MINISTRY OF WATER SANITATION AND IRRIGATION

KENYA WATER INSTITUTE

FINANCE POLICY AND PROCEDURES MANUAL

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APPROVAL OF THIS FINANCIAL MANAGEMENT POLICY & PROCEDURES MANUAL

The Kenya Water Institute (KEWI) Governing Council deliberated on and adopted this Financial Management Policy and Procedures Manual in its meeting of ……….. The Manual was approved for use with effect financial year **2024-2025**.

The Council shall review the Manual from time to time and in any case within a period not exceeding five years. All amendments will be communicated in writing. This will provide assurance that the Financial Management Policy and Procedures Manual will remain consistent with the Institute's mandate, objectives, roles and responsibilities.

Hon. Patrick Musili Mbangula
Chairperson
KEWI Governing Council

Leiro Letangule, Ph.D., EBS
Director/CEO

AMENDMENT SHEET

ISSUE/REVISION NO.	SUBJECT OF AMENDMENTS	REVIEWED BY (SIGNATURE)	AUTHORISED BY (SIGNATURE)	DATE

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DEFINITION OF TERMS AND ACRONYMES

ACRONYMS

CEO	Chief Executive Officer
DDAA	Deputy Director Academic Affairs
DDCS	Deputy Director Corporate Services
EFT	Electronic Funds Transfer
HQ	Head Quarters
MF&A	Manager, Finance and Accounts
MHRMA	Manager Human Resources & Administration
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ITA	Income Tax Act
KRA	Kenya Revenue Authority
KEWI	Kenya Water Institute
NT	National Treasury
P.A.Y.E	Pay As You Earn
PFM	Public Finance Management
PRN	Payment Registration Number
RTGS	Real Time Gross Settlement
VAT	Value Added Tax

SECTION 1

ESTABLISHMENT AND FUNCTIONS

1.1 Establishment of the Institute

Kenya Water Institute (KEWI) is a State Corporation under the Ministry of Water, Sanitation and Irrigation (MWSI) established by the Kenya Water Institute Act No. 11 of 2001 to promote standards of service in the water sector through human resource development, research and consultancy.

Towards this end, Council has formulated the strategic framework as follows: -

1.2 Vision

A Technical Centre of Excellence in Training, Research, Innovation and Consultancy in the Water, Sanitation and Irrigation Sector.

1.3 Mission Statement

To offer Competency-Based Training, Research, Innovation, Consultancy and Outreach Services in the Water, Sanitation and Irrigation Sector for sustainable development.

1.4 Strategic Result Areas

a. Training and Human Resource Development.
b. Research, Innovation and Community Outreach.
c. Resource Mobilization and Consultancy Services.
d. Institutional Capacity.
e. Leadership and Integrity (Governance).

1.5 Strategic Objectives

a. To improve access, quality and relevance of training programmes and increase enrolment from 10,000 to 20,000 by 2026.
b. To increase research outputs through publications, patents, innovations and outreach by 2026.
c. To enhance KEWI financing by mobilizing Kshs. 38.07 Billion to support programmes and projects by 2026.
d. To increase KEWI staff establishment from the current 22% of the approved establishment to 100% and enhance their skills and competencies.

e. To expand KEWI physical infrastructure in all Campuses (movable and immovable assets) capacity to provide for an additional 5603 students moving from the current 4397 to 10,000 by 2026.
f. To strengthen internal corporate governance systems.

1.6 Mandate of the Institute

This Policy and Procedure Manual will aid realization of the mandate of the Institute through effective management of Finance. The essential components of the mandate of the Institute as entailed in the Act are: -

i. To provide directly or in collaboration with other institutions of higher learning, services in human resource development, Consultancy, Research and Development in the water sector on a commercial basis to the public sector, state corporations, local authorities, the private sector and all other persons (local or foreign) who may request for such services from the Institute.
ii. To provide training programmes, seminars and workshops and produce publications aimed at maintaining standards in the water sector.
iii. To provide a forum for effective collaboration between the public and private sectors and other interested parties for the development of the water sector.
iv. To conduct examinations and award diplomas, certificates and other awards to successful candidates.

1.7 Objectives of Finance and Accounts Policy & Procedures Manual

The objectives of this finance policy and procedures manual are to:

a. Provide a guide to handling the Institute's financial and accounting processes, policies and practices to ensure consistency and standardization across the Institute;
b. Ensure that the Finance and Accounts Policies and Procedures manual are applicable to KEWI accounting and financial transactions.
c. Set out authority and limits for financial transactions.
d. Set the internal control framework necessary to ensure that proper books of account and other records are kept in accordance with legal framework;
e. Set timeframes for preparation of management and financial statements including budgets/ forecasts;
f. Set procedures for maintenance of accurate, complete, reliable and timely accounting records and reporting framework; and
g. Provide a guide and reference to the leadership of the Institute and management in conducting day-to-day financial operations of the Institute.

1.8 Scope of Finance Policies and Procedures Manual

This finance policies and procedures manual will encompass all aspects of financial management and accounting in the Institute, related to but not limited to:

a. Development of plans, reports and budget
b. Receipt, custody and accounting for revenue received
c. Expenditure processing and reporting of all expenditure
d. Monitoring, surveillance and reporting on budget execution
e. Financial accounting and reporting

While preparing this manual, the following key laws, rules, regulations, standards and legislations have been considered:

a. The Constitution of Kenya 2010, specifically Chapter 12 on Public Finance
b. The Public Financial Management Act, 2012
c. International Public Sector Accounting Standards (IPSAS)
d. Public Procurement and Asset Disposal Act 2015,
e. Public Finance Regulations 2015
f. Treasury Circulars National Treasury and other requirements.
g. KEWI Act No. 11 of 2001

1.9 Revision of the Policy and Procedures Manual

a. This policy and procedures manual shall be updated and revised whenever there are changes in KEWI policies, rules, procedures and guidelines as may be approved from time to time by the Council.
b. The policy and procedures manual shall also be reviewed and updated to be in line with changes in relevant statutory and regulatory rules and procedures as necessary and at least every 5 years to reflect changes in the accounting and finance profession.
c. Any proposed changes by the management to the manual should be brought to the attention of the Council for approval.
d. Any changes shall be documented and approved using the "Amendments Records Sheet".

1.10 Administration of the Policy and Procedures Manual

a. Director/CEO has the overall responsibility of implementing this policy and procedures manual.
b. Operating mechanisms will be developed in consultation with the management and members of staff to ensure uniform application and understanding of the policies.

c. Should there be need for clarification or interpretation on any specific matter, the MFA through the DDCS & Director/CEO will exercise the administrative responsibility for such interpretation.

1.11 Exceptions

In exceptional circumstances, an exception to the policies and procedures in this manual may be considered. The request shall be forwarded to the MFA & DDCS who will make appropriate recommendations for approval by the Director/CEO.

SECTION 2

ACCOUNTING POLICIES AND CONCEPTS

2.1 Policy

The Institute shall adopt significant accounting policies and concepts in preparation of financial statements.

2.2 The Objectives of Accounting Policies and Concepts are to:

a. Provide accurate, complete, reliable and timely financial information to the Institute's Management and the KEWI Council to facilitate informed and timely decision-making;
b. Ensure effective control and efficient utilization of resources;
c. Ensure timely preparation and submission of periodic financial management reports and annual reports;
d. Enable comparison of financial performance over the years and or period; and
e. Ensure that the Public Financial Management Act 2012, IPSAS and other relevant statutory laws and regulations are applied.

2.3 Accounting Concepts and Policies

The Director/CEO shall:

a. Develop appropriate accounting principles, policies and procedures for approval by the Council.
b. Ensure that accounting policies and principles are observed in the preparation of financial statements.

The financial statements shall be prepared on the basis of the following accounting concepts:

Consistency: Accounting policies shall be applied consistently for all transactions during an accounting period and subsequent periods.

Accrual: Revenue and costs will be accrued or recognized in the financial statements as they are earned or incurred (and not when money is received or paid out) and recorded in the period to which they relate.

Going concern: The financial statements are prepared on the understanding that KEWI will continue to operate in future and has no intention of winding up or materially curtailing the scale of its operations in the future.

Prudence: Prudence demands a degree of caution while exercising the judgment needed when making the estimates required under conditions of uncertainty. In this regard, income is not accounted for until there is reasonable expectation of its realization. Anticipated losses are accrued in the financial statements or disclosed by way of note as appropriate.

Materiality Each material item should be presented separately in the financial statements and immaterial items aggregated with amounts of a similar nature

2.4 Significant Accounting Policies

KEWI will observe the following Accounting Principles and Policies in the preparation of its financial statements.

2.4.1 Basis of Preparation

The financial statements will be prepared in compliance with IPSAS (accrual) basis of accounting and PFM Act 2012. The measurement basis applied will be the historical cost basis of accounting. In this regard transactions shall be recorded under the cost price on the date of the transaction as modified to include valuation of non-current assets where relevant.

2.4.2 Reporting Currency

The reporting currency of the Institute is the Kenya Shilling (Ksh).

2.4.3 Reporting Period

Financial statements will be prepared both annually & quarterly. The Institute's fiscal year is in line with the National Government's financial year, which runs from July 1 to June 30 of each year.

2.4.4 Revenue Recognition

Revenue and other sources of income shall be accrued and accounted for in the financial period to which they relate.

All tuition fees, hospitality services, consultancy and other miscellaneous income shall be accounted for in the financial year in which the activity took place.

All Research and Consultancy fees shall be recognized as per the signed Contract and IPSAS requirements on revenue recognition. Invoices should include at least the date of the activity, duration and names of participants where applicable, resident or nonresident where applicable, location and any other information which may be deemed to be necessary.

2.4.5 Depreciation

The policy of the Institute is to depreciate its assets on a straight-line basis to write-off the cost of property and equipment over their estimated useful life and shall be deemed to have a **nil residual** value;

The Policy is to ensure that a fair charge is recognized in the financial statements to cater for loss in value of non-current assets due to wear and tear and obsolescence among others.

i. Depreciation will be calculated on a straight-line basis to write-off the cost of property and equipment over their estimated useful life and shall be deemed to have a **nil residual** value;
ii. Non-current assets purchased during the financial year shall be depreciated in the year of purchase for the full year.
iii. No depreciation shall be provided in the year of disposal.
iv. The non-current assets shall be depreciated over their estimated useful lives as follows:

Non-current Asset	**Estimated Useful Life(Years)**	**Depreciation charge % per annum**
Buildings	50	2.00%
Plant and Equipment	8	12.50%
Furniture	10	10.00%
Motor Vehicles	5	20.00%

Computers	3.33	30.00%
Software	5	20.00%

v. Fixed Assets register shall be maintained at each campus and a consolidated register shall be maintained at the HQ. The register shall include especially for the above items other than land the following:

   a. Date of purchase
   b. Purchase price/ valuation
   c. Depreciation rate
   d. Book value
   e. Location
   f. Model number
   g. Serial Number/identification number

The assets register shall be regularly updated at campus level and thereafter information on the changes shall be sent to the MFA to ensure that the corporate asset register is updated promptly. The assets register must be maintained as per template and requirements of the National Treasury and reports disseminated quarterly as per guidelines.

2.4.6 Land and Buildings

Land and building register shall include details such as: -

a. Location,
b. Size,
c. land tenure that is, leasehold or freehold,
d. LR No.
e. Lease period.
f. Date of acquisition
g. Disposal or major change in use
h. Cost Price
i. Maintenance contracts and any other information which might be relevant for future use

Title deeds shall be maintained at the Head Office by the CEO.

2.4.7 Retirement Benefits

KEWI operates a staff retirement benefits scheme for its permanent employees. The scheme operates according to the provisions of the Retirement Benefits Act, 1997. The assets of this scheme are held in a separate trustee administered fund that is funded by contributions from the employees

(7.5%) and KEWI as the sponsor (15%). The scheme is a Defined Contribution Fund (DCF).

Employees on contract employment at KW 3,2 & 1 for 3 years and above are entitled to a gratuity pay of 31% of basic pay at the end of their contract. The gratuity amount shall be accrued in the books annually.

The KEWI and all its employees shall contribute to the National Social Security Fund (NSSF) as determined by the National Social Security Fund Act (Cap.258).

2.4.8 Grants

Grants received for financing recurrent expenditure shall be recognized as income in the statement of financial performance in the year the amount was received. Grants received for capital expenditure shall be recognized in the books in the statement of financial position thereafter amortized gradually at the rate at which the asset will be depreciated on a straight-line basis.
Grants received in kind will be recognized in the books at an estimated amount that shall be determined by the management or the entity or individual who may have issued out to the Institute.

SECTION 3

CHART OF ACCOUNTS

3.1 Policy

There shall be a uniform Chart of Accounts applied across the Institute.

3.2 Objective

The chart of account ensures uniformity in financial reporting and budgeting.

The codes of the chart of accounts shall be arranged in the same sequence in which they appear in the Institute's Financial Statements.

Manager, Finance & Accounts is responsible for ensuring the proper recording and classification of all revenues, expenses, assets, liabilities and fund balances. Manager, Finance & Accounts will ensure the proper recording and classification by properly maintaining the Chart of Accounts of the General Ledger and overseeing account setup and the assignment of attributes to accounts. All submissions by campuses to the head office to change attributes on accounts or to set up new chart of accounts must be reviewed and approved by the MFA & DDCS.

3.3 Amendment to the Chart of Accounts

Amendments to the chart of accounts shall follow the following procedure;

i. The MFA may suggest to DDCS amendments to the chart of account which include new vote head, deactivation or renaming of existing votes;
ii. The proposed amendment is forwarded to the Director and later to the Governing Council for approval
iii. MFA in consultation with DDCS will effect the changes in the chart of accounts in the accounting system upon approval and communicate to the Staff.

SECTION 4

BUDGETS AND BUDGETARY CONTROL

4.1 Policy

The Institute budgeting process shall be guided by the National treasury budget circular guidelines and other regulatory framework. The Institute shall implement its activities within approved budget allocation.

4.2 Objective

To ensure compliance with legal and regulatory framework and that resources are allocated in accordance with the Institute's strategic plan.

4.3 Budget Preparation

i. The Institute receives Annual National Treasury Circular on budget preparation and guidelines.
ii. September of every year, the MFA through DDCS shall request the Deputy Directors to submit their annual work plans for the following financial year by end of October every year.
iii. At the end of October every year, the MFA through DDCS shall request the Deputy Directors to submit their budget proposals for the following financial year by November.
iv. Deputy Directors shall table proposed budget for discussion and approval by Institute's management by 15th December.
v. MFA shall consolidate the Institute's proposed budget by 31st December.
vi. CEO shall submit the Institute's budget for approval by the Council in January every year.
vii. Director shall submit the approved Institute's budget by 31st January to the National Treasury and Parent Ministry through GIMIS.
viii. The Institute shall incorporate budget recommendations from the National Treasury emanating from submitted budget.
ix. MFA through DDCS shall implement approved budget.
x. MFA through DDCS may from time to time make requests for budget reallocation to the Council through the office of CEO on a need basis. Reallocation requests of less than 10% of the overall budget will require only the Council to approve. However, requests exceeding 10% of overall budget have to be submitted to Parent Ministry and the National treasury for approval.

4.4 Budget Implementation and Control

i. MFA shall prepare quarterly budget variance report to monitor compliance to the budget.
ii. The MFA shall present the Institute's quarterly budget variance report for management discussion.

4.5 Revision of Budgets

i. The MFA through DDCS issues budget revision guidelines memo as per National Treasury Circular on budget revision and guidelines or another regulatory framework.
ii. Deputy Directors shall table proposed revised budget for discussion by Institute's management as per MFAs & DDCS' budget revision guidelines memo.
iii. MFA shall consolidate the Institute's revised budget.
iv. CEO shall submit the Institute's revised budget for approval by the council.
v. CEO shall submit the approved Institute's revised budget to the National Treasury and Parent Ministry.
vi. The Institute shall incorporate revised budget recommendation from the National Treasury.
vii. MFA through DDCS shall implement approved revised budget.

SECTION 5
TREASURY MANAGEMENT

5.1 Policy

The Institute shall ensure prudent management of financial resources and maintain optimal liquidity level.

5.2 Objectives

i. To meet its financial obligations as and when they fall due
ii. To mitigate against financial, operational and reputation risks

5.3 Procedure for Opening and operating of Bank Accounts

i. MFA through DDCS shall recommend to CEO the need to open a bank account.
ii. CEO shall submit the request to the Council for approval.
iii. The CEO shall seek authority to open new bank account from The NT through the parent ministry.
iv. MFA & DDCS shall facilitate the opening of the bank accounts as guided by the NT.
v. MFA through DDCS shall recommend to the CEO the signing mandate and bank agents
vi. CEO shall review and recommend signing mandate and bank agents to the council for consideration and approval
vii. The bank details and signing mandate shall be communicated to the respective operators by CEO upon successful opening of the bank accounts.

5.4 Procedure for Bank Reconciliation

i. Cashbook payments and receipts shall be updated on a daily basis.
ii. Bank reconciliation shall be carried out by 10th of the following month by the accountant in charge of bank reconciliation.
iii. MFA shall review reconciling items and take appropriate action as well as approve bank reconciliation report.

5.5 Procedure for Cash flow Management

i. MFA identifies cash inflows and outflows.
ii. MFA shall prepare quarterly cash flow forecast and submit to the CEO.
iii. MFA shall continuously monitor cash inflows and outflows and prepare a report to CEO.
iv. MFA shall prepare payment prioritization report to the CEO.

SECTION 6

RECEIPTS

6.1 Policy

The Institute shall ensure all monies collected is receipted, banked and is accounted for in a timely manner.

6.2 Objectives

i. To avoid misappropriation of funds.
ii. To ensure all monies are recorded in the Institute's accounting system.

6.3 Receipt procedure

6.3.1 Receipt procedure for EFT/RTGS

i. Cashier confirms EFT/RTGS, credit advice/Mpesa against bank/ecitizen paybill statement.
ii. Cashier issues the receipt.
iii. Accountant in charge of reconciliation reconciles all entries in the cashbook in the subsequent day for all entries in the previous day.

6.3.2 Receipt procedure for Cheque

i. Cashier ascertains the validity of the cheque.
ii. Cashier issues receipt.
ii. Cashier banks the cheque by the following working day.

SECTION 7

STUDENT FINANCE

7.1 Policy

The Institute shall ensure all revenue due from students is billed, collected and accounted for in a timely manner.

7.1.1 Fees Payable before admission

Students shall pay at least 60% of the fees payable before admission and the balance before examination. Tuition fee will take the first charge on any amount paid by a student.

7.1.2 Modes of Fees collection

The Institute shall ensure that receipts from students are authentic and timely. Receipts shall be made through direct bank deposits, GOK ecitizen paybill, and/or banker's cheques.

7.1.3 Refund of fees

Fees once paid shall not be refundable, but can be carried forward to subsequent periods of study. Refunds shall only be done at the end of the course. Refund of fees paid by sponsors shall only be done to the sponsor.

7.1.4 Transfer of fees

Fees paid shall not be transferrable from one student's account to another.

7.2 Objectives

i. To safe guard against loss of revenue.
ii. To ensure all revenue due from the students is collected and accurately accounted for.

7.3 Procedure for Student Billing and Receipting

i. Cashier receives proof of payment.
ii. Cashier shall verify proof payment document and posts billing in ERP system.
iii. Cashier shall issue a receipt

SECTION 8

PAYMENTS

8.1 Policy

The Institute shall ensure that payments of works, goods and services are authentic and timely. Payment shall be made through EFT, RTGS and/or cheques. Low value requisitions may be processed by cash.

8.2 Objectives

To ensure payment of works, goods and services are in compliance with approved policies, procedures, budget and other legal and regulatory framework.

8.2.1 Procedure for payment of works, goods and services

i. Receipt and authentication of payment documents by accounts office from head of procurement/user department.
ii. Examination and preparation of payment voucher
iii. Approval and authorization of the payment voucher by MFA and CEO.
iv. Preparation of payment schedule by MFA, and approval by CEO
v. Release of payment to the payee
vi. Posting of the payment in the accounting system

8.2.2 Procedure for payment of personnel emoluments

i. MFA receives approved payroll from head of human resource
ii. MFA includes the personnel emoluments amount in the payment schedule for disbursement approval
iii. MFA/Bank Signatories disburse funds as per the approved payroll
iv. MFA ensures and confirms payroll posting in the accounting system

8.2.3 Procedure for payment of taxes

i. Accountant in charge of taxes prepares an analysis of taxes and files on KRA portal and generates Payment Registration Number (PRN).
ii. MFA receives Payment Registration Number (PRN) for payment
iii. MFA includes the taxes amount in the payment schedule for disbursement approval
iv. Release of payment to KRA

SECTION 9

PETTY CASH MANAGEMENT

9.1 Policy

The Institute shall ensure that petty cash payments are authentic and accurately recorded in the accounting system.

9.2 Objectives

iii. To safe guard against misappropriation of cash.
iv. To ensure accurate processing, issuance, recording and accounting.
v. To ensure petty cash float is adequately secured & insured.

9.3 Procedure for Petty Cash payment

iv. Cashier receives authorized payment document/Authorized IOU form by MFA.
v. Cashier shall verify authorization of payment document and issue cash to the payee.
vi. The payee acknowledges receipt of money by signing the IOU form.
vii. The cashier retains the original approved payment document/authorized IOU form.
viii. Cashier posts the cash payments in the accounting system after surrender by applicant.
ix. Every month, the cashier prepares a summary of unsurrendered petty cash for recovery from payroll.

9.3.1 Procedure for Petty Cash Replenishment

i. Cashier shall request for petty cash replenishment on a need basis
ii. Cashier shall support the request for replenishment with the original payment document and submit for approval.
iii. MFA approves and CEO authorizes replenishment.
iv. Replenishment cheque is prepared, authorized and cash withdrawn is issued to the cashier
v. Cashier makes posting in the accounting system.

9.3.2 Procedure for petty cash Spot Check

i. Spot check on petty cash shall be conducted from time to time in consultation with MFA.
ii. MFA shall confirm that the actual cash on hand corresponds with the balance on hand as recorded in the petty cash accounting system.

iii. A petty cash spot check report shall be prepared by MFA and appropriate action taken.

SECTION 10

IMPREST MANAGEMENT

10.1 Policy

The Institute shall ensure that imprest is used for official assignment and is accounted for as per the legal and regulatory framework.

10.2 Objective

i. To ensure prompt issuance and surrender of imprest.
ii. To ensure accurate and timely accounting of imprest.

10.3 Procedure for Imprest Management

i. A member of staff shall fill-in an imprest request form indicating the amount and purpose of the imprest including duly authorized supporting documents subject to budgetary confirmation by MFA.
ii. MFA will authenticate, approve and CEO authorizes the imprest.
iii. After the imprest form is approved by the MFA and authorized by the CEO, the accountant in charge of treasury shall include it in the payment schedule and transfer via EFT/RTGS/Cheques upon authorization of the payment schedule.
iv. Accountant in charge of imprest shall post the imprest document in the accounting system.

10.4 Procedure for Imprest Surrender

i. The imprest holder shall prepare the imprest surrender documents and submit them to the designated officer in accounts department.
ii. The designated officer examines the surrender documents and prepares surrender voucher.
iii. The surrender voucher is approved by MFA and DDCS.
iv. The approved imprest surrender voucher is posted in the accounting system and filed.

SECTION 11

TAXATION

11.1 Policy

The Institute shall comply with all tax laws and regulations.

11.2 Objective

To ensure compliance with all tax laws and regulations

11.3 Procedure for Tax and rates Computation and remittance.

i. All applicable taxes shall be computed and remitted to the relevant authorities as prescribed in the relevant Acts of Parliament.
ii. Computed Taxes and rates shall be filed and remitted in the KRA portal within the statutory timelines.
iii. The filed taxes and rates shall be posted in the accounting system

SECTION 12

ACCOUNTING FOR NON-CURRENT ASSETS

12.1 Policy

The Institute shall recognize non-current assets and carry their fair value in the books of accounts.

12.2 Objectives

i. To reflect economic useful life non-current assets
ii. To enable recognition of wear and tear in the books of accounts.
iii. To recognize appreciation in value of freehold property.

12.3 Procedure for determination of fair value of non-current assets

i. Property, plant and equipment to be recognized shall include:

a. Purchase price including freight charges, import duties and other taxes;
b. Any costs directly attributable to bring the assets to the location and its present condition;
c. Incidental costs such as insurance while in transit or professional fees incurred in the acquisition or installation of the asset.

ii. Land

a. Ascertain and post purchase price or valuation value.
b. Ascertain and post any incidental costs such as stamp duty, professional fees incurred in the acquisition of land as an addition to the purchase price.

iii. Buildings

a. Ascertain and post construction cost or acquisition price of the building.
b. Ascertain and post any incidental costs such as alteration and improvement or any other relevant cost incurred to bring the building into its present useful condition as an addition to the acquisition price, construction cost.

c. Ascertain the cost of the demolished building, remove the cost and accumulated depreciation from the books of accounts
d. Compute and post depreciation charge as per the policy.

iv. Work in Progress

a. Ascertain and post the value of ongoing projects

b. The total cost of ongoing projects that are 100 % complete is transferred to the relevant asset account.

v. Plant, Machinery and equipment

a. Ascertain and post-acquisition price or revaluation value of the item.
b. Ascertain and post any incidental costs such as installation cost, transportation, alteration or any other relevant cost incurred to bring the item into its present useful condition as an addition to the acquisition price.
c. Ascertain the cost of the item at the point of disposal, remove the cost and accumulated depreciation from the books of accounts
d. Compute and post depreciation charge as per the policy.

vi. Motor Vehicles and Cycles.

a. Ascertain and post-acquisition price or revaluation value of the motor vehicle and cycles.
b. Ascertain and post any incidental costs such, transportation, alteration or any other relevant cost incurred to bring the item into its present useful condition as an addition to the acquisition price.
c. Ascertain the cost of the motor vehicle and cycles at the point of disposal, remove the cost and accumulated depreciation from the books of accounts
d. Compute and post depreciation charge as per the policy.

vii. Computers and Networking

a. Ascertain and post-acquisition price or revaluation value of the equipment
b. Ascertain and post any incidental costs such, transportation, alteration or any other relevant cost incurred to bring the item into its present useful condition as an addition to the acquisition price.
c. Ascertain the cost of the equipment at the point of disposal, remove the cost and accumulated depreciation from the books of accounts
d. Compute and post depreciation charge as per the policy.

viii. **Intangible assets**

a. Ascertain and post-acquisition price or revaluation value of the asset
b. Ascertain and post any incidental costs such, transportation, alteration or any other relevant cost incurred to bring the item into its present useful condition as an addition to the acquisition price.
c. Ascertain the cost of the asset at the point of disposal, remove the cost and accumulated depreciation from the books of accounts
d. Compute and post depreciation charge as per the policy.

ix. **Furniture and Fitting**

a. Ascertain and post-acquisition price or revaluation value of the asset
b. Ascertain and post any incidental costs such, transportation, alteration or any other relevant cost incurred to bring the item into its present useful condition as an addition to the acquisition price.
c. Ascertain the cost of the asset at the point of disposal, remove the cost and accumulated depreciation from the books of accounts
d. Compute and post depreciation charge as per the policy.

12.3.1 Depreciation

All non-current assets are depreciated on a straight-line basis to write-off the cost of each asset over its estimated useful life. Table 2 reflect the asset class, estimated economic useful life and the rate of depreciation

Table 2: Depreciation charge schedule

Non-current Asset Class	Estimated Useful Life(Years)	Depreciation charge % per annum
Buildings	50	2.00%
Plant and Equipment	8	12.50%
Furniture	10	10.00%
Motor Vehicles	5	20.00%
Computers	3.33	30.00%
Software	5	20.00%

12.4 Procedure for Revaluation of Non-Current Assets

i. MF&A ascertains the carrying value of assets to determine assets due for revaluation and submits report to Director through DDCS.
ii. MFA & DDCS undertake assets revaluation and post revalued asset amount into the accounting system as guided by the relevant accounting standard.

12.5 Procedure for accounting relocation of non-current Assets

Upon approval, the MFA shall update the asset ledgers to account for the relocated assets.

12.6 Insurance of property plant and equipment

All property plant and equipment of the Institute shall be adequately insured. Insurance cost will be treated as an expense in the statement of financial performance.

SECTION 13

FINANCIAL REPORTING

13.1 Policy

The Institute shall prepare and present Financial Statements and Reports as guided by legal and regulatory framework.

13.2 Objectives

i. To enhance transparency and accountability
ii. To reflect financial performance and financial position for decision making
iii. To ensure compliance with the prevailing regulatory framework.

13.3 Procedure for preparation of monthly reports

The MFA shall prepare and submit management accounts to the Director by 10th of every month. The accounts shall comprise of;

i. Budgetary utilization report.
ii. Receivables and Payables analysis reports.
iii. Bank Balances report
iv. Monthly Cashflow projections.

13.4 Procedure for preparation of quarterly Reports

i. MFA shall prepare and submit quarterly financial statements in the prescribed format to the Director through DDCS for approval by the council.
ii. Director shall submit quarterly financial statements to Parent Ministry and a copy to The National Treasury by 15th of the following month after the end of each quarter.

13.5 Procedure for preparation of Annual Financial Statements and Reports.

i. MFA shall prepare and submit annual financial statements in the prescribed format to Director through DDCS for approval by the council.
ii. Director shall submit annual financial statements to Office of the Auditor General by 30th September after the end of each financial year.

SECTION 14

INTERNAL CONTROLS

14.1 Policy

The Institute shall put in place preventive, detective, corrective and directive internal control system in accordance with legal and regulatory framework.

14.2 Objectives

i. To safeguard the Institutes' assets.
ii. To provide assurance, reliability and accuracy of reports
iii. To ensure effectiveness and efficiency of operations
iv. To ensure compliance with legal and regulatory framework

SECTION 15

CREDIT CONTROL AND DEBT MANAGEMENT

The Institute shall develop and implement credit management policy and procedure manual as a separate policy document.