

FINANCIAL MANAGEMENT POLICY

1. Introduction

The College has been entrusted with public funds to fulfil its mission of teaching and learning, research and community engagement. In carrying out activities to support its mission, the College must comply with specific financial administration, accounting, control management, audit and reporting requirements as specified in the Public Financial Management Act, 2016 (Act 921), the Audit Service Act, 2000(Act 584), the Public Procurement Act 2003 (Act 663), the Public Procurement (Amendment) Act, 2016 (Act 914), the Internal Audit Agency Act 2003 (Act 658), the Internal Revenue Act, 2000(Act 592), other regulatory framework of financial administration, Colleges of Education Act, 2012 (Act 847), Harmonised Statutes of Colleges of Education, International Public Sector Accounting System (IPSAS) and best practices of other tertiary institutions including gender responsive budgets with focus on female students/tutors.

The Finance Department of the College shall be responsible for formulation and implementation of the Financial Management policy of the College. To assist the College to meet these requirements, this policy and a series of detailed procedures have been developed.

2. Purpose/Objectives

The objective of the Financial Management policy is to ensure that the College funds and resources are used only for College purposes and that appropriate financial controls are developed, documented, and applied to prevent the abuse or misuse of college funds and other resources. **This policy sets out the principles of financial activities (including gender responsive budgeting) undertaken by, and within the College.**

3. Scope

This policy applies to all employees, students and persons acting for, or on behalf of, the College.

4. Policy Statement

The College will develop and document financial management practices and controls necessary to give effect to matters contained in the relevant legislation, statutes and standards.

5. Procedures

The objective of the financial function of the College is to maintain a fiscal sound organization that provides efficient and effective financial management to the College. It also seeks to protect the assets of all the stakeholders; that the College's funds are managed prudently and in accordance with the objectives for which these are raised.

6.0 Organization and Key Responsibilities of the Finance Department

The organization of the College's Finance Department is headed by the Finance Officer and comprises of four (4) sections, namely:

- Accounts Office
- Store (Logistics and Supply)
- Procurement

- Kitchen

6.1 The Finance Office:

The Finance Office shall be headed by the Finance Officer appointed in accordance with the Colleges of Education Act and Statutes:

The Finance Officer's functions in addition to what is stated in the Statutes shall include:

- The preparation of College-wide master budget for presentation at both Finance Committee and Council levels
- Management accounting functions in terms of cost control, management report, etc
- Submission of financial report to NCTE, MOE, MoF, etc
- Control and supervision of accounts office, stores, procurement and kitchen units of the College
- Preparation of financial statements in accordance with generally accepted Accounting Practices and appropriate international Public Accounting standards
- Provision of oversight responsibility for all the accounting functions undertaken at all units with limited financial and operational autonomy
- Management of capital projects and fixed assets
- Addressing all financial correspondences referred to him/her
- Any other duty assigned by Principal or directed by Council with Principal's permission.
- The Finance Officer shall report or be directed by only the Principal or Council with Principal's permission

6.2 Accounts Office:

The Accounts office shall be a section under the Finance Officer and headed by the most Senior Accounting Assistant in that office.

The functions of the Accounts Office shall not be limited to:

- Compilation of departmental budgets
- Payroll and all IPPD related issues only in terms of processing for payment by CAGD
- Collection of authorized fees
- Maintenance of students ledger
- Maintenance of general ledger
- Treasury management, receiving funds and disbursing funds
- Monthly bank reconciliation statements
- Liaising with the banks, District Assembly (DFO) on financial issues (i.e for bank statements, warrants, etc)
- Compilation of financial statement
- Management of other receivables and payables
- Management of students' accounts
- Any other duties assigned by the Finance Officer or the College Principal

6.3 Stores (Logistics and Supply)

The stores section shall be referred to the Logistics and Supply unit which shall be under the Finance department of the College. The appointment, responsibility and other related issues with respect to the stores officer shall be in accordance with the harmonized statutes and condition of service for Colleges of Education.

6.4 Procurement

The procurement section will perform and supervise all duties relating to the procurement of goods, services and works including:

- Preparation of procurement plans for goods, services and works;
- Assisting in ensuring adherence to procurement regulations as contained in the Procurement Act 2003, Act 663 and other regulatory framework;
- Formulation of procurement plans and strategies,
- Assisting in the processing of tenders advertisements;
- Preparation of tender bids;
- Supervising the maintenance and updating of proper database of suppliers, service providers and consultants;
- Assisting in monitoring contracts to ensure conformance and compliance with contract terms; and
- Compilation of procurement requests from user departments for action.

6.5 Kitchen

The kitchen section which is headed by a Domestic Bursar shall be in charge of preparing and serving meals to the Students and other official functions as the case may be. They are required to ensure a serene atmosphere at the kitchen and that the health status of the Cooks meet the standards set by Ghana Health Service and Food and Drug Authority on public health. The unit activities shall also be in line with Government feeding policy for the students

7.0 Responsibilities

The responsibility for sound financial management resides with every officer who spends College funds or has financial responsibilities as part of their job. Therefore, it is imperative that such officers are familiar with and conform to financial management policies and procedures, such as the College policies related to fiscal concerns established by Council, related Administrative and financial operating policies and accounting directives/procedures issued by other statutes.

The harmonized statutes for Colleges of Education clearly define the relationship between the various levels of management of the College. The Governing Council is the apex governing body of the College. The Principal, the Vice Principal, the College Finance Officer, the College Secretary, the College Internal Auditor and the College Librarian constitute the Management team of the College.

The Departmental heads and unit heads constitute the next level of management. Tutors, Assistant Tutors and the other administrative officers constitute the next level. The student's leadership and general students follows.

7.1 The College Council

The College Council is the apex governing body of the College. The Council is responsible for the oversight management and administration of the College. Its primary financial responsibilities are to:

- i. formulate in consultation with relevant bodies, the strategic vision and mission, long term academic and business plans and key performance indicators of the College;
- ii. determine the authority limits for the use of finances of the College;
- iii. control the property, funds and investments of the College and, on behalf of the College, to sell, buy, exchange, lease and accept leases of such property;
- iv. borrow money on behalf of the College and use the property of the College as security;
- v. control the finances of the College and determine any question of finance arising out of the administration of the College or the execution of its policy or in the execution of a Trust requiring execution by the College;
- vi. determine the allocation of the funds at the disposal of the College
- vii. determine annually the expenditure necessary for capital and revenue investments, the maintenance of the property of the College, and the human resources for transacting the business of the College, and to appropriate moneys for these purposes;
- viii. prescribe the manner and form in which and the times at which Units of the College shall submit accounts or estimates of income and expenditure;
- ix. act as trustee for any property, legacy, endowment, bequest, devise or gift made to or belonging to the College or any of its Units;
- x. determine student fees;
- xi. ensure the College complies with the Government's audit code of practice;
- xii. approve the appointment of external auditors;
- xiii. approve the annual financial statements;
- xiv. Approve and authorise the opening and closing of bank accounts.
- xv. Consider and approve annual estimates of income and expenditure of the College
- xvi. Promote income generating activities in the College.

7.2 College Principal

The Principal of the College shall serve as the executive and academic head and chief disciplinary officer of the College. The Principal shall be the Chief Executive Officer (CEO) of the College and shall be responsible, in accordance with the harmonized statutes for Colleges of Education and the decisions of Council and Academic Board, for organizing and conducting the academic, financial and administrative business of the College. The Principal shall:

- i. be responsible for driving the overall growth and development of the College under the direction of the Council and shall have overall authority over academic, financial and administrative control;
- ii. submit annually to the Council, a statement of the financial and human resource requirements which in his/her opinion are necessary for the effective conduct of the business of the College, for approval, and for the management of budgets and resources, within the estimates approved by the Council;

- iii. advise the Council and Academic Board on matters affecting the policy, finance, governance and administration of the College;
- iv. Approve all accounting procedures and financial records. Such procedures are to have due regard for the need to promote probity, integrity and accountability and to any advice provided from internal and external auditors of the College and other statutory financial regulatory bodies including, the Controller and Accountants Department, Ministry of Finance, National Council for Tertiary Education;
- v. where required, justify any of the College's financial matters to the Public Accounts Committee of Parliament;
- vi. Ensure compliance with the Public Procurement (Amendment Act), 2016, Act 914 and approve procurement within the levels of authority as determined in that Act.
- vii. Ensure compliance with the Public Financial Management Act 2016, Act 921, Ghana Revenue Authority (GRA), etc

8.0 Committees

Committee Structure

The College Council has ultimate responsibility for the College's finances. Its main Committees dealing with financial matters are set out below.

8.1 Finance Committee

The composition of the Finance Committee is set out in the Harmonized Statutes for Colleges of Education. The Finance Committee of Council shall have powers to:

- i. Invest and otherwise manage College funds
- ii. Incur or authorise persons or bodies to incur expenditure from College funds, including any income accruing to any section of the College.
- iii. Control and regulate such expenditure by means of annual or other budgeting, by making allocations subject to any conditions it may determine, and by such means as it may deem fit.
- iv. Approve annual estimates for transmission to NCTE on behalf of Council.
- v. Prepare the annual accounts of the College for approval by Council
- vi. Perform all functions assigned to it by the College's financial and stores regulations
- vii. Carry out any other function delegated by council

8.2 Development Committee

The Development Committee of Council shall have powers to:

- i. Be responsible for all matters concerning the acquisition, development, maintenance and use of land, buildings, and property that fall within the functions of council
- ii. Determine building programmes and approve plans for the physical development of the College

- iii. Appoint such consultants and other professional persons as, in its view, are required for the best implementation of the plans
- iv. Control all design matters
- v. Take all such steps as it deems fit for the development, care and maintenance of the property of the College.

8.3 Entity Tender Committee

The Entity Tender Committee (ETC) shall have the power to perform the following functions in accordance with the Public Procurement (Amendment Act), 2016, (Act 914).

Functions:

- i. Reviews procurement plans in order to ensure that they support the objectives and operations of the College;
- ii. Confirms the range of acceptable costs of items to be procured and matches these with the available funds in the approved budget;
- iii. Reviews the schedules for procurement and specifications and also ensures that the procurement procedures to be followed are in strict conformity with the provisions of the Public Procurement (Amendment Act), 2016 (Act 914);
- iv. Ensures that the necessary concurrent approval is secured from the relevant Tender Review Board, in terms of the applicable thresholds prior to the award of contracts;
- v. Facilitates contract administration and ensures compliance with all reporting requirements under the Procurement (Amendment Act), 2016 (Act 914);
- vi. Ensures that stores and equipment are disposed of in compliance with the Procurement (Amendment Act) , 2016 (Act 914).

8.4 Audit Committee

Composition of Audit Committee

- (1) An Audit Committee consists of five members.
- (2) The majority of members of an Audit Committee shall be independent members.
- (3) The Internal Audit Agency and the Institute of Chartered Accountants, Ghana shall nominate the majority of members from among persons who do not work in the covered entity to which the Audit Committee relates and two other members shall be nominated by the Principal Account Holder (College Principal).
- (4) The chairperson of an Audit Committee shall be elected from among the independent members of the Committee.
- (5) Without limiting subsection (2), an Audit Committee may, in the performance of its functions under this Act, co-opt senior management personnel to serve on the Audit Committee.
- (6) The Principal Account Holder shall appoint the chairperson and members of an Audit Committee.

Functions of Audit Committee

(1) An Audit Committee shall ensure that the head of a covered entity, to which the Audit Committee relates,

(a) Pursues the implementation of any recommendation contained in

(i) An internal audit report;

(ii) Parliament's decision on the Auditor-General's report;

(iii) Auditor-General's Management Letter; and

(iv) The report of an internal monitoring unit in the covered entity concerned particularly, in relation to financial matters raised; and

(b) Prepares an annual statement showing the status of implementation of any recommendation contained in

(i) An internal audit report;

(ii) Parliament's decision on the Auditor-General's report;

(iii) Auditor-General's Management letter;

(iv) The report on financial matters raised in an internal monitoring unit of a covered entity; and

(v) Any other related directive of Parliament.

(2) An annual statement required under subsection (1) (b) shall

(a) Indicate the remedial action taken or proposed to be taken to avoid or minimize the recurrence of an undesirable feature in the accounts and operations of a covered entity;

(b) Indicate the period for the completion of the remedial action; and

(c) Be endorsed by the relevant sector Minister and forwarded to the Minister, Parliament, Office of the President and the Auditor-General within six months after the end of each financial year.

8.5 Budget Committee

The Budget Committee of the College is a finance sub-committee responsible for preparing and collating departmental budgets for consolidation. The Committee shall comprise of:

- i. The Principal
- ii. The Vice Principal
- iii. The College Secretary (acting as Secretary of the Committee)
- iv. The Finance Officer
- v. The Accountant/Budget Officer

- vi. The Internal Auditor
- vii. All departmental heads

Functions

- i. To review and formulate strategic plans for the College;
- ii. To review the College's revenue collection activities;
- iii. To co-ordinate and consolidate the College budget;
- iv. To monitor and evaluate budget performance; and
- v. To report to Council through the Finance Committee on matters relating to the budget.

9.0 Officers with Special Financial Responsibilities

9.1 Vice Principal, Deans and H.O.Ds

The Vice Principal, Dean and H.O.Ds are responsible to the Principal for the financial management in the areas and for the activities they administer. They are advised by the Finance Officer in executing their financial duties. The Finance Officer will also supervise and approve the financial systems operating within the departments including the form in which accounts and financial records are kept. The Vice Principal, Deans and H.O.Ds are responsible for establishing and maintaining clear lines of responsibility within their departments for all financial matters. Where resources are delegated to other officers, these officers are accountable to their H.O.Ds, who retain overall oversight and responsibility for the results of their own budget. The Vice Principal, the Dean and H.O.Ds shall provide the Finance Officer with such information as may be required to enable him/her in the:

- a. Implementation of financial planning and budget implementation;
- b. Compilation of the College's financial statements;
- c. Implementation of audit and financial reviews, recommendations, projects and value for money studies.

9.2 College Secretary

The College Secretary is responsible, under the supervision of the College Principal, for the conduct of the College business. The College Secretary is the chief operating officer of the College and under the Principal is responsible for ensuring the effective administration of the College.

9.3 Finance Officer

The day-to-day financial administration of the College is controlled by the Finance Officer, who shall, under the Principal, be responsible for the financial business of the College and for such other business as Council may prescribe. The Finance Officer shall ensure that the Vice Principal, Deans and H.O.Ds, in acting as Budget Holders, are notified of their responsibilities within this Financial Management Policy and shall review and propose amendments to the Policy as appropriate. The specific responsibilities of the Finance Officer are described throughout this Financial Management Policy and include the following:

- i. preparing annual capital and revenue financial plans;
- ii. calling for and receiving monies due to the College and making the authorized payments on behalf of the College;

- iii. ensuring that throughout the College proper books of accounts and records of the properties of the College are kept in a manner and form required by Council;
- iv. preparing accounts and management information, monitoring and controlling income and expenditure against financial plans and all financial operations;
- v. preparing the Colleges annual accounts and other financial statements, and accounts which the College is required by law, an Act of Parliament, statute, etc. to submit to other authorities;
- vi. ensuring that the College maintains satisfactory financial systems;
- vii. providing professional advice on all matters relating to financial policies and procedures;
- viii. Liaising with internal and external auditors in order to achieve efficient processes and effective internal control.
- ix. There is a need to highlight that the responsibility extends to all Units within the College and that the lines of reporting of all Accounts Officer is through to the Finance Officer.

9.4 College Internal Auditor

The College Internal Auditor shall:

- i. assure Management regarding the establishment and continuous operation of efficient and effective financial control systems within the College;
- ii. have responsibility of ensuring that Risk Management policies are complied with and ensure that a regular review of the processes are maintained by management;
- iii. conduct periodic management audits and submit reports to the Principal and the Council;
- iv. liaise with External Auditors and ensure that appropriate action is taken on reported audit findings;
- v. submit periodic audit reports on the activities of the departments to the Principal and to Council;
- vi. Generally be responsible for ensuring that the College complies with the Internal Audit Agency Act, 2003 (Act 565).

9.5 All Employees

All employees shall, in accordance with the policy decisions of Council, manage and administer the affairs of the College in their various capacities in strict adherence to this Financial Management Policy. In so doing:

- i. All employees have a general responsibility for the security of the College's properties, for avoiding loss, and for due efficacy, efficiency and economy in the use of resources
- ii. They must ensure that they operate at all times within the scope of authority which has been delegated to them and in accordance with this Policy.
- iii. They shall make available promptly any relevant records or information to the Finance Officer, or his/her authorized representative, in connection with the implementation of the College's financial policies, regulations and the systems of financial control.
- iv. They shall provide the Finance Officer with such financial and other information as they may deem necessary, from time to time, to carry out the requirements of the Council.
- v. They shall immediately notify the Finance Officer whenever any matter emerges which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or properties of the College.
- vi. Finance Officer shall take such steps as he or she considers necessary by way of investigation and report.

10.0 Cash Management

Purpose: To establish policy guidelines which address the management and investment of college funds as follows:

- The Council may invest the funds of the College that are not required for immediate use as it considers appropriate.
- The Investment Committee is responsible for the college cash management system. The Finance Officer is responsible for the college investment activities carried out in accordance with the policy established by the Investment Committee.
- The Investment Committee is responsible for developing, implementing, and maintaining a cash management system that meets the following objectives:
- Provide the capacity to forecast operating cash requirement and provide an early warning system for potential problems.
- Assist the treasury office in maximising the rate of return on the investment of college cash balances by providing cash flow forecasts that establish the amount of cash needed to meet daily working capital requirement as well as the amount of cash that can be committed to long-term rather than short-term investments.
- Identify individual accounts and trends that contribute to negative cash flow situations and recommend corrective action steps.
- Establish and maintain appropriate corporate banking relationships to provide for the receipt and recommend corrective action steps.
- Establish and maintain a bank line of credit to provide for unexpected cash needs.

The Finance Officer will be responsible for providing input on long term strategic cash needs and the effect on the operating budget.

After receiving the approved budget, the Finance Officer prepares quarterly cash forecast (plans) indicating the timing of the cash requirements. These cash plans are approved by the Investment Committee. Any excess funds would then be invested in call Accounts whereas cash not needed for daily working capital requirements will be invested in short term securities

The Finance Office will report on the performance of the investments at meeting of the Finance Committee.

10.1 CASH COLLECTION AND DEPOSIT

Purpose: to establish sound internal control practices to safeguard cash receipts and deposits against theft or loss.

POLICY:

Cash

- i. The term cash includes currency, cheques and money orders and direct deposit to the bank.
- ii. All monies received within units from whatever source must be recorded on a daily basis together with the form in which they were received. Receipts must be given where money is paid using official receipt.

Endorsement

- iii. All cheques must be restrictively endorsed to the College immediately upon receipts. The endorsement must include *“for Deposit only to the College”*. Endorsement stamps are available from the Cash Office.

Frequency of Deposit

- iv. To safeguard cash and to ensure the timely and proper posting of accounts, cash receipts from the units must be deposited intact on the day of receipt at the bank or for deposit in the College Cash Office. If this is not possible (e.g. The cash receipts were received after the cashier’s office has closed for the day), the cash receipts from the units must be safely secured overnight and deposited on the next business day, or deposited in the after-hours depository available in the Bank.

Place of Deposit

- v. Cash must be deposited with the College Cash Office or at designated Bank.

Safekeeping of Cash

- vi. Cash must be physically protected through the use of vaults, locked cash drawers, cash registers, locked metal boxes, etc. Each establishment is responsible for making whatever provisions are necessary to properly safeguard cash receipts prior to deposit with the College Cash office/Bank.

Separation of Duties

- vii. Accountability for the handling of cash must be assigned to a specific individual or individuals and there must be a clear separation of duties between the individual(s) receiving cash and the individual(s) responsible for maintaining the accounting system on a monthly basis.

Reconciliation

- viii. The accounts office must acknowledge each deposit with a written receipt and each unit must reconcile cash received and deposited to the College Financial Accounting System on a monthly basis.

Compliance

- ix. Each H.O.D./Head of Unit is responsible for complying with this policy and for developing detailed written operating procedures. The accounts office is available for consultation and review of detailed procedures.

Private Use of Balances

- x. All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous expenses or be paid into the petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the College.

11. INCOME

Purpose: to provide a general guide on the procedures to be followed in income mobilization and generation and the revenue accounting roles and responsibilities in the College.

POLICY:

- i. The **income** of the College includes:

- Subventions from the Government of Ghana
- Monies that accrue to the College in the performance of its functions consisting of:
 - Fees paid by students duly registered by the College;
 - Fees, charges and dues in respect of services by or through the College;
 - Proceeds from the sale of publications of the College;
 - Grants, subscriptions, rents and royalties;
- Interest from investments;
- Donations and gifts; and
- Monies from any other source approved by the Council.

Maximisation of Income

- ii. The Finance Officer is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. All receipt forms, invoices or other official documents in use and electronic collection systems must have the prior approval of the Finance Officer.
- iii. Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Finance Committee. Proposals to amend charges should be sent to the Finance Officer for approval by the Council taking into account the college academic policies and needs. The approval of fees and charges shall include any instalment and credit arrangements.

12. SIGNATORIES TO BANK ACCOUNTS

The signatories to the College Accounts shall be the Spending Officer and the Finance Officer.

PROCEDURES

- i. Details of bank mandates and of authorized signatories and limits shall be provided for in the procedures which are available internally to the Finance Department. Details of bank mandates and of authorized signatories to the College account(s) shall be the Spending Officer and the Finance Officer.
- ii. Officers responsible for committing, or authorizing the receipt/disbursement of funds shall judiciously and honestly carry out their duties in the best interest of the College. For this and other control reasons, two signatories are required on all cheques drawn on the College controlled bank accounts.
- iii. All cheques drawn on behalf of the College must be signed in the form approved by the Spending Officer. The number of authorized signatories that exist in the College must be kept to a minimum. A review must be undertaken at least once a year by the Finance Officer to ensure that only current members of the College are included.
- iv. All requests for the creation of authorized signatories must be in the prescribed format. A copy of the relevant form may be obtained from the Finance Department.

- v. The Spending Officer and the Finance Officer must familiarize themselves with the Financial Regulations and ensure compliance.
- vi. It is illegal for a member of staff to apply another person's signature even if this is done at their request. In such cases both persons are at fault and may face disciplinary and/or criminal sanctions.

13. STATEMENT OF FINANCIAL PERFORMANCE

- i. The statement of financial performance presents the College's financial performance over a specific period of time. The adopted format (FAR) provides how detailed sub-classifications are to be presented and what information is to be disclosed on the face of the statement of the financial performance or in the notes, in addition to the minimum requirements.
- ii. The statement of financial performance should present the following amount for the reporting period:
 - Total income of the College showing sub-classification using a classification basis appropriate to the College operation; and
 - Total expenditure of the College showing sub-classification using a classification basis appropriate to the College operations.
- iii. The income and expenditure for each unit and sub-classification shall be reported gross in the College's statement of financial performance.
- iv. The income and expenditure may be reported on a net basis only when they arise from transactions which the College administers on behalf of other parties and which are recognize in the statement of financial performance.

Definition of Terms

- **College** means St. Joseph College of Education, Bechem.
- **IPSAS** means International Public Sector Accounting Standard
- **I.T.S** means Information Technology System