he/she may review. This will significantly improve the efficiency of the audit process and will also reduce the downtime

 **d) Conducting the audit**

Internal audit can be conducted by different methods such as documentation review, interviewing and observation. Based on the scope and objective of the audit, the auditor shall choose any methodology or combination of all to carry the internal audit.  The internal auditor shall sight and examine sufficient hard-copy or electronic records to verify; evidence of compliance with the management system procedures; and effective implementation of process and internal control. He/she ensures the audit is conducted in a fair and unbiased manner.

**e) Record the findings**

Recording the findings is vital in the audit process, and the auditor needs to list all evidence sighted by record number or record data. The aim of documenting audit findings is to identify gaps in compliance and look at opportunities to fix the deficit and improve the process. Records may also include observation and notes from the interview process. It is recommended that the auditor provide a quick snapshot of the findings quickly at the end of the internal audit to ensure the auditee is aware and also has a chance to clear any questions.

 **f) Report findings**

All findings should be reported in an easy to read audit report. Audit reports serve evidence that an internal audit was conducted. These reports should be reviewed and approved by the department manager / top management. The report can also include an improvement / corrective action plan that should need to develop and implemented in the areas where gaps were identified.

To be successful, it is crucial that business meet the needs of their customer and can deliver products and services accurately without any error. All internal controls established by the IUEA need to be maintained and effectively followed to support quality products and services. An internal audit is a management tool that IUEA uses to ensure that the processes meet requirements.

# 10.0 ANNUAL AUDIT

## 10.1TASK DESCRIPTION

1. The annual audit involves an auditor to conduct an audit at the University. The auditor shall request all supporting documents to complete the audit and conduct interviews to ensure that the employees of IUEA are in compliance with the policies and procedures of IUEA.

## 10.2PURPOSE

### This directive outlines the policies and procedures of the execution of the annual audit which ensures that the organization is being operated within the bounds of integrity and sound business practices which apply to the International University of East Africa.

## 10.3POLICIES

### The audit must follow guidelines and principles in accordance with International Standards on Auditing (ISAs). The auditor must also conduct the audit in accordance with requirements established by other regulatory authorities like Uganda Revenue Authority (URA), various requirements upon the University such as Internal Revenue Regulations, National Council for Higher Education Regulations (NCHE), Higher Education Financing Act, and principles for determining costs applicable to Grants, Contracts and other agreements with Educational Institutions.

### The audit must follow Governmental Accounting Standards.

## 10.4RESPONSIBILITIES

### As stated in the Statements on Accounting Standards (SAS), IUEA Management is responsible “to provide the auditor with access to all information of which management and, when appropriate, those charged with governance are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.”

### The independent auditor's objective and responsibility, under generally accepted auditing standards (GAAS), are to express an opinion on whether the financial statements are fairly presented in conformity with generally accepted accounting principles, and that the related supplemental information is presented fairly, in all material respects, when considered in conjunction with the financial statements.

## 10.5AUTHORIZATION

### The auditor is authorized by the University Secretary or other applicable organ or member of the University to conduct annual audits of the University.

## 10.6PROCEDURES

### The Auditor requests documents from the Bursar which may include previous audit reports, original bank statements, receipts and ledgers, and organizational chart, etc.

### After reviewing the documents requested, the auditor prepares an audit plan.

### The auditor will set up an open meeting which the auditor will discuss the scope of the audit and set a time frame for the audit.

### The auditor takes information gathered from the open meeting and uses it to finalize the audit plan and the fieldwork is conducted by interviewing with staff members and reviewing procedures and processes.

### The auditor tests for compliance with policies and procedures and internal controls are evaluated to make sure they’re adequate.

### The auditor prepares a report detailing findings of the audit which includes: mathematical errors, posting problems, payment authorized but not paid and other discrepancies, and other audits concerns.

### The auditor implores a response from management that indicates whether it agrees or disagrees with problems in the report.

# FINANCIAL REPORTING

# 1.0 CASH, CASH EQUIVALENTS AND INVESTMENTS

## 1.1 TASK DESCRIPTION

1. Cash, cash equivalents are defined as cash on-hand, demand deposits, and certificates of deposit with financial institutions.

## 1.2 PURPOSE

1. This directive outlines the policies and procedures on cash, cash equivalents, and investments. These policies apply to the International University of East Africa.

## 1.3 POLICIES

1. The University Secretary requires that all cash to be deposited with the University bank account.

## 1.4 RESPONSIBILITIES

1. The Accountant and Senior Accountant are responsible for performing the bank reconciliations for all cash and investment accounts and ensuring the balances are accurate and properly stated on the financial statements.

## 1.5 AUTHORIZATION

1. The Accounting Officer is authorized to analyse the Trial Balance on a monthly basis.

## 1.6 PROCEDURES

1. The Accounting Officer logs in Accounting Software and retrieves the Trial Balance and details regarding the Cash, Cash Equivalents, and accounts.
2. If a discrepancy is observed, the Accounting Officer retrieves the associated Invoices and Journal Entry forms to verify the validity of the assets

## 1.7 INTERNAL CONTROLS

Internal controls applicable to verifying the correct entry are recorded

1. The Accountant monitors the activities of the Balance Sheet accounts on a monthly basis and checks for reasonableness.

# 2.0 CASH - RECEIPT AND DEPOSIT

## 2.1 TASK DESCRIPTION

1. The collection of tuition, fees and other charges is handled by the Senior Accountant and Cashier’s Office. The Cashier’s Office reports all cheques deposited daily to the (Bursar) and Student Accounts. The Bursar enters the applicable Accounting Software Journal Entries for account recording purposes.

## 2.2 PURPOSE

1. This directive outlines the policies and procedures on depositing cheques from students and vendors. These policies apply to the International University of East Africa.

## 2.3 POLICIES

1. The Accountant is administratively assigned to the Finance Department within IUEA to deposit cheques daily.
2. Per IUEA policies, check deposits are recorded in detail on the Daily Cash Report and Daily Activity Report.

## 2.4 RESPONSIBILITIES

1. The Staff Assistant is responsible for the receipt of checks from postal couriers.
2. The Accountant is responsible for retrieving cheques from the Secretary and physically delivering the cheques to the Cashier’s Office.
3. The Accountant is responsible for determining the intended recipient of the cheque and identifying their associated detail code.

## 2.5 AUTHORIZATION

1. The Cashier’s Office is authorized by the Senior Accountant/Accountant to deposit cheques.

# 3.0 CASH - CASH BALANCE MAINTENANCE

## 3.1 TASK DESCRIPTION

1. Accounts Payable confirms that cash is available with the Senior Accountant in order to fulfil payment requests. In addition to monitoring, a Cash Balance Sheet is maintained by the Senior Accountant in order to obtain a true balance of available funds.

## 3.2 PURPOSE

1. This directive outlines the policies and procedures on maintaining a true reflection of available cash via the Cash Balance Sheet.

## 3.3 POLICIES

1. Daily, the Senior Accountant should be updating the Cash Balance Sheet to reflect its true balance.
2. If the Balance in the account falls below 10 million Ugx thresholds, the Accounting Officer should be advised of this matter.

## 3.4 RESPONSIBILITIES

1. The Accountant is responsible for verifying available funds to process payments due to vendors.
2. The Accountant is responsible for updating the Cash Balance Sheet with cheques issued, deposits and other daily transactions.

## 3.5 AUTHORIZATION

1. The Bursar is authorized to review IUEA’s bank account on a daily basis and advice of its current balance.

## 3.6 PROCEDURES

1. Accountant inquirers from the Bursar of the availability of funds in order to pay bills that are due to vendors.
2. The Bursar logs into the bank website with their assigned credentials and checks the bank statement to determine if funds requested are available.
3. The Accountant manually verifies Cash Balance Sheet to determine if funds are available by analysing daily transactions of cheques issued and funds received.

Note: If funds are below the 10 million UGX thresholds, the Senior Accountant informs the Bursar &University Secretary advising of the low balance.

1. The Accountant updates the Cash Balance Sheet with the following details:
	1. Date of Transaction
	2. Amount of Money Deposited (if applicable)
	3. Payment Amount (if applicable)
	4. Balance to date

## 3.7 INTERNAL CONTROLS

Internal controls applicable to verifying funds are available prior to withdrawal

1. The Accountant must verify with the Bursar the availability of funds prior to processing any payments.

# 4.0 CASH - BANK RECONCILIATION

## 4.1TASK DESCRIPTION

1. Applies to all bank accounts for which the International University of East Africa is responsible and provide principles and guidelines for reconciling bank accounts to IUEA’s financial accounts.

## 4.2 PURPOSE

1. This directive outlines the policies and procedures for bank reconciliations where the bank balance is compared against IUEA’s book balances. Discrepancies are identified during this procedure.

## 4.3 POLICIES

1. Bank reconciliation is a policy established by IUEA to maintain appropriate controls over cash accounts. In order to safeguard cash and ensure accuracy, consistency, and timely reporting of transactions related to cash accounts maintained by IUEA staff, IUEA shall prepare bank reconciliations for all cash accounts.
2. As per the closing schedule, each bank account shall be reconciled within 15 calendar days of the end of each month. All adjusting and correcting entries resulting from posting and other similar discrepancies are communicated to the Accounting Officer within 10 days of reconciliation for inclusion (correction).

## 4.4 RESPONSIBILITIES

1. The Cashier’s Office is responsible for emailing the Daily Activities’ Report to the Accountant.
2. The Senior Accountant or Accountant is responsible for the reconciliation of all cash accounts.
3. The Accountant is responsible for preparing the journal entries.
4. The Accountant is responsible for reviewing the journal entries for accuracy.
5. The Accounting Officer is responsible for providing the final review and sign off of the journal entries.

## 4.5 AUTHORIZATION

1. The Accountant is authorized by the Bursar to review IUEA’s bank account statements and financial accounts.

## 4.6 PROCEDURES

### 4.6.1 Bank Statement vs. Daily Cashier’s Reports

### On a daily basis, the Accountant receives the Daily Cashier’s Report from Cashier’s Office.

### The Accountant copies the details of the Daily Cashier’s Report into the IUEA Daily Cash Report

### The Accountant reviews the Payment Report

### The Accountant reconciles the Payment Report against the IUEA Daily Cash Report by comparing the Net Deposit amount on the statement against the cash report balance.

Note: Any discrepancies identified are investigated further and resolved by the Accountant.

1. The Accountant completes the Journal Entry Form for each transaction in the Daily Report and reviews the Journal Entry Form and supporting documentation for accuracy and signs off on the Journal Entry Form.

### 4.6.2 Receivable Account Reconciliation

### On a monthly basis, the Bursar logs into bank website with their assigned credentials and retrieves the bank statement.

### The Bursar identifies the various transaction types

### The Bursar records the transaction in to Accounting software

### The Bursar completes the Journal Entry Form in order to record the receipt of cash and reduction of the receivable:

### The Bursar reviews and approves the Journal Entry Form and supporting documentation for accuracy and signs off on the Journal Entry Form.

### The Accounting Officer approves the Journal Entry in Accounting Software.

### The Accountant or Bursar prints the Balance Sheet and General Ledger from Accounting Software in order to verify a zero balance

### The General Ledger, Balance Sheet and bank statements are scanned and saved.

## 4.7 INTERNAL CONTROLS

1. Internal controls shall be applicable and applied by the appointed officer to ensure daily reports are reconciled with the bank statements correctly

#

# 5.0 RECEIVABLES - STUDENT TUITION AND FEES

## 5.1 TASK DESCRIPTION

1. A student account receivable is recognized (recorded in the University’s financial records) when:
	1. A student has incurred charges for costs associated with attendance (tuition, fees, hostel charges, etc.) from which a benefit to the student is derived;
	2. Payment is due to the University from the student or a third party;
	3. The revenue from the transaction has been recognized in the University’s books and records; and,
	4. Payment has not been received (collected) by the University from the student or third party.
* student has enrolled for classes at the University or has been registered for classes by the Universit

## 5.2 PURPOSE

1. This directive outlines the policies and procedures for recording receivables for student tuition and fees. These policies apply to the International University of East Africa.

## 5.3 POLICIES

1. Receivables for student tuition and fees are presented net of doubtful accounts allowances applied to student accounts.

## 5.4 RESPONSIBILITIES

1. The Senior Accountant is responsible for reconciling the student receivable records in the Accounting Software Student Accounts System module to the Accounting Software Financial System general ledger

## 5.5 AUTHORIZATION

1. The Senior Accountant is authorized to reconcile the receivables for student tuition and fees.

## 5.6 PROCEDURES

1. The Senior Accountant performs reconciliations between the receivable subsidiary ledger (Accounting Software Student Accounts System) and the controls in the Accounting Software Financial System general ledger.
2. The Accounting Officer generates the Trial Balance report to report the student tuition and fees net receivable amount.

## 5.7 INTERNAL CONTROLS

Internal controls applicable to verifying the student receivable balances recorded

1. The Accounting Officer monitors the activities of the student receivable balance accounts on a monthly basis and checks for reasonableness.

# 6.0 RECEIVABLES- GRANTS AND CONTRACTS

## 6.1 TASK DESCRIPTION

1. Grants and Contracts (noncapital) that are classified as exchange transactions are reported as operating revenues. Grants and contracts (capital and noncapital) classified as non-exchange transactions are reported as non-operating revenues on the financial statements.

## 6.2 PURPOSE

1. This directive outlines the policies and procedures for requesting and collecting funds related to grants and contracts. These policies apply to the International University of East Africa.

## 6.3POLICIES

1. When new grants are received by the University, the Bursar reviews the award documentation and how funds will be received. The Bursar also monitors to ensure timely collection of funding and follows up as appropriate.
2. The University records the grants revenues when all applicable time and eligibility requirements are met. Expenses are recorded as expenditures are incurred. Expenditure-driven (reimbursement type) grant revenues are recorded after related expenditures are incurred and in amounts equals to the expenditures.
3. The University considers exchange transactions to include charges for services rendered and the acquisition of goods and services. As such, if the grant or contract requires services to be rendered by the University then revenue will be recognized when the services have been rendered.

## 6.4 RESPONSIBILITIES

1. The Accountant or Bursar is responsible for the monitoring and adjustment of the grants and contracts revenue amounts.
2. The Bursar is responsible for preparing and sending timely invoices and providing timely Accounts Receivable funding for awards involved.
3. The Bursar is responsible for overseeing and ensuring the collection of grants funds.

## 6.5 AUTHORIZATION

1. The Accountant is authorized by the Bursar to oversee and ensure the collection of grants funds and communicates to the grantor when payments or invoicing issues arise.

# 7.0 ALLOWANCE FOR DOUBTFUL ACCOUNTS, STUDENT TUITION AND FEES

## 7.1 TASK DESCRIPTION

1. Annually, towards yearend, an analysis is completed to determine the adequacy of the Allowance for Doubtful Accounts for student receivables. An allowance for doubtful accounts is established to offset the accounts receivable which may be uncollectible for student tuition and fees.
2. The effectiveness of collections and adequate provision for the allowance for uncollectible accounts receivables must be reviewed, analysed and calculated at least quarterly prior to fiscal yearend.

## 7.2 PURPOSE

1. This directive documents the policies and procedures for establishing an allowance for uncollectible accounts at the International University of East Africa.

## 7.3 POLICIES

1. In accordance with generally accepted accounting principles (GAAP), the University records an allowance for doubtful accounts on past due accounts for all accounts that have not been written off. Prior to closing each fiscal year’s books, the Accountant analyses and adjusts the allowance for doubtful accounts, with offsets to the appropriate revenue accounts or bad debt expense. An allowance for doubtful accounts is set up as a contra-receivable in each appropriate general ledger.

## 7.4 RESPONSIBILITIES

1. The Accountant and the Bursar are responsible for monitoring and adjusting the receivables accounts and writing off of the accounts when necessary.
2. The Accountant is responsible for preparing journal entries to adjust the allowance for doubtful account balances.

## 7.5 AUTHORIZATION

1. The Bursar is authorized by the University Secretary to establish an allowance and write off uncollectible accounts.

## 7.6 PROCEDURES

1. The Bursar is responsible for preparing outstanding aging reportof all student receivables which are aged from 0 to 90 days, 91 to 120 days, 121 to 360 days, and older than 360 days.
2. The Bursar reviews the report and determines the appropriate allowance for doubtful accounts based on the aged receivable categories.
3. The sum of the amounts is used to properly reserve for the uncollectible receivables. This amount is reduced by the current allowance for doubtful accounts to determine the increment (or decrement) for the current fiscal year. This current increment or decrement amount is used for the journal entry prepared by the Bursar

# 8.0 PREPAID EXPENSES

## 8.1 TASK DESCRIPTION

1. Prepaid expenses are goods or services paid for and recorded in advance of their use or consumption in the course of business, which represent expenses for the next fiscal year, and therefore, should properly be reported as a current assets at year end. Typical types of prepaid expenses include insurance, rent, and multi-period service contracts.

## 8.2 PURPOSE

1. This directive outlines the policies and procedures for recording prepaid expenses. These policies apply to the International University of East Africa, .

## 8.3 POLICIES

1. All prepaid expenses should be included in the Financial Statements and Management’s accounts.

## 8.4 RESPONSIBILITIES

1. The Accountant is responsible for amortizing the beginning prepaid expenses for the portion consumed or used during the current fiscal year and identifying and recording expenses for goods or services paid in the current fiscal year with future economic benefits as prepaid expenses.

## 8.5 AUTHORIZATION

1. The Senior Accountant is authorized by the Bursar to perform an analysis necessary to record prepaid expenses on the Statement of Net Position.

## 8.6 PROCEDURES

1. At year end, the Accountant or Bursar performs an analysis to prepare a journal entry to record prepaid expenses on the Statement of Net Position. The journal entry prepared is:
* DR Expense (various by functional and natural classification)
* CR Prepaid Expense
1. The Accountant properly records prepaid expenses for those expenses prepaid as of yearend but not used or incurred. The journal entry prepared is:
* DR Prepaid Expense
* CR Expense (various by functional and natural classification)

## 8.7 INTERNAL CONTROLS

Internal controls applicable to verifying the correct entry is recorded

1. The Bursar monitors the activities of the Balance Sheet accounts on a monthly basis and checks for reasonableness.

# 9.0 CAPITAL ASSETS OVERVIEW

## 9.1 TASK DESCRIPTION

1. Capital assets are long-lived tangible items that provide an economic benefit for a number of future periods. In addition, any assets that agencies intend to hold or continue to use over a long period of time are considered capital assets. Assets which are purchased, constructed, or donated that meet or exceed established capitalization thresholds are recorded by the International University of East Africa.
2. Capital assets are initially recorded at historical cost which is defined as cash or a cash equivalent cost of obtaining the asset and bringing it to the location and condition necessary for its intended use.
3. Assets are reported on the financial statements at net book value, which is the asset's historical cost less the accumulated depreciation.
4. IUEA reports capital assets based on asset class and include buildings and building improvements, library holdings, furniture and fixtures, equipment and machinery, vehicles, and land and land improvements that have initial useful lives extending beyond a single reporting period.
5. A capital asset is capitalized only if it meets all of the following conditions:
* Owned or considered owned by the University
* Held for operations (not for resale)
* Has a useful life that exceeds three years or more
* Meets the capitalization threshold
1. Assets that do not meet these criteria are expensed and not depreciated for financial reporting purposes.
2. Buildings and building improvements *-* A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable.
3. Building improvements are capital events that materially extend the useful life of a building, increase the value of a building, or both. A building improvement should be capitalized if the improvement is at the capitalization threshold. For a replacement to be capitalized, it must be a part of a major repair or rehabilitation project, which increases the value, and/or useful life of the building. A replacement may also be capitalized if the new item/part is of significantly improved quality and higher value compared to the old item/part such as complete replacement of an old roof with a new roof.
4. Any maintenance-related expenses or repairs which do not increase the value of the building are expensed when it occurs and are not capitalized as an asset.
5. Library holdings *-* Library holdings are general collections of an institutional library (not departmental library). Library holdings include all library textbooks and encyclopaedias.
6. Furniture and fixtures *-* Furniture and fixtures include desks, chairs, tables, file cabinets, and cubicles.
7. Equipment and machinery *-* Equipment and machinery include tools, copiers, and computer equipment.
8. Vehicles *-* Vehicles include automobiles, forklifts, graders, trucks, sprayers, and other vehicles.
9. Land and land improvements – Land is the surface of the earth, which can be used to support structures, and may be used to grow grass, shrubs, and trees. Land is characterized as having an unlimited life. Donated land should be treated like other donated assets. Site improvements (other than buildings) that prepare land for its intended use are added to the cost of the land.
10. Land improvements are assets, other than buildings, which are built, installed, or established to enhance the quality or facilitate the use of land for a particular purpose.

## 9.2 PURPOSE

1. This directive outlines the policies and procedures for the physical and reporting control of the University’s assets, including accountability over the assets, meeting financial reporting needs, and generating asset management information.

## 9.3 POLICIES

1. Reporting requirements have been established in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs).
2. Additionally, the University is required to comply with requirements by regulatory authorities like Uganda Revenue Authority (URA).

## 9.4 RESPONSIBILITIES

1. The University Secretary is responsible for Real Estate, Facilities Management, and Public Safety, while the Asset Manager is responsible for receiving, tagging, and delivering all capital assets.
2. Deans and Department Heads for each department are responsible for the physical management of capital assets within their control, and each employee is responsible for exercising reasonable care of IUEA property.
3. The Store Manager is responsible for ensuring that all received property is properly accepted and that receiving documents are compared to purchase orders, and all documents are sent to the Accountant.
4. The Accountant is responsible for ensuring the fixed asset register is being properly maintained, including the identification of capital assets, accurate use of codes, determination of useful lives and reconciliation to the general ledger. The Accountant is responsible for changing the status of records when the disposition of assets occurs. In general, surplus or obsolete equipment may be disposed of by transferring to another department, discarding/scrapping, trading-in or donating the asset.
5. All Department Heads are responsible for:
* Reading and understanding the Fixed Assets Policy.
* Maintaining current inventory records for all in-use fixed assets within their assigned department.
* Assuring property is given proper care and protection and is used for official purposes only.
* Ensuring that University property is used only in the conduct of official University business.
* Notifying the Accountant of any changes in the index coding of an asset.
* Notifying the Accountant whenever fixed assets are transferred/acquired, donated, destroyed, stolen, lost or otherwise disposed off.
* Identifying and reporting to the Accountant any surplus property which is useable but not needed in his/her area, or which is beyond economic repair and therefore to be disposed of.
* Assisting in taking physical inventories.
1. The Accountant ensures account codes are classified correctly for capital assets on purchase requisitions and invoices.

## 9.5 AUTHORIZATION

1. The Accountant is authorized by the Bursar to record all capital assets into FAS.

## 9.6 INTERNAL CONTROLS

Internal controls applicable to ensuring capital assets are accurately recorded.

1. The Bursar and Accountant monitor the activities of the capital assets on a monthly basis and check for reasonableness.

# 10.0 ACQUISITIONS

## 10.1 TASK DESCRIPTION

1. Acquisition, within the context of this document, encompasses the various methods by which the University obtains, receives, and becomes accountable for property. The most common method of acquisition for University property is through purchases. Other methods include donations (or gifts), and leases.
2. Assets acquired by University funds must follow the University’s Purchasing Policy and are subject to fund availability and budget limitations.

### 10.1.1 Donations (Gifts) to the University

### Any donated capital asset is reported to the Accountant if it has an estimated fair market value of $5,000 or more individually or as an operating unit. The faculty/department has the responsibility of obtaining fair market value of the item(s) and reporting the value to the Accountant, along with a full description of the property, date received number of donated items, and the name of the person making the donation. These donated assets will be capitalized as a capital asset in the Accounting Software General Ledger and Fixed Asset System (FAS) and tagged for inventory purposes.

### Occasionally gifts are received directly by University departments and the fair market value is determined at the time of receipt. Title to the property will then be transferred to the University and will be entered in FAS if the equipment meets the capitalization threshold. Donations are not considered personal property of faculty or staff although they may have been a primary contact for the donation.

### 10.1.2 Leases

### The University classifies all leases in which the University is the lessee as either operating or capital leases.

### Operating – Agreements using an asset for a short period of time and ownership will not transfer or use up most of the assets worth. Operating leases are recorded at the minimum lease payments.

### Capital – If an asset is essentially being paid for or used most of its life, then the lease is classified as capital whether ownership is acquired or not.

### Capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the leased asset.

## 10.3 PURPOSE

1. This directive outlines the policies and procedures for purchasing capital assets and ensuring that the purchases are accurately coded.

## 10.4 RESPONSIBILITIES

1. Each Department, School or Faculty must designate a position which is responsible for preparing Purchase Requisitions. For purposes of this description, this position is known as the Department Designee/Administrator. The Bursar must have a current list of all Department designated positions.
2. A designated position in each Department, School or Faculty is responsible for approving the Purchase Requisition and the Reprogramming requests. For purposes of this description, this position is known as the Department Approver. The Accounts office must have a current list of all Department approver positions.
3. The Accounts office is responsible for reviewing the Purchase Requisition and ensuring that the Department, School or Faculty has designated sufficient funds in the appropriate budget account and verify that all budget codes are applicable and valid for the request purchase. These funds can be in either the operating budget or the capital budget.
4. A Purchasing Officer is responsible for reviewing the Purchase Requisition and preparing the Purchase Order.
5. A Manager in the Office of Purchasing and Contracting is responsible for processing the Purchase Order before the items are ordered.

## 10.5 AUTHORIZATION

1. The Accountant is authorized by theBursar to ensure acquisitions meet the requirements of a capital asset and all accompanying invoices, purchase requisitions and/or purchase orders are attached and the asset is added into FAS.

## 10.6 INTERNAL CONTROLS

Internal controls applicable to ensuring all the Purchase document is prepared and approved by the University Secretary and/or procurement Committee before the item is ordered.

Internal controls applicable to ensuring the accurate receipt andpayment of goods ordered.

1. All capital asset items are received by the store and are matched with the Purchase order.
2. Delivery notes are compared with Purchase Orders to ensure that ordered quantities are actually received.
3. Capital Assets are tagged with permanent property numbers when received at the Store or other office before delivery to the Department, School or Faculty.

# 11.0 CAPITALIZATION AND CONSTRUCTION IN PROGRESS

## 11.1 TASK DESCRIPTION

1. Assets are recorded if they meet or exceed established capitalization thresholds. Capitalization thresholds for the University are as follows:



1. Controllable property is all property that does not meet the University's capitalization criteria, but which the University is obligated to physically control (such as leased copiers or personal computers).

11.1.1 Construction in Progress

1. Construction in progress (CIP) is the cost of buildings or other capital projects that are under construction as of the balance sheet date. CIP represents a temporary capitalization of labour, materials, and equipment of a construction project. When the constructed asset is substantially complete (at least 85%) based on project spending or the University has received a certificate of occupancy, they are known as completed capital improvement projects. It is at this time that the costs in the CIP account are classified to one or more of the major asset categories, capitalized, and depreciation is set upon entry into the Accounting Software Fixed Asset System (FAS) under the appropriate classification. Any expenses incurred thereafter are posted directly to the asset.

## 11.2 PURPOSE

1. This directive outlines the policies and procedures for complying with the University’s capitalization thresholds and accurately reporting the amounts related to CIP until the project is complete or until the equipment is placed in service.

## 11.3 POLICIES

1. In accordance with Generally Accepted Accounting Principles, amounts related to assets are recorded in CIP until the project is complete or until the equipment is placed in service. Upon completion the total cost is transferred to the appropriate capital asset.

## 11.4 RESPONSIBILITIES

1. The Bursar or Accountant maintains the capital budget and tracks all capital projects.
2. The Capital Projects Manager/Estates Manager maintains financial records on all capital projects in process.
3. The Accountant is responsible for capitalizing construction in progress assets to their appropriate capital asset categories when the capital project is substantially complete.

## 11.5 AUTHORIZATION

1. The Accountant is authorized by the Bursar to prepare the journal entries related to CIP.

## 11.6 PROCEDURES

1. Costs that are accrued through the capital budget are classified as capital assets. These costs are charged to the Contractual Services expense account.
2. The Accountant enters the asset information into FAS.

## 11.7 INTERNAL CONTROLS

Internal controls applicable to verifying the correct entries are recorded.

1. The Accountant or Bursar monitors the activities of the Balance Sheet accounts on a monthly basis and checks for reasonableness. Additionally, the Accounting Officer reviews and approves all journal entries.

# 12.0 ASSET TAGGING

## 12.1 TASK DESCRIPTION

1. Maintaining a positive identification of assets is the primary purpose of tagging. Tagging is important to:
* Provide an accurate method of identifying individual assets,
* Aid in the physical inventory,
* Control the location of all physical assets, and
* Aid in the maintenance of capital assets.
1. Tangible capital assets are received at the store. When received, the items are tagged with a permanent property tracking number (PTag).
2. The store manually compares the receiving/delivery documents and packing slip to the Purchase Order and a permanent property number, the PTag, is assigned. All of these documents are delivered to the Accountant in the Accounting Office.
3. Faculties/Departments are required to confirm delivery of a capital asset item before approving an invoice for payment. If the invoice is sent to the faculties for approval before the items are received, the faculty is required to contact the store or the vendor if the warehouse does not have the asset and confirm delivery before the invoice is approved.
4. Caution: Do not tag artwork, sensitive technical equipment, or other items where tagging will affect its function, value, or the ability to return it under warranty. A file for all capital assets that should not be tagged must be maintained by the store Manager.

## 12.2 PURPOSE

1. This directive outlines the policies and procedures for tagging assets. These policies apply to the International University of East Africa.

## 12.3 POLICIES

1. All capital assets must be received and tagged for inventory purposes and delivered to the requesting department.

## 12.4 RESPONSIBILITIES

1. The store receives all capital assets and ensures that appropriate receiving documentation is available. All receiving of assets/inventory is performed by the stores Officer.
2. The store counts all items received, and makes appropriate notations whether the number of items received matches the number of items on the Purchase Order. All delivery documents must show any discrepancy if any.
3. The store assigns the permanent property code to the asset and affixes an inventory decal to the item.
4. The storesOfficer is responsible for ensuring that all received property is properly accepted and that receiving documents are compared to purchase orders and all documents are sent to the Accountant within 5 working days so that the tagging process can be completed.
5. The Department, School or Faculty that ordered a capital asset item is responsible for signing the delivery form, and for approving the invoice.

### 12.5 AUTHORIZATION

### This policy was also prepared pursuant to International University of East Management resolution.

## 12.6 INTERNAL CONTROLS

Internal controls applicable to ensuring the accurate receipt, payment and monitoring of goods ordered.

1. All capital asset items are received by the store and are matched with the Purchase Order.
2. Delivery notes are compared with Purchase Orders to ensure that ordered quantities are actually received.
3. Capital Assets are tagged with permanent property numbers when received at the store before delivery to the department.

# 13.0 DISPOSALS AND TRANSFERS

## 13.1 TASK DESCRIPTION

1. When an asset has been scrapped, sold, stolen, traded-in, donated, transferred, its value has been permanently impaired, or for any other reason the asset is no longer in service; any remaining value of the asset, net of accumulated depreciation, must be written off or written down to its net realizable value. If written off, this involves removing both the asset and associated accumulated depreciation from the Accounting Software Fixed Asset System and General Ledger modules, and recognizing a gain or loss, if any, for the difference in the general ledger
2. All capital assets that have been disposed, traded, donated or sold will also be disposed from FAS.

## 13.1 PURPOSE

1. This directive outlines the policies and procedure to record changes to the inventory of capital assets through disposals and transfers. These policies apply to the International University of East Africa.

## 13.2POLICIES

1. All property and equipment owned by IUEA must be reported to the Accountant or Bursar when the item is moved from one department or faculty to another location or when the item must be disposed of, or when the item is reported as lost or stolen.
2. All property and equipment that was initially on the Capital assets inventory must be formally removed from the list when the asset is no longer in use.
3. All capital assets which are discontinued or discarded must be processed through the store and removed from the listing in the Capital Asset Register maintained by the Accounting Department in the Bursar’s office.
4. When new items are received and they are defective, they must be replaced immediately.

## 13.3 RESPONSIBILITIES

1. A Department that has items that must be transferred, replaced or disposed of must contact the store to facilitate these actions.
2. The store is responsible for disposals and transfers of property for IUEA. The store is also responsible for preparing documentation for all changes to the inventory records, and submits these documents to the Accounting Office for processing.
3. The Accountant is responsible for changing the status of records when the disposition of assets occurs.

## 13.4 AUTHORIZATION

1. The Accountant is authorized by the Bursar to record the disposal and transfer of assets

# 14.0 DEPRECIATION

## 14.1 TASK DESCRIPTION

1. Depreciation is a system of accounting which aims to distribute the cost or other basic value of tangible capital assets over the estimated useful life of the asset in a systematic and rational manner.
2. Land and land improvements and construction in progress are not depreciated. Land is considered to have an unlimited useful life and its salvage value is unlikely to be less than its acquisition cost. Certain land improvements may be considered to have an unlimited useful life and therefore are not to be depreciated.
3. The University uses the reducing balance method of depreciation, which accumulates depreciation uniformly over the asset’s life. Depreciation of capital assets is computed for a full month in the month of acquisition as follows:



1. The use of depreciation affects the Universities financial statements. The recording of depreciation will cause an expense to be recognized; thereby lowering the stated change in net position on the Statement of Revenues, Expenses, and Changes in Net Position, while the net value of the asset will decline on the University’s Statement of Net Position.
2. Depreciation is a non-cash expense, therefore; it will not directly affect the University’s cash flow.

## 14.2 PURPOSE

1. The purpose is to document the internal policies and procedures to calculate and record depreciation on capital assets.

## 14.3 POLICIES

1. Depreciation is calculated on a yearly basis.

## 14.4 RESPONSIBILITIES

1. The Accountant is responsible for assigning a useful life based on the type of assets. The estimated useful life of a depreciable asset is the period over which services are expected to be rendered by the asset. Depreciation is calculated and recorded on a yearly **basis** for financial reporting purposes

## 14.5 AUTHORIZATION

1. This policy was also prepared pursuant to International University of East Africa Finance Committee resolution.

# 15.0 INVENTORY

## 15.1 TASK DESCRIPTION

1. The Bursar in conjunction with the Asset Manager/Store managerconducts a physical inventory of capital assets every year to ensure that adequate care is used in the control and accountability of University assets.
2. The inventory is conducted based upon the assets listed in the Accounting Software Fixed Asset System (FAS) as of a given date.
3. IUEA is responsible for ensuring that the proper personnel are available to guide the inventory identification process. The physical inventory must be carefully managed and supervised by bursar office to ensure an effective and efficient inventory process.
4. If an item cannot be located, the Accountant is notified and the item is removed in FAS.

## 15.2 PURPOSE

1. This directive outlines the policies and procedure to verify the existenceand condition of a capital asset and ensure the accuracy of Universityaccounting records.

## 15.3 PURPOSE

1. The Bursar’s Office requires that a physical inventory be taken every year
2. All capital assets that have been acquired by IUEA must be included in the listing of the Capital Assets maintained by the Bursar or applicableoffice.
3. The Asset Manager/ Store manager must review the asset list and advise Bursar of any discrepancies as to location or asset status.
4. The inventory must record the presence of all items on the capital assets listing as kept by the Bursar or applicable office.

## 15.4 RESPONSIBILITIES

1. The bursar’s office is responsible for the inventory.
2. The Information Technology Office is responsible for providing a complete listing of all items in the current inventory.

## 15.5 AUTHORIZATION

1. This policy was also prepared pursuant to International University of East Finance Committee resolution.

## 15.6 INTERNAL CONTROLS

Internal control to verify assets are on hand.

1. A periodic physical inventory count is conducted to ensure that the assets reported are on hand.

# 17.0 NET POSITION

## 17.1 TASK DESCRIPTION

1. *The University’s net position is classified into the following categories: Investment in capital, restricted: non-expendable, and restricted expendable. Investment in capital assets consists of capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets and any related deferred outflows of resources.*

## 17.2 PURPOSE

1. This directive outlines the policies and procedures for financial reporting of net position which apply to the International University of East Africa.

## 17.3 POLICIES

1. *Net Position indicates that net position, rather than net assets, should be the residual amount in the equation. Net position should be displayed in three components: net investment in capital assets, restricted, and unrestricted. Anything that does not meet the definition of a net investment in capital assets or restricted component would be the unrestricted component of net position.*

## 17.4 RESPONSIBILITIES

1. The Bursar is responsible for identifying the different components of the net position and to recognize the transactions in the appropriate net position category.

## 17.5 AUTHORIZATION

1. The Bursar is authorized by the University Secretary to report on the different components of the net position.

## 17.6 INTERNAL CONTROLS

Internal controls applicable to verifying the correct entry is recorded

1. The Bursar monitors the activities of the Balance Sheet accounts posted by the Accountant on a monthly basis and checks for reasonableness.

# 18.0 OPERATING REVENUES- STUDENT TUITION AND FEES, NET

## 18.1 TASK DESCRIPTION

1. Student tuition and fees revenues are presented net of scholarships and discounts and doubtful accounts allowances applied to student accounts. Certain other scholarship amounts are paid directly to or refunded to the student and are reflected as scholarships and internships expenses. Tuition and fees collected in advance of fall terms are treated as unearned revenues as of fiscal year end.

## 18.2 PURPOSE

1. This directive outlines the policies and procedures recording student tuition and fees (net of scholarships and discounts). These policies apply to the International University of East Africa.

## 18.3 POLICIES

1. Revenues are reported net of discounts and allowance with the discount or allowance disclosed on the financial statements.

## 18.4 RESPONSIBILITIES

1. The Accountant and Bursar are responsible for performing the bank reconciliations for all cash and investment accounts and ensuring the balances are accurate and properly stated on the financial statements.

## 18.5 AUTHORIZATION

1. The Bursar is authorized to analyze the Trial Balance on a monthly basis.

## 18.6 PROCEDURES

1. The Bursar generates the Revenues report to identify the student tuition fees, net amount.

## 18.7 INTERNAL CONTROLS

Internal controls applicable to verifying the correct entries are recorded

1. The Bursar monitors the activities of the Balance Sheet accounts on a monthly basis and checks for reasonableness.

# 19.0 DEFERRAL OF FALL TUITION REVENUE

## 19.1 TASK DESCRIPTION

1. Deferred revenue generally results when cash is received in advance of revenue being earned. Deferred revenue is liability on the Statement of Position until it is earned. Once earned, the liability is reduced and revenue is recorded in the Statement of Activities. Tuition revenue is recognized over the course of the semester for which it is earned, regardless of when it is received.

## 19.2 PURPOSE

1. This directive outlines the policies and procedures for deferred tuition revenue. These policies apply to the International University of East Africa.

## 19.3 POLICIES

1. Revenue should be recognized based on accrual accounting in accordance with GAAP. Revenue should be recognized when it has been earned, regardless of the timing of cash receipts. Revenue is considered earned when the University has substantially met its obligation to be entitled to the benefits represented by the revenue.

## 19.4 RESPONSIBILITIES

1. The Accountant and Senior Accountant are responsible for performing the bank reconciliations for all cash and investment accounts and ensuring the balances are accurate and properly stated on the financial statements.

## 19.5 AUTHORIZATION

1. The Senior Accountant is authorized by the Bursar to prepare the journal entries related to deferred tuition revenue.

## 19.6 PROCEDURES

1. The Accountant or Bursar generates the Deferred Revenues report for the student tuition fees, net amount.

## 19.7 INTERNAL CONTROLS

Internal controls applicable to verifying the correct entries are recorded

1. The Bursar monitors the activities of the Balance Sheet accounts on a monthly basis and checks for reasonableness.

# 20.0 GRANTS AND CONTRACTS

## 20.1 TASK DESCRIPTION

1. Grants and Contracts (noncapital) that are classified as exchange transactions are reported as operating revenues. Grants and contracts (capital and noncapital) classified as non-exchange transactions are reported as non-operating revenues on the financial statements.

## 20.2 PURPOSE

1. This directive outlines the policies and procedures for requesting and collecting funds related to grants and contracts. These policies apply to the International University of East Africa,

## 20.3 POLICIES

1. When new grants are received by the University, the Bursar reviews the award documentation and how funds will be received. The Bursar also monitors to ensure timely collection of funding and follow ups as appropriate.
2. The University records the grants revenues when all applicable time and eligibility requirements are met. Expenses are recorded as expenditures are incurred. Expenditure-driven (reimbursement type) grant revenues are recorded after related expenditures are incurred and in amounts equals to the expenditures.
3. The University considers exchange transactions to include charges for services rendered and the acquisition of goods and services. As such, if the grant or contract requires services to be rendered by the University then revenue will be recognized when the services have been rendered.

## 20.4 RESPONSIBILITIES

1. The Bursar and Accountant are responsible for the monitoring and adjustment of the grants and contracts revenue amounts.
2. The Bursar is responsible for preparing and sending timely invoices and providing timely Accounts Receivable funding for awards involved.
3. The Accountant is responsible for overseeing and ensuring the collection of grant funds.

## 20.5 AUTHORIZATION

1. The Accountant is authorized by the Bursar to oversee and ensure the collection of grant funds and communicates to the grantor when payments or invoicing issues arise.

## 20.6 PROCEDURES

1. Systemically, expenditures are processed during normal day to day operations.
2. The Accounting Officer generates the Revenue report to report the Grants and Contracts revenues distinguishing between operating and non-operating.
3. Systemically, recognizes revenue and records unbilled expenses in Accounting Software. The journal entry entered is:
* DR Unbilled Accounts Receivable
* CR Revenue
1. Systemically, a bill is generated in Accounting Software screen. The journal entry entered is:
* DR Billed Accounts Receivable
* CR Unbilled Accounts Receivable.

## **21.0 OPERATING EXPENSES - SALARIES AND BENEFITS**

## 21.1 TASK DESCRIPTION

1. Salaries and Benefits expense accounts include the personnel services and benefits accounts. Budget reclassifies any account that hit the payroll default account and the Accountant prepares the journal entry upon request for reclassification.

## 21.2 PURPOSE

1. To document the account composition of Salaries and Benefits expense accounts at the International University of East Africa.

## 21.3 POLICIES

 a) Policies are employed to ensure the payroll is prepared in accordance with terms set out in personnel service contracts and in line with Government regulatory guidelines.

## 21.4 RESPONSIBILITIES

1. The Accountant is responsible for the monitoring and adjustment of the Salaries and Benefits expense accounts.

## 21.5 AUTHORIZATION

 a) The Bursar is authorized by the University Secretary to oversee the preparation and administration of the salaries and benefits expense account.

## 21.6 PROCEDURES

1. The Accountant generates the Expenditures report to identify the Salaries and Benefits expenses amount.

## 21.7 INTERNAL CONTROLS

Internal controls applicable to ensuring IUEA’s approved Chart of Accounts is utilized

1. The Bursar reviews and approves amounts reported on the financial statements.

# 22.0 OPERATING EXPENSES- SCHOLARSHIPS AND INTERNSHIPS

## 22.1 TASK DESCRIPTION

1. Scholarships and Internship expenses include all subsidies and transfers of scholarships and internships. These accounts are composed of Student travel expenses, meals, and supplies, Indirect Cost expense, tuition, and scholarships. Student tuition and fees revenue are presented net of scholarships and doubtful accounts. Certain other scholarships amounts are paid directly to or refunded to the student are reflected as scholarships and internships expenses.

## 22.2 PURPOSE

1. This directive documents the account composition of Scholarship and Internships expense accounts at the International University of East Africa.

## 22.3 POLICIES

1. For GAAP reporting purposes, the University must report the amount of financial aid the student received in excess of the tuition and fees and auxiliary enterprise fees as scholarships and internships expense.
2. Revenues are reported net of discounts and allowance with the discount or allowance disclosed in the financial statements.

## 22.4 RESPONSIBILITIES

1. The Accountant is responsible for the monitoring and adjustment of the Scholarships and internships expense accounts.

## 22.5 AUTHORIZATION

1. The Bursar is authorized by the University Secretary to oversee the accurate recording and adjustment of the Scholarships and internships expense accounts and to ensure that the scholarships and internships are rightfully granted.

## 22.6 PROCEDURES

1. The Accountant generates the Expenses Report to report the Scholarships and Internships expenses

## 22.7 INTERNAL CONTROLS

Internal controls applicable to ensuring IUEA’s approved Chart of Accounts is utilized

1. Journal Entry adjustments can only be posted to accounts configured in Accounting Software in an active status.

# 23.0 OPERATING EXPENSES- CONTRACTUAL SERVICES, SUPPLIES, UTILITIES AND OTHERS

## 23.1 TASK DESCRIPTION

1. The account descriptions are supplies, dues, memberships and licenses, printing and duplication, operation and maintenance of plant, other general expenses, service department charges, and operation and maintenance of plant, Bad Debt-Expense and Settlement/ Litigation Contingency. The Account descriptions are travel and meetings, dues, memberships and licenses, equipment, furniture maintenance and repair, Professional services, Advertising, and Postage & shipping, capital expenditures, other non-capital equipment, Purchased services and contracts.

## 23.2 PURPOSE

1. This directive documents the composition of Contractual services, supplies, and other expenses accounts at the International University of East Africa.

## 23.3 POLICIES

a) Policies and procedures are employed to ensure guidelines of the procurement process are strictly adhered to.

## 23.4 RESPONSIBILITIES

1. The Accountant and Bursar are responsible for the monitoring and adjustment of the Contractual services, supplies, and other expenses accounts.

## 23.5 AUTHORIZATION

 a) Operational expenses are prepared by the Accountant and authorized by the Bursar while capital expenditure is authorized by the University Secretary.

## 23.6 PROCEDURES

 a) The Accountant generates the expense report for the contractual services, supplies and other expense accounts.

## 23.7 INTERNAL CONTROLS

Internal controls applicable to ensuring IUEA’s approved Chart of Accounts is utilized

1. Bursar reviews and approves amounts reported on the financial statements.

# 24.0 OPERATING EXPENSES - DEPRECIATION

### 24.1 TASK DESCRIPTION

### Capital assets are recorded at historical cost (the amount you paid for the item, or the amount it cost to build the capital asset), measured net of accumulated depreciation. Depreciation is a way of allocating the cost of capital assets over the useful life of those assets. It is an expense and therefore it reduces the net assets of the University

### Depreciation is an expense that is recorded on the Statements of Revenues, Expenses, and Changes in Net Position, but unlike other expenses it does not represent an outflow of cash from the University; i.e. it is an expense only on paper.

## 24.2 PURPOSE

1. This directive documents the policies and procedures for recording depreciation expense on the financial statements at the International University of East Africa.

## 24.3 POLICIES

1. In accordance with generally accepted accounting principles (GAAP), depreciation is calculated and maintained by the University for each asset by asset type, and total depreciation expense is reported each year. Accumulated depreciation is summarized and reported for GAAP purposes annually.

## 24.4 RESPONSIBILITIES

1. The Accountant is responsible for reviewing the posting of depreciation recorded by the Accounting Software Fixed Asset.
2. The Accountant is responsible for recording depreciation expense on the financial statements.

## 24.5 AUTHORIZATION

The Bursar authorizes the computation and presentation of depreciation in the financial accounts software by the Accountant.

## 24.6 PROCEDURES

1. See Capital Assets Register for recording of depreciation expense in the Accounting Software Fixed Asset System.
2. The Accountant generates the Expense detail report to report the depreciation expense amount.

## 25.7 INTERNAL CONTROLS

Internal controls applicable to verifying the depreciation expense balances recorded

1. The Accountant monitors the activities of the depreciation expense balance annually and checks for reasonableness.

# 26.0 CASH DISBURSEMENTS –STOP PAYMENTS

## 26.1 TASK DESCRIPTION

1. A STOP payment is a request by IUEA to the bank to cancel a cheque or payment that has not already been cleared by the bank. The most frequent reasons for STOP payments are lost, stolen, or damaged cheques. The Senior Accountant requests a new cheque for reissue if the cheque was not previously cashed.

## 26.2 PURPOSE

1. This directive outlines the policies and procedures for STOP payments which apply to the International University of East Africa.

## 26.3 POLICIES

1. The Accountant must verify whether the cheque was cashed through accessibility to the online banking system prior to issuing a STOP payment request.

## 26.4 RESPONSIBILITIES

1. Accounts Payable and/or Student Accounts are responsible for emails of Stop Payment request to Senior Accountant.
2. The Accountant is responsible for verifying whether or not a cheque was cashed prior to submitting a STOP payment.
3. The Senior Accountant is responsible for permanent cancelling/voiding or reestablishment of the cheque in Accounting Software after the STOP payment request is approved.
4. Accounts Payable is responsible for reissuance of a cheque (if required).

## 26.5 AUTHORIZATION

1. The Accountant is authorized by the Bursar to oversee the processing of stop payment request.

## 26.6 INTERNAL CONTROLS

Internal controls applicable to ensuring authorization obtained prior to reissuing a cheque.

1. The Accountant must review and authorize the STOP Payment form before it can be submitted to Bursar for reissuance.
2. Internal controls applicable to verifying a cheque was not cashed prior to reissuing
3. The Bursar must verify the cheque was not cashed prior to permanent cancelling or reestablishment of the cheque in Accounting Software.

### **27.0 FINANCIAL STATEMENTS**

## 27.1 TASK DESCRIPTION

1. The University financial report includes four financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The financial statements of the University are prepared in conformity with Generally Accepted Accounting Principles (GAAP) and in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).
2. The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities of the University. The difference between total assets and total liabilities less net position is one indicator of the current financial condition of the University, while the change in net position is an indicator of whether the overall financial conditions has improved or worsen during the year. Assets and liabilities are generally measured using current values.
3. The Statement of Revenues, Expenses and Changes in Net Position presents the University’s results of operation. Significant recurring sources of the University revenues are considered non-operating.
4. The Statement of Cash Flows provides information about the University’s financial results by reporting the major sources and uses of cash.

## 27.2 PURPOSE

1. This directive outlines the policies and procedures for the preparation of interim and annual financial statements. These policies apply to the International University of East Africa.

## 27.2 RESPONSIBILITIES

1. The Bursar is responsible for establishing and maintaining a system of internal controls to ensure that all transactions related to the University operations are properly initiated, approved, and reported to ensure that at year end, the accounting data are compiled to allow for the preparation of interim and annual financial reporting in conformity with GAAP and applicable laws, rules, and regulations.
2. The Bursar has the responsibility to review the financial statements and reports for accuracy and reasonableness.

## 27.3 AUTHORIZATION

1. The Accountant is authorized by the Bursar to prepare financial statements and reports of financial position, operating results and other pertinent reports.

## 27.4 PROCEDURES

1. The Bursar generates a Trial Balance report to prepare the Statement of Revenues, Expenditures, and Statement of Change in Net Position.
2. The Accounting Officer generates the Trial Balance report to prepare the Statement of Net Position and Statement of Cash Flow

## 27.5 INTERNAL CONTROLS

1. Internal controls applicable to verifying the correct financial information about the University is presented on the financial statements
2. The Bursar reviews and approves of the financial statements.

# 28.0 MONTHLY BOARD OF TRUSTEES REPORTS

## 28.1 TASK DESCRIPTION

1. The Governmental Accounting Standard Board (GASB) has identified responsibility as the principal objective of financial reporting. Operational accountability refers to the International University of East Africa responsibility to report the extent to which they have met their operating objectives efficiently and effectively using all resources available for that purpose. The International University of East Africa has a duty to prepare monthly statements and present them to the Board keeping the Board informed on its financial position and financial performance.

## 28.2 PURPOSE

1. This directive outlines the policies and procedures on monthly board reporting. These policies apply to the International University of East Africa.

## 28.3 RESPONSIBILITIES

1. The Bursar is responsible for running the Trial Balance, Revenues, and Expenditures reports.
2. The Bursar has the responsibility to review the monthly reports to ensure it is reasonable before being presented to the Board.