



# FINANCIAL POLICIES & PROCEDURES MANUAL

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(Updated, 2015)

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## LIST OF ABBREVIATIONS

AA of Kenya	-	Association Automobile of Kenya
AA	-	Assistant Accountant
AIE	-	Authority to Incur Expenditure
BIC	-	Budget Implementation Committee
CA	-	Chief Accountant
CEO	-	Chief Executive Officer
COA	-	Chart of Accounts
CS	-	Cabinet Secretary
DBS	-	Director, Business Services
DN	-	Delivery Note
FAC	-	Board Finance & Administration Committee
FAR	-	Fixed Assets Register
FO	-	Finance Officer
GAAPS	-	General Accepted Accounting Principles
GFRP	-	Government Financial Regulations and Procedures
GFRP	-	Government Financial Regulations and Procedures
GJLOS	-	Governance, Justice, Law and Order Sector
GL	-	General Ledger
GOK	-	Government of Kenya
GRN	-	Goods Received Note
HOD	-	Head of Department
IB	-	Internet Banking
IFMIS	-	Integrated Financial Management Information System
IOU	-	I Owe You
IPOA	-	Independent Policing Oversight Authority
IPSAS	-	International Public Sector Accounting Standards
KENAO	-	Kenya National Audit Office
LPO	-	Local Purchase Order
LSO	-	Local Service Order
MTEF	-	Medium Term Expenditure Framework
NPS	-	National Police Service
PFMA	-	Public Finance Management Act, 2012
PPDA	-	Public Procurement & Disposal Act, 2005
PSASB	-	Public Sector Accounting Standards Board of Kenya
RAC	-	Board Risk and Audit Committee
RTGS	-	Real Time Gross Settlement System
SLA	-	Service Level Agreement
SRC	-	Salaries and Remuneration Commission
TNT	-	The National Treasury

## **1.0 INTRODUCTION**

- 1.1 The Independent Policing Oversight Authority's (IPOA) financial stability is based upon, but not limited to, a sound system of internal control and a commitment to prudence in order to ensure short-term and long-term viability.
- 1.2 Being a Government Agency, the Authority shall ensure that all its financial operations shall be carried out in line with the relevant provisions of the Constitution of Kenya (2010), Public Finance Management (PFM) Act, 2012, IPOA Act, 2011, Government Financial Regulations and Procedures (GFRP) and financial regulations issued by the National Treasury through Circulars from time to time.
- 1.3 It is the Authority's policy to maintain a sound internal control through effective financial policies, regulations and procedures. The Authority will maintain, at all times, adequate internal controls within the accounting systems and within those administrative systems that ultimately produce or relate to financial transactions.
- 1.4 These financial regulations, policies and procedures set out the main conventions governing financial and accounting practices for the Authority. The regulations and procedures are aimed at providing a framework within which a reliable system of internal control may operate.
- 1.5 They seek to make certain that the responsibilities of the Board can be met through the establishment of a system of management control designed to ensure that the Authority conducts its activities in an efficient and in an orderly manner. They are designed to ensure proper administration of the Authority's finances. They are intended to provide detailed guidance to staff on day-to-day financial and accounting practices.
- 1.6 The financial policies and procedures, which are approved by the Board, form part of the overall system of financial accountability and control. Compliance with these policies and procedures shall be compulsory for all staff. Any member of staff who fails to comply may be subject to disciplinary action in line with the Authority's personnel policies and procedures manual.

## **2.0 FINANCIAL POLICIES AND PROCEDURES MANUAL**

- 2.1 The Manual sets out good practices to facilitate implementation of rules and regulations including accounting policies and procedures in compliance with Generally Accepted Accounting Principles (GAAPs) and International Public Sector Accounting Standards (IPSAS). It seeks to meet the requirements of the Government of Kenya and other funders.

- 2.2 Its primary role is to provide guidance to management at IPOA, auditors and other stakeholders. It provides minimum level of understanding of the role of financial management of the Authority and the importance of various elements, from accounting system designs, the linkage of the financial system to key indicators of the Authority's objectives and financial reporting to annual audits.
- 2.3 It is important that the financial management system be strong enough to provide timely, reliable and useful information for accountability and decision making.
- 2.4 Financial management and auditing are major elements of stewardship for the Authority towards the achievement of its mandate. This requires total integration of financial and program disciplines to manage scarce resources so as to realise IPOA's vision and mission as well as its objectives as stated in its Strategic Plan.
- 2.5 This manual is only a guide as it may not have covered all the systems or prescribed specific solutions for specific problems. While using this manual, consultations with the Authority's Finance and Administration Committee (FAC) and Finance Department with regard to matters that require professional judgement will be important.
- 2.6 The manual should be read in conjunction with the appropriate sections of the IPOA Act (No. 35 of 2011), Public Finance Management Act (PFMA), 2012, Government Financial Regulations and Procedures (GFRP), and Government Circulars, all which shall be the superior policy document. The Manual will, however, provide crucial direction for the non-accounting managers in that it provides simple rules and regulations to be followed while executing the Authority's financial transactions.
- 2.7 The Chief Executive Officer (CEO) shall be responsible for implementation of this Manual through the Director, Business Services (DBS).

## **3.0 FINANCIAL POLICIES AND PROCEDURES MANUAL**

### **3.1 Purpose**

- 3.1.1 The Manual describes the approved policies and procedures adopted by the Authority in the performance and management of its financial function. The policies contained herein are as approved by the Authority's Board. The procedures are designed to suit the specific needs of the Authority while conforming to generally accepted accounting principles. They provide uniformity of operations and the necessary checks and balances.

3.1.2 Further, this manual will provide a comprehensive documentation of the Authority's accounting and reporting procedures. The manual will be used for the following purposes:

- a) As a training resource for staff either new or re-deployed to the Authority,
- b) As reference material by existing staff in the performance of financial management tasks,
- c) By Management and staff in ensuring compliance with the Authority's financial management policies and procedures,
- d) By Auditors, consultants and development partners who want to understand and/or evaluate IPOA's financial management systems.

### 3.2 Implementation of the Financial Manual

3.2.1 Upon approval by the board, all policies and procedures stipulated herein shall apply and be enforced by all members of staff in ensuring that all the grants, donor funds, and income from all other sources are utilised and accounted for in conformity with authorised budget and laid down procedures.

3.2.2 The overall responsibility of implementation of these policies and procedures rests with the CEO on behalf of the Board. To ensure proper authorisation of subsequent amendments, documents affecting amendments will be signed by the Chairman or Chair of FAC and CEO to signify that the changes are in accordance with the policy decisions of the Board.

3.2.3 The manual will be revised periodically, at least once in three years, to update the established practices and procedures in response to emerging accounting financial reporting standards. However, the policies and procedures herein shall be subject to the applicable Government provisions issued through Government Circulars or as enacted by Parliament or operational changes that may be approved by the Board from time to time.

### 3.3 Fundamental Accounting Policies

3.3.1 IPOA will observe accounting practices acceptable to the Government of Kenya and in line with International Public Sector Accounting Standards (IPSAS) as per **Kenya Gazette Notice No. 5440 dated 8<sup>th</sup> July 2014**, and where appropriate, specific accounting policies and reporting requirements set out in grant and other contractual agreements with external funders.

3.3.2 **Kenya formally adopted IPSAS in June 2014 following pronouncement by the Public Sector Accounting Standards Board in line with Section 194(4) of the PFM Act, 2012.**



3.3.3 The Authority shall ensure disclosure of all significant accounting policies adopted by the Authority in the preparation and presentation of its financial statements in line with IPSAS Cash Basis of Accounting Method.

3.3.4 IPOA will operate into the foreseeable future on a going concern basis and will report its activities and financial transactions over specified periods on the basis of generally accepted accounting practice and IPSAS framework.

Fundamental accounting policies shall include:

### **3.4 Accounting Convention**

Transactions shall be recorded and accounts maintained on a cash basis.

### **3.5 Statement of Compliance and Basis of Preparation**

3.5.1 The Authority's financial statements shall be prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements shall comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board (PSASB) of Kenya. Under PFMA, the Board is mandated to develop and issue accounting standards for implementation by all public institutions.

3.5.2 The financial statements will be presented in Kenya Shillings, which is the functional and reporting currency of the Authority and all values will be rounded to the nearest thousand (Kshs.'000). The accounting policies adopted shall be consistently applied to all the years presented.

3.5.3 The financial statements shall be prepared on the cash basis following the Government's standard chart of accounts as defined in IFMIS. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Authority.

### **3.6 Accounting Method**

3.6.1 IPOA will apply the Cash Basis of Accounting Method for its income and expenditure. Incomes will be recognised in the financial statements when received and expenditure when incurred. Income and expenditure will be recorded in the financial statements for the period to which they relate.

### **3.7 Recognition of Revenue and Expenses**

3.7.1 The Authority shall recognise all revenues from the various sources when the event occurs and related cash has actually been received. Expenses shall be recognised when the event occurs and the related cash has actually been paid out.

### **3.8 Assets and Liabilities**

- 3.8.1 Where applicable, all the assets and liabilities of the Authority shall be recognised, recorded and appropriately disclosed in the financial statements as and when they arise. This will be in line with Government treatment of assets and liabilities using IPSAS Cash Basis Accounting Method.

### **3.9 Financial Records**

- 3.9.1 All Authority's financial records will be maintained in Kenya Shillings and all narrative will be in English.

### **3.10 In-Kind Contributions**

- 3.10.1 Gifts, grants and donations will be deemed as earned when received. In-kind contributions are donations that are made to the Authority in the form of actual goods and/or services rather in money or cash terms.
- 3.10.2 Donations may include vehicles, equipment or personal services. Where the financial value received for in-kind contributions can be reliably determined, the Authority shall include such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

### **3.11 Budget**

- 3.11.1 The budget shall be developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements.
- 3.11.2 The Authority's budget shall be approved as required by Law as detailed in the Government of Kenya Budget Printed Estimates.
- 3.11.3 A high-level assessment of the Authority's actual performance against the comparable budget for the financial year under review shall be included in an annex to the financial statements.

### **3.12 Consistency**

- 3.12.1 Consistent accounting methods will be applied from one fiscal year to the next and any changes will be reported and their effects on financial results disclosed in accordance with Generally Accepted Accounting Principles (GAAPs) and IPSAS.

### **3.13 Cash and Cash Equivalents**

- 3.13.1 Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three

months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

- 3.13.2 Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

### **3.14 Pending Bills**

- 3.14.1 Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods and services during the year or past years. As pending bills do not involve the payment of cash in the reporting period, they shall be reported as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Authority at the end of the year.

- 3.14.2 When the pending bills are finally settled, such payments will be included in the statement of receipts and payments in the year in which the payments are made.

### **3.15 Foreign Currency Transactions**

Where applicable, transactions, which are expressed or denominated in foreign currency, will be converted into Kenya shillings as follows:

- a) Grants, gifts and donations received will be converted into Kenya shillings at the market exchange rate prevailing at the date of each transaction;
- b) Assets and liabilities held in foreign currency will be converted into Kenya shillings at the mean exchange rates applicable by IPOA's principal bankers at the balance sheet date; and
- c) Realised exchange differences arising from the conversion of foreign currency balances will be dealt with through the income and expenditure statement in the year they occur in line with IPSAS.

### **3.16 Reporting in Foreign Currencies**

Where applicable, the Authority's financial statements may be translated into any foreign currency for donors and users who require such reports. In such cases:

- a) Transactions and balances which, are denominated or expressed in foreign currency, shall be shown in the actual foreign currency amount received, paid or held.

- b) Any related income and expenditure denominated or expressed in Kenya shillings shall be translated into the said foreign currency using the average exchange rate ruling during the period, and
- c) Any related assets and liabilities will be translated into foreign currency at the exchange rate prevailing at the balance sheet date.

### **3.17 Accounting for Donor Funds**

When accounting for donor funds the Authority shall ensure that:

- a) Funds received from different donors are identified and accounted for separately;
- b) Donor funds received to finance recurrent expenditure are treated as revenue and matched with associated costs;
- c) Specific capital expenditure from donor funds is identified and accounted for separately but consolidated in annual financial statements;
- d) Where funds are held for both recurrent and capital expenditure they will be separated and accounted for as indicated in (b) and (c) respectively;

### **3.19 Fixed Assets**

- 3.19.1 Fixed assets are tangible or intangible assets with a useful life to the Authority of three (3) years or more and having a minimum value at the point of acquisition of Kenya Shillings twenty thousand (KShs. 20,000/=) either individually or collectively.
- 3.19.2 The purchase and disposal of any fixed asset shall be subject to the PPDA, 2005 and Regulations, 2006.
- 3.19.3 Fixed assets will be capitalised, recorded and controlled individually by being assigned/tagged with appropriate identification numbers, and recorded in the Fixed Assets Register (FAR). Cumulative value of assets will be reported in the annual financial statements in line with IPSAS.
- 3.19.4 Periodic physical verification will be carried out at least once a year.

### **3.20 Depreciation**

Where applicable, assets will be depreciated on a straight-line basis uniformly over their expected useful life.

The annual depreciation will be based on the full acquisition cost of the asset, net of its salvage value, as applicable.

### **3.21 Stocks and Stores (Inventories)**

- 3.21.1 Inventory of stationery and other stocks will be valued at the lower of cost and net realisable value.

3.21.2 However, stocks may be expensed when incurred in line with IPSAS Cash Basis of Accounting Method.

### **3.22 Comparative figures**

Where necessary, comparative figures for the financial year shall be amended or reconfigured to conform to the required changes in presentation.

### **3.23 Subsequent Events**

Events subsequent to the financial year end with significant impact on the financial statements shall be reported or disclosed.

## **4.0 INSTITUTIONAL GOVERNANCE**

### **4.1 Management of IPOA**

The governance of the Authority is vested in the IPOA Board.

### **4.2 Powers of the Board**

The Authority shall be governed by a Board to be known as the IPOA Board. The Board shall have all the powers necessary for the proper performance of the functions and the exercise of the powers of the Authority under its Act or any other applicable law, and shall, without prejudice to the generality of the foregoing, have power to:

- a) Control, supervise and administer the assets of the Authority in such manner as best promotes the objectives for which the Authority is established;
- b) Determine provisions to be made for capital and recurrent expenditure of the Authority;
- c) Receive any grants, gifts, donations or endowments and make legitimate disbursements therefrom;
- d) Enter into association with such other bodies or organizations within or outside Kenya as it may consider desirable or appropriate and in furtherance of the objectives for which the Authority is established;
- e) Open a banking account for the Authority; and
- f) Exercise any other power provided for in the Act or any other applicable legislation.

### **4.3 Financial Strategy**

The Authority's financial strategy is to effectively develop and deploy of all resources, human, physical and financial in order to:

- a) Comply with all statutory requirements;

- b) Support the delivery of the Authority's Strategic Plan and annual work plans; and
- c) Make effective, efficient and economic use of resources.

#### **4.4 Accounting System**

- a) The Authority's financial accounting system shall be designed to record, classify, summarize and report financial data in conformity with the established accounting procedures. This includes ensuring the integrity of data submitted, recorded and reported to both internal and external users of the accounting information. As directed by the National Treasury, the Authority shall process all its financial transactions through the Integrated Financial Management Information System (IFMIS). This will be supplemented with a manual system.
- b) The Finance department shall ensure a system of accounting, financial reporting, and internal control adequate to protect and account for the Authority's financial resources.
- c) The Authority's accounting system together with IFMIS comprise forms, records, procedures and controls used to process financial data and produce the desired accurate and reliable reports.

#### **4.5 Conflict of Interest**

- 4.5.1 The policies contained in this manual are designed to ensure that all persons including Board members, Management, staff, agents, consultants and others transacting business with the Authority are aware of the statutory and personal responsibilities arising out of their engagement with IPOA.
- 4.5.2 The interests of the Authority shall be paramount to the interests of employees, agents or consultants acting on its behalf.
- 4.5.3 Any person who knows, or may reasonably be expected to know, of the existence of any personal interests they may have, or are likely to have, in any transaction with the Authority, must disclose the material facts of such interest in writing to the CEO through their departmental head. That person shall disqualify themselves thereafter from participating in that transaction on behalf of the Authority, unless in the opinion of the CEO, the experience or expertise of such person is vital to the transaction, the CEO may permit that person to participate subject to such restrictions as he may impose.

#### **4.6 Fraud and Corruption**

- a) The Authority shall take all necessary steps to safeguard its assets and protect its funds from theft and misappropriations. Any member of staff having knowledge of

or reasonable grounds for suspicion of, any financial irregularities shall report it to his superior, CEO, or a member of FAC or RAC.

- b) Reporting of possible irregularities shall be handled by all parties in a confidential manner and all possible evidence preserved. Financial irregularities may be criminal acts and subject to prosecution under the law.
- c) Cases of actual or suspected fraud, misappropriation of money, materials or equipment, or any mismanagement of money or other assets, including any other irregularities, detected by the finance department will be reported immediately by DDBS to the CEO.

## **5.0 FUNDING OF IPOA**

### **5.1 Funds of the Authority**

- 5.1.1 As provided in Sec. 32 of IPOA Act, the funds of the Authority shall consist of:
  - a) Monies allocated by Parliament (Recurrent Expenditure R2151) for the purposes of the Authority; and
  - b) Such monies as may be lawfully granted, donated or lent to the Authority from any other source, with the approval of the Cabinet Secretary (CS), Ministry of Interior and the CS for Finance.
- 5.1.2 No money shall be accepted by the Authority from the National Police Service (NPS).

### **5.2 Financial Year**

- 5.2.1 The financial year of the Authority shall be the period of 12 months ending on the 30<sup>th</sup> June each year.

### **5.3 Accounts and Audit**

As per Sec. 35 of IPOA Act:

- 1. The Board shall cause to be kept all proper books and records of account of the income expenditure, assets and liabilities of the Authority.
- 2. Within a period of 3 months after the end of each financial year, the Authority shall submit to the Auditor General the accounts of the Authority in respect of that year together with:
  - a) A statement of the income and expenditure of the Authority during that year; and
  - b) A statement of the assets and liabilities of the Authority on the last day of that financial year.

3. The annual accounts of the Authority shall be prepared, audited and reported upon in accordance with the provisions of Articles 226 and 229 of the Constitution and the Public Audit Act, 2003 (No. 12 of 2003).

## **6.0 BUDGETING AND BUDGETARY CONTROL**

### **6.1 Annual Estimates**

6.1.1 In accordance with Sec. 34 of IPOA Act:

At least three months before commencement of each financial year, the Authority shall cause to be prepared estimates of the revenue and expenditure of the Authority for that year.

1. The annual estimates shall make provision for all the estimated expenditure of the Authority for the financial year concerned in particular, shall be provided for:
  - a) The payment of salaries, allowances and other charges in respect of the staff of the Authority;
  - b) The payment of pensions, gratuities and other charges and in respect of benefits which are payable out of the funds of the Authority;
  - c) The maintenance of the assets of the Authority;
  - d) The funding of operations, training, research and development of the activities of the Authority;
  - e) The creation of such funds to meet future or contingent liabilities in respect of benefits, insurance or replacement of buildings or installations, equipment and in respect of such other matters as the Authority may think fit.
2. No expenditure shall be incurred for the purposes of the Authority except in accordance with funds voted or appropriated by Parliament.

6.1.2 However, the Budgeting process shall be guided by relevant provisions of the PFM Act, 2012, and the National Treasury guidelines through Circulars.

### **6.2 Purpose**

6.2.1 To ensure adequate mobilisation of financial resources and provide a control instrument to ensure that resources are utilised and applied for the purposes intended and that the Authority attains the best quality and value for resources spent.

### **6.3 Policy**

- a) The budget shall serve as a control instrument for the Board through FAC and a management tool for the proper running of the affairs and programs.
- b) At least three months before the commencement of each financial year, the Board through FAC shall cause to be prepared estimates of revenue and expenditure of



the Authority for that financial year. The annual Procurement Plan shall form part of the Annual Budget.

- c) The Board, through FAC, shall approve the annual estimates before the commencement of the financial year to which they relate and shall be approved by the National Treasury.
- d) The CEO shall submit to the Board, through FAC, for approval before the commencement of each financial year a plan of activities of the Authority with their estimated financial requirements.
- e) No expenditure shall be incurred for the purposes of the Authority except in accordance with the annual estimates approved by the National Assembly without prior written approval of the National Treasury.

#### **6.4 Budget Preparation Procedures**

- a) The Authority's annual shall be prepared in line with the National Treasury's guidelines through Circulars.
- b) The budget proposals shall be prepared as per MTEF budget projections guidelines and presented through the Governance, Law, Order and Justice Sector (GJLOS).
- c) The annual budget should reflect the costs estimated by management as deemed necessary to support the approved work programmes for each year.
- d) The HODs shall submit their proposed budgets before the Finance department consolidates them. The proposed consolidated budget and annual procurement plan, and shall be presented to the FAC and the Board for approval.
- e) The Authority shall defend its proposed budget ceilings, as proposed by the National Treasury, before the National Assembly's Committee on Administration and National Security.
- f) Estimated expenditure shall be matched with the specific level of funding either from GOK or external grants.
- g) The approved annual procurement plan, work and cash flow statement shall be prepared and submitted to the National Treasury.
- h) The CEO shall appoint a Budget Implementation Committee (BIC) to provide oversight of the budget implementation.

- i) The Finance Unit will develop the recurrent cost estimates on an actual basis utilising reasonable assumption in the market for planned levels of operation.
- j) Staff costs will be based on contracts, the expected pattern of staff addition and associated costs per the established remuneration approved by the Board.
- k) The Finance Unit will prepare projections for the next two (2) years by category of funding in line with the Medium Term Expenditure Framework (MTEF) projections.
- l) All budget re-allocations must be done with relevant approvals from the National Treasury, and shall not exceed 10% of the approved annual estimates.

## **6.5 Budgetary Controls and Reporting**

- a) Before the beginning of the financial year each HOD shall receive a detailed analysis of the approved budget as it relates to their department for planning and implementation purposes.
- b) The HOD shall synchronise the budget with the departmental work programme on a quarterly basis. HODs will be expected to prepare their departmental procurement plans, which shall be consolidated for budget implementation.
- c) Each HOD will ensure that divisional operational costs do not exceed the approved budget. The Finance Unit shall monitor departmental as well as overall administrative expenditure to ensure that the Authority's operations remain within the approved and funded level.
- d) A quarterly expenditure return shall be submitted to the National Treasury and Controller of Budget within the first two weeks of the next quarter.
- e) A monthly/fortnight expenditure report shall be prepared and presented to FAC and BIC for review.

## **7.0 CASH MANAGEMENT**

### **7.1 Purpose**

- 7.1.1 The purpose of the cash management policy is to ensure completeness, accuracy and reliability in the management of cash received, held and disbursed, and that all

cash transactions are properly captured by the General Ledger (GL) system and appropriately reported.

7.1.2 Specifically, Finance staff must ensure that:

- a) Cash received is promptly and accurately accounted for and banked intact and all subsequent payments are properly verified and approved before payment is made.
- b) Vouchers and supporting documentation are properly prepared and accurately reflect the nature, purpose and authority for each transaction.
- c) There is adequate segregation of duties and responsibilities in the handling of cash.

## **7.2 Policy**

- a) Funds shall be requested through the National Treasury's procedures and regulations, and will require supporting documents duly signed by authorised signatories.
- b) Monies received whether by cheque, cash or electronic transfer shall be promptly and accurately acknowledged by means of an official receipt and banked intact as soon as practicably possible, at least by the close of business the following day.
- c) No payment shall be made unless fully supported with requisite documentation, properly verified and approved by designated officers.
- d) The DBS shall ensure there is adequate segregation of duties and responsibilities between staff at all times, sufficient to guard against error and fraud.
- e) Cash in premises and in transit shall be handled strictly, and in accordance with the existing cash policy. DBS and the Head of Finance and Administration or Chief Accountant shall be required to strictly observe the policy.
- f) Cash withdrawals shall be done in line with CBK regulations, and shall require two appointed and authorised Endorsers. Arrangements shall be made to ensure adequate security is maintained while transporting the cash to the office.
- g) Cash in the office shall always be kept securely under key and lock to ensure its security.

### **7.3 Receipting procedures**

- a) An official receipt (Form 6) will be raised in triplicate immediately upon receipt of funds by whatever means and from whichever source: Original (source of funds); Duplicate (accounts Department - to be attached to bank deposit slip); and Triplicate (Book copy – to be retained by the cashier)
- b) After issue of an official receipt, the cashier shall prepare a Receipt Voucher (Form FO 17) for purposes of posting the funds to the correct account in the cash book.

### **7.4 Payment procedures**

To ensure that all payments are duly authorised before disbursement is made

- a) The Authority shall make payments through IFMIS and CBK's Internet Banking system.
- b) Consistent payment procedures will be applied to all accounts wherever held.
- c) Prompt payment will be made for all goods received and services rendered in accordance with the procurement policies and procedures.
- d) A payment voucher (Form FO 20, revised) shall be used in support of all payments made on behalf of the Authority.
- e) Payment Authorisation vouchers shall be numbered and filed, in numerical order, in the payment vouchers' file for each cheque drawn.
- f) The person processing the payment shall prepare a payment voucher detailing all the particulars relating to the payment. The payment voucher shall be signed to verify that;
  - i. The goods have been received, examined, meet the required specification (Delivery Note, GRN, copy of LPO/LSO, inspection and acceptance report etc to be attached where appropriate)
  - ii. Services rendered have been satisfactorily carried out in accordance with the contract of service
  - iii. The invoiced prices are accordance with the authorised Local Purchase/Service Order (LPO/LSO)
  - iv. The invoice has not been previously paid.
  - v. The expenditure is authorised in a work plan or budget.

- vi. The calculations on the invoice have been verified and the amount to be paid is correct.
- vii. Payment is timely to meet supplier/contractor terms of trade requirements
- g) The CEO may appoint Authority to Incur Expenditure (AIE) holders to act on his behalf. Such appointment shall be done and accepted in writing.
- h) The Assistant Accountant (AA) in charge of payments will prepare the Payment Voucher and attach all supporting documents before passing them to the AIE Holder for certification and DBS for approval or in his absence the Chief Accountant. The Chief Accountant shall be responsible for voucher examination while the Finance Officer shall be in-charge of posting the vouchers to the Vote Book.
- i) The AIE holder shall certify that the expenditure detailed has been incurred for the authorized purpose and should be charged to the correct item.
- j) DBS/Chief Accountant shall certify that the rate/price charged is/are according to the regulation/contract, fair and reasonable, that the expenditure has been incurred on proper authority and should be charged under the correct item accordingly. He/she should authorize payment of the amount shown without any alteration.
- k) The Finance Officer shall certify that the expenditure has been entered in the Vote Book and that adequate funds to cover it are available against the chargeable item.
- l) The Chief Accountant shall examine the voucher together with supporting documents to ensure accuracy.
- m) The CA will verify all payments to ensure:
  - i. The goods and / or service have been properly received.
  - ii. They are properly supported by valid documents such as LPO, Delivery Note (DN), Invoice, copies of contract, etc.
- n) The payment shall thereafter be posted and approved through IFMIS in line with IFMIS definition. Transmission of funds to suppliers or service

providers shall be executed by authorized CBK signatories (Approver I and II) through internet banking.

- o) The supporting documents and the payment voucher will be returned to the CA, who will serially number, code and enter the document in the cash book. The AA will stamp all documents 'Paid' while processing payment.
- p) A Voucher movement register shall be maintained for recording all payments, including approval signatures at each stage.
- q) Where applicable, the person writing out the cheques shall ensure that the cheques are properly written; correctly dated and amount in figures agrees with amount in words.
- r) Where applicable, cheques should not be issued with any corrections or alterations. Spoiled or cancelled cheques should be retained and filed in the vouchers' file.
- s) Where applicable, the Assistant Accountant (AA) will enter all cheques in a register before they are released to the supplier. The account signatories shall indicate their initials against each cheque signed. Persons collecting cheques shall be required to fill in the names, ID numbers and required to sign in the cheque register. Any cancelled cheques will be stamped "VOID" and recorded in the cheque register with the payee space inscribed 'CANCELLED'.
- t) Each payment voucher will be posted to the GL.
- u) Separate cash books will be maintained for each donor and for each bank account, where applicable.

## **7.5 Donor Funds Income**

- a) Authority shall be sought for Grants to the Authority either in kind or in cash from the National Treasury.
- b) All income from donor funds will be received in accordance with the grant agreements with each of the donors.
- c) The flow of this income may be spread over the duration of the grant. Where this transcends the financial year, the income shall be spread pro-rata annually over the life of the grant.
- d) Notwithstanding the amount expected in each operating period as per a given grant agreement, the Authority may request the donor to release the funds on the basis of the work programs and budget approved by the Board. In preparing the budgets, the CEO and DBS shall ensure that the

allocation of donor funds to each specific expenditure item is in accordance with the support specified in the grant agreement.

- e) To facilitate accuracy and accountability, income from each donor shall be controlled in a separate bank account. In cases where the funds may need to be held and disbursed in foreign currency, a suitable foreign currency account may be maintained for each donor. Opening of such banks accounts shall be subject to the approval of the National Treasury.
- f) Donor funds may be received either through direct electronic transfer or by cheque raised in the name of the Authority.
- g) The DBS will ensure that each donor receives, through the CEO, a statement of income and expenditure periodically to facilitate reimbursement of the amounts spent. The statement shall be accompanied by relevant supporting documents of expenditure as may be required by the grant agreements.

## **7.6 Procurement**

- a) IPOA shall have in place a separate procurement Policies and Procedures Manual setting out in detail general policies, rules and procedures to cover procurement of all goods and services required, in an efficiently, transparent and economic manner.
- b) The Authority shall adhere to the PPDA, 2005 and Regulations, 2006 and applicable donor procurement guidelines.
- c) In the procurement process, the principle of separation of duties shall be maintained at all times. Procurement actions shall be undertaken in a manner that does not assign control to one single individual but which ensures that checks and controls are adhered to.
- d) Procurement activities shall be conducted in a manner that reflects the principles of transparency, openness, and competitiveness.

## **8.0 BANKING AND BANK ACCOUNTS**

### **8.1 Purpose**

The purpose of this policy is to ensure that the Authority operates all its banking affairs in accordance with best practice and within its mandate.

### **8.2 Policy**

- a) The Authority's principal banker shall be the Central Bank of Kenya. The Authority shall maintain the following bank accounts at CBK: Recurrent

Account, Deposit Account and CBK 165 Account. The Recurrent Account will be used to receive Exchequer Issues and for making payments. The Deposit Account shall be used for keeping contractors' retention amounts as contractual obligations. The CBK 165 Account will be used for cash withdrawals. Cash intended for withdrawal shall be transferred from the Current Account to CBK 165 Account before withdrawal.

- b) The Authority shall maintain such bank accounts as may be appropriate for the proper management of its affairs. Where contractual arrangements or best practice mitigate against co-mingling of funds, separate bank accounts shall be maintained. The Board shall pass the requisite resolutions to open such commercial bank accounts with a banking institution recommended and approved by the National Treasury.
- c) The CEO shall, on behalf of the Authority, make all bank and banking arrangements as approved by the National Treasury. Opening and operating bank accounts with the Central Bank of Kenya and any commercial bank shall require the approval of the National Treasury.
- d) Cheques and instructions to the bank shall be signed by two (2) signatories duly mandated by the Board of Directors through a resolution. In addition to the CEO and DBS as principal signatories, the Board may appoint other HODs as signatories to Authority's bank accounts, through a resolution.
- e) Cheque payments or related bank transaction shall be signed by at least one of the principal signatories; CEO or DBS.
- f) Under no circumstances shall any blank cheque be pre-signed.
- g) The Authority shall appoint a bank agent for the purpose of cashing official cheques and carrying out any other banking duties on behalf of IPOA.

### **8.3 Banking Procedures**

- a) All CBK-held accounts shall be operated in line with CBK and Treasury regulations. All appointed signatories, authorizers and endorsers will require the approval of the National Treasury.
- b) Upon the advice of FAC, the Board may open a banking account with the approval of the National Treasury to act as bankers for the Authority.
- c) A separate bank account will be held for each key donor or as may be required under the terms of any grant agreement with the approval of the National Treasury.



## **8.4 Bank Statements and Reconciliations**

- a) Bank reconciliations shall be done on monthly basis, but not later than 15 working days after the end of each month; the AA in charge of banking shall ensure all bank statements are corrected from the bank or printed from CBK's Internet Banking system as required. The CA shall prepare bank reconciliations and cross-check with financial records Authority. The CA and DBS shall sign the reconciliations upon preparation and confirmation.
- b) All reconciling items must be investigated on a timely basis and necessary action taken. Any unusual bank debits or credits should be reported to the DBS immediately as soon as they are discovered.
- c) Bank statements shall be retained chronologically in a dedicated file. A monthly bank reconciliation shall be filed together with the bank statements.
- d) Clear segregation of duties shall be maintained wherever possible in the management of banking transactions. All queries arising from direct debits and credits to bank accounts should be passed to DBS or CA at once for the necessary follow up with the bank.

## **8.5 Management of Bank Accounts**

- a) Authorised bank signatories shall always ensure that cheques or G-Pay documents presented for their signature agree with the attached supporting vouchers. The authorised signatory should be satisfied, by reference to the supporting documents, that the following checks have been performed:
  - i. The payment is a proper liability of the Authority
  - ii. The invoice has not been previously passed for payment
  - iii. The goods or services being charged for have been properly and fully received on behalf of the Authority
- b) Where applicable, cheques and cheque books shall be kept and controlled under the direction of the DBS. They should be securely stored and the cheque issue details recorded in a control book, indicating details of cheques numbers and dates received and issued.
- c) The control shall be maintained continuously and be available for independent verification on a regular basis
- d) A separate cheque register shall be maintained showing the date a cheque is written, cheque number, payee, amount and initials of the signatories who have signed each cheque.

- e) DBS shall be responsible for ordering of cheque books and for the security of unused cheques.

## **8.6 Correspondence with Bankers**

- 8.6.1 Only authorised signatories or appointed agents shall be responsible for contact and correspondence with the Authority's bankers.
- 8.6.2 No unauthorised members of staff should enter into any correspondence with the bank concerning the Authority's banking business.

## **8.7 Electronic Cash Transfers**

- 8.7.1 The Authority shall use the CBK's Internet Banking system to make bank payments.
- 8.7.2 Such payments shall be documented and signed by authorized bank signatories and endorser. The normal audit trail and accounting records shall be maintained. Each payment shall require an Endorser, Approver I and Approver II, as specified by CBK's banking regulations.

## **9.0 PETTY CASH AND ACTIVITY IMPREST**

### **9.1 Policy**

- a) The Authority shall maintain an appropriate petty cash float to meet small office expenses and emergency expenditure. However, normal payments should be made through the Internet Banking system. Petty cash should not be used as a way of avoiding the laid down procurement process.
- b) The level of petty cash will be maintained within the National Treasury's approved level. A strong safe or cash box will be provided.
- c) No IOUs or advances shall be allowed from the petty cash float.
- d) At least one surprise cash count of the petty cash shall be carried out each month or as necessary. The Chief Accountant shall be responsible for the surprise cash counts, and ensure that a Cash Count Certificate is filled and signed accordingly.
- e) The CEO shall appoint a Board of Survey at the end of each financial year to verify the closing cash balance, and issue a cash certificate as at that date.

### **9.2 Disbursement Procedures and Replenishment**

- a) Requests for reimbursement from petty cash will be made through a memo approved by the CEO or appointed AIE.

- b) The CA and FO will ensure that the nature of the expenditure is appropriate, the supporting documentation is adequate, and the amount is covered in an approved budget line.
- c) Amounts paid through petty cash will be processed through the normal payment process and posted to IFMIS and cash book.
- d) Replenishment of the petty cash float shall be done through CBK 165 Account regulations and signed by the authorized bank signatories, and shall observe once-per-week withdrawal as per Treasury's regulations.

### **9.3 Business Advance/Imprest**

#### **9.3.1 Purpose**

The purpose of the imprest system is to ensure that:

- i. Imprest is issued for approved activities and expenditure types
- ii. Proper approval systems are adhered to in making imprest payments
- iii. Correct and approved amounts (per diems) are paid out as imprest
- iv. Imprest is promptly and fully accounted for with appropriate supporting documents
- v. Travel and other activities requiring imprest are adequately planned for in advance

#### **9.3.2 Policy**

- a) Activity imprest or field advance will be used where cash is needed by persons organising a workshop, seminar, field work or other function. The applicant shall present a detailed budget and work plan for the activity clearly showing items requiring to be paid for from cash imprest.
- b) Application for the Imprest shall be made through Form FO1. The Chief Accountant or Finance Officer shall confirm budget availability before forwarding the request together with the work plan to the CEO for authorization/approval.
- c) The approved application shall be submitted to the Finance Department at least 7 working days before the date on which funds are required. However, emergency cases will be processed within a reasonable period as the case may be. Once an Imprest is issued, it will immediately be posted to an interim staff Imprest account of the individual taking the Imprest.
- d) The Imprest shall be issued through an Imprest Warrant (Form FO 24, revised). The Warrant shall be signed by the following:
  - Applicant/Imprest Holder.

- AIE Holder, who will authorize the journey and confirm that funds are available to meet the expenses and that the amount is realistic and proper charge against public funds. The AIE shall certify that the applicant does not have any outstanding Imprest, certify and verify the Personal Number and the name of the applicant are correct.
  - FO will certify that the amount is noted in the Imprest Register, and that the applicant does not have any outstanding Imprest.
  - DBS or CA will approve the application.
- e) An Imprest Warrant should not be approved unless the chargeable item(s) has/have sufficient funds to meet the resultant expenditure.
- f) The imprests shall be processed and posted to IFMIS.
- g) The surrender of the Imprest shall be made through Form FO2 and shall be approved by CEO/Director/HOD depending on reporting relationships before being submitted to Finance for further action. All supporting documents such as receipts, vouchers, boarding passes and air tickets for air travel, and where official transport is used, a copy of motor vehicle work ticket showing travel days and return date.
- h) Any over expenditure on any budgeted activities must be duly authorized.
- i) All outstanding advances must be accounted for before any new request is approved.
- j) Activity Imprest will be retired immediately the activity is completed and all funds accounted for not more than two days (48 hours) after the activity.
- k) The AA will issue a formal receipt for cash returned and posted to the cash book.
- l) The CA will check that the Imprest documentation is complete, adequately supported, correctly cast and that the accounts codes are correct before filing them with the payment voucher.
- m) Where air travel is involved, boarding passes shall form part of surrender documentation. For foreign travel, copies of relevant pages of the passport with exit/entry stamps shall be attached.
- n) Manipulation or alteration/falsification of supporting expense vouchers shall be deemed as gross misconduct and shall be dealt with in accordance with the HR Policies and Procedures. Staff members shall be expected to exercise the highest level of integrity in accounting for field advances.
- o) Imprests must never be treated as loans or personal advances and where one has failed to account for an Imprest on due date, his/her entire salary must be utilized until the whole debt is liquidated.

- p) The FO shall maintain an updated register of Imprest issued and signed by authorized officers at each stage.

#### 9.4 Un-surrendered Imprest

The CA will generate a monthly report on all un-surrendered imprest showing the period they have been outstanding. Imprest that remains un-accounted for, beyond the required period of return to office (48 hours), will be recovered from the employee's salary during the current month. DBS shall be responsible for certifying all outstanding Imprests and forwarding recovery instructions to the Head of Human Capital for the necessary action.

### 10.0 TRAVEL PER DIEM AND OTHER PAYMENTS

#### 10.1 Per Diem

Travel per diems shall be paid in line with the provisions of the HR policy and in line with the Salaries and Remuneration Commission (SRC) approved rates (**Ref. No. SRC/ADM/CIR/1/13 Vol. III dated 10<sup>th</sup> December 2014**). For foreign travel, applicable per diem will be paid in equivalent Kenya Shillings at the prevailing CBK ruling exchange rate against the US dollar.

#### 10.2 Board Allowances

Board members shall be paid a monthly retainer, sitting, transport and telephone allowances as approved by SRC. Such an allowance shall be subject to taxation other than telephone allowance paid in form of airtime.

#### 10.3 Mileage

- a) Where official transport is not available and officers are required to use their own private vehicles for travel out of their normal duty station, prior approval of the CEO must be obtained indicating the reason/justification for use of personal vehicle, and the estimated distance to be covered. However, officers should obtain the required authorization for use of personal vehicle before setting out on a field trip.
- b) Mileage payments will only be made for vehicles whose evidence of ownership has been filed with the Authority.
- c) Mileage payment request will contain:
  - i) A detailed log of the actual distanced travelled
  - ii) Identification of vehicle used
  - iii) Purpose of the trip
- d) Mileage will be paid as per the guidelines published by AA of Kenya as recommended by FAC and approved by the Board.

## **10.4 Use of Official Vehicles**

Officers travelling within and out of Nairobi to undertake activities shall use Authority's official vehicles. Transport requisition should be made with the Administration Officer. This section should be ready together with provisions of the Transport and Motor Vehicle Policy.

## **10.5 Witness Expenses**

- 10.9.1 The Authority may request witnesses of cases under investigations to visit the office to record statements. In such circumstances, the Authority will reimburse transport, accommodation and other related expenses upon production of original receipts. Where the relevant travel receipts may not be available, the Authority shall consider a reasonable compensation.
- 10.9.2 It is important that witnesses use the most reasonable means of transport as well as accommodation facilities.
- 10.9.3 The request for approval shall be made by respective Director/HOD to the CEO. Once approved, the finance section shall process the payment.

## **10.6 Confidential Expenditure**

- 10.10.1 The Authority, where applicable, may incur a confidential expenditure to obtain crucial evidence in an ongoing investigation case.
- 10.10.2 A policy on this expenditure shall be developed and approved, ensuring accountability of confidential fund.
- 10.10.3 As per Section 5.2.5 of the Government Financial Regulations and Procedures, any expenditure on services of a confidential nature, the purpose and particulars of which cannot be made public, must be supported in the accounts by a certificate that the money has been paid, and declaration by the Accounting Officer responsible for the Authority that he/she has satisfied himself/herself that the money has been properly expended, and has not been used to supplement the emoluments of any officer.

## **11.0 FINANCIAL AND MANAGEMENT REPORTS**

### **11.1 Monthly Reports**

DBS will ensure the preparation of the following report on or before the 15<sup>th</sup> day of the following month:

- a) Expenditure report showing the cumulative expenditure against the approved budget, and budget balance to date.
- b) The report should include the current budget absorption level.

- c) The report should be shared with the CEO, FAC and BIC.

### **11.2 Quarterly Reports**

DBS will ensure the preparation of the following financial reports on or before the 15<sup>th</sup> day after the end of each quarter:

- a) Quarterly financial statements for submission to the National Treasury. The financial statements will be shared with FAC. The Chief Accountant shall ensure timely preparation of the statements.
- b) A quarterly expenditure return shall be submitted to the National Treasury and Controller of Budget. The Finance Officer shall ensure timely preparation of this report.

### **11.3 Statutory Reports and Information**

- a) DBS will responsible for the accurate and timely submission of all required statutory financial reports and information.
- b) Annually, the following reports will be submitted:
  - i) Draft financial statements to be prepared and submitted to the Auditor General by 30<sup>th</sup> September each year, copied to the National Treasury, Controller of Budget and Commission on Revenue Allocation. The draft statements to be shared with FAC before submission.
  - ii) Draft and final audited financial statements shall be signed by the CEO/Accounting Officer and DBS.
  - iii) Final audited financial statements to be submitted to FAC and Risk and Audit Committee before being presented to the Board for adoption.

## **12.0 CHART OF ACCOUNTS/ACCOUNTING SYSTEM**

### **12.1 Purpose**

An accounting Chart of Accounts (COA) shall be established for coding accounting transactions and for classification of different categories of general ledger accounts.

### **12.2 Policy:**

- a) IPOA will use a fund accounting system that allocates and reports revenues and expenses into separate budget lines, for the purposes of producing management reports and financial statements for the Authority.
- b) The Authority shall adopt the IFMIS system and Government budget codes for ease of integration with relevant budget lines.

- c) A GL system will be maintained which appropriately allocates all assets and liabilities, all funding, revenues and expenditures and the aggregate position arising from the various sources and activities within IFMIS.
- d) Appropriate hardware and software will be put in place to operate the accounting system. The system shall have security operational restrictions to prevent external access by unauthorized persons.
- e) Staff authorized to operate IFMIS shall be defined and issued with a Username and a Password. Such staff should ensure that that they do not disclose such information to other persons, and shall be held responsible for any unauthorised financial transaction processed using their assigned details.
- f) Finance staff authorized to operate the CBK's Internet Banking (IB) will be issued with PIN token, Username and Password. Such details should never be shared with other persons and staff shall be personally held responsible for any an unauthorized transactions processed using their secret codes. Staff will be required to adhere to CBK's confidentiality regulations at all times.

### **12.3 Procedures**

- a) IFMIS COA shall be adopted showing all categories of Income, Expenditure, Assets and Liability accounts.
- b) The COA will be used to code all accounting documents of prime entry before being posted to IFMIS and cash book

## **13.0 FIXED ASSETS**

### **13.1 Purpose**

- 13.1.1 The purpose of the fixed assets system is to ensure proper maintenance of a fixed assets register, appropriately designed to include all information necessary to adequately record and control fixed assets.
- 13.1.2 The system will safeguard all assets by recording their details and monitoring their location, condition and usage and thus facilitate proper accounting for fixed assets.

### **13.2 Policy**

- a) Fixed Assets are defined as all tangible or intangible assets with a useful life to the Authority of three (3) years or more and having a minimum value at the point of acquisition of Shillings twenty thousand (KShs. 20,000/=) either individually or collectively.



- b) IPOA will maintain the following categories of fixed assets: a) immovable property; b) motor vehicles; c) office equipment; d) office furniture, fittings and partitioning; and e) computers, laptops, printers, software and related accessories.
- c) Assets will be procured in accordance with the Public Procurement & Disposal Act (PPDA), and where applicable in line with donor grant agreements.
- d) If applicable, assets will be insured immediately upon procurement against damage or loss through fire, theft or other peril.
- e) Fixed assets will be capitalised, recorded and controlled individually by being tagged with appropriate identification numbers and being recorded in the FAR.
- f) Periodic physical verification will be carried out at least once a year and steps taken to ensure assets are maintained in saleable condition protected against loss of value other than normal wear and tear.
- g) Disposal of any asset or class of assets will be carried out in accordance with the PPDA.

### 13.3 Depreciation

- a) Where applicable, assets will be depreciated on a straight-line basis uniformly over their expected / estimated useful life.
- b) The annual depreciation charge will be based on the full acquisition cost or valuation of the asset, net of its salvage value, as applicable. A full year's depreciation will be charged in the year of acquisition and none in the year of disposal.
- c) If applicable, standard depreciation rates will be: -

<b>Class</b>	<b>Category</b>	<b>Estimated useful life</b>	<b>Rate</b>
1	Immovable Property	N/A	Nil
2	Motor vehicles	4 years	25.0%
3	Office Equipment	5 years	20.0%
4	Office Furniture, Fittings & Partitioning	8 years	12.5%
5	Computers, Laptops and Accessories	3 years	33⅓%

## **13.4 Procedures**

- a) A FAR will be maintained, and shall include the following details:
  - i) Tagging identification number, where applicable.
  - ii) Description of the asset.
  - iii) Manufacturer's serial number and model number, where applicable.
  - iv) Cost and acquisition date
  - v) Asset identification number by asset classification, where applicable.
  - vi) If applicable, the expected useful life and applicable depreciation rate.
  - vii) Location and latest condition of the asset.
- b) Upon disposal the FAR will be updated with the following information:
  - i) Authority for disposal
  - ii) Date of disposal
  - iii) Sale price and
  - iv) Where applicable, realized gain or loss on disposal.
- c) Each year DBS will ensure an inventory of all assets is taken by an independent of the persons from the person maintaining the FAR, listing the assets' description, tag number/code, location and status.
- d) Maintenance contracts/Service Level Agreements (SLAs) will be entered into where appropriate with suitable approved dealers or service providers to ensure all assets are kept in good working condition through regular scheduled and preventative maintenance programs.
- e) A motor vehicle movement log (work ticket) shall be maintained for each vehicle, filled in for all official movement, and reviewed by the Administration Officer on weekly basis, as per Transport and Motor Vehicle Policy manual.
- f) Fixed assets shall be disposed of in accordance with the provisions of PPDA, 2005 and Regulations, 2006.

## **13.5 Portable Assets**

- 13.5.1 The Authority may assign senior management and Board members portable ICT assets such as Ipads/Tablets, mobile phones and laptops.

13.5.2 Such assets shall remain the property of the Authority, and staff members shall be expected to ensure that items issued to them are used properly and stored securely at all times. Any loss must be reported to the police and an abstract obtained immediately. A member of staff assigned to a portable asset will remain accountable for any loss, and may be surcharged when investigations reveal the loss was due to the officer's negligence.

13.5.3 A register of items issued to staff members and Board shall be maintained and updated regularly.

13.5.4 Form S11 shall be used to issues such items, and a staff member or Board members shall be expected to sign the Form.

13.5.5 A separate ICT policy shall be developed to guide use of ICT equipment by staff.

## **14.0 INSURANCE**

### **14.1 Purpose**

To ensure all IPOA property and insurable risks are properly insured. Insurance of assets shall be guided by Government insurance regulations.

### **14.2 Policy**

- a) The Authority will maintain adequate insurance cover for all its movable and immovable properties against fire, theft, damage and other perils.
- b) The Authority will review its insurance requirements annually to cover asset additions, remove disposals, and review the insurable value.

### **14.3 Procedures**

- a) In the last quarter of each insurance year, before any renewals are made, the Head of Administration and appointed insurance broker will review each insurance cover to determine its adequacy and appropriateness for the needs of the Authority.
- b) The Head of Administration will advise the broker of any item(s) that should be added to or removed from the list of insured property time to time.
- c) Damage or loss of insured assets shall be reported immediately to the insurance company or appointed insurance broker by the Head of Administration who shall follow up all claims to ensure that compensation is received on time and in accordance with the provisions of each insurance policy.

## **15.0 AUDIT AND INTERNAL CONTROL**

### **15.1 Purpose**

- a) To prescribe the Authority's audit requirements and ensure effective control and security over assets, and efficient utilisation of resources.
- b) To provide independent reports to the Board, donors and other stakeholders in accordance with agreed content, format and reporting time-tables.
- c) To comply with statutory requirements.

### **15.2 Policy**

- a) The Authority will establish and maintain an accounting and financial system, with strict adherence to the Treasury requirements, PFMA, Public Audit Act other applicable, laws of Kenya, and IPSAS.
- b) The Authority's accounts shall be audited annually by the Kenya National Audit Office (KENAO), as provided by the IPOA Act in compliance with the Public Audit Act, 2003.
- c) Any development partner may appoint an external audit to specifically carry out audits on their funding.
- d) The financial records, books of accounts and vouchers shall be open to internal and statutory external audit at all times and audited periodically in accordance with IPOA Act, and where applicable, in line with specific donor requirements.
- e) The external auditor's reports shall be presented to the Risk and Audit Committee and FAC before being submitted to the Board.

### **15.3 External Audit Procedures**

- a) Draft annual financial statements and records will be made available for audit by 30<sup>th</sup> September after the end of the financial year.
- b) Draft financial statements shall be submitted to the National Treasury, Controller of Budget and Commission on Revenue Allocation (CRA).
- c) Management will furnish such information and explanations as required by the auditor, who shall have a right of access at all times to the books and vouchers of the Authority.
- d) Specifically the auditor will express an opinion on:
  - i) The statement of income and expenditure indicating whether it fairly reflects the stated position and results of its operation.

- ii) Authority's internal control structure indicating its adequacy and/or shortcomings in areas of identified weaknesses.
- iii) IPOA's compliance with applicable laws and regulations indicating instances of non-compliance and their impact on the financial statements.
- e) The CEO shall present the audited financial statements to the Board for discussion and approval. The audited financial statements shall be signed by CEO and DBS.
- f) Implementation of auditors' recommendations will be co-ordinated by the CEO, who will keep the Board informed of the progress.

#### **15.4 Finance Oversight Committee**

- a) The FAC shall oversee the operations of the finance and administration function.
  - b) The main function of FAC will be to review, on behalf of the Board, the management systems and utilisation of funds of the Authority and advise the Board accordingly to ensure proper management of the state of affairs of the Authority.
  - c) FAC's specific activities include the following:
    - i) Keep under review the efficiency and effectiveness of all internal controls.
    - ii) Keep under review financial information and improving the quality of financial reporting with particular attention to compliance with legal and reporting requirements.
    - iii) Review the implementation of annual budgets.
    - iv) Review the safeguarding procedures of assets.
    - v) Review the procurement processes.
    - vi) Review the operations of the administration function.
    - vii) Any other duties as may be assigned by the Board related to the Board function.
- .....

## Appendix 2: Mileage Claim Form



### INDEPENDENT POLICING OVERSIGHT AUTHORITY

1st Ngong Avenue, ACK Garden Annex, 2nd & 3rd floor | P. O. Box 23035 00100 Nairobi, Kenya  
Tel: +254 725 327 289 / 732 081 490 / 734 504 790 | E: info@ipoa.go.ke, W: http://www.ipoa.go.ke

#### MILEAGE CLAIM FORM

Name: ..... Position: .....

Travel Date(s): ..... Car Reg. No: ..... CC Rating: .....

Reason for travel:

.....  
.....

From: ..... To: ..... Distance (one way): .....Kms

Total Distance covered: .....Kms

Date Use of Personal Car was approved in writing by CEO/Director: .....  
(Attach approval letter)

Signed: ..... Date: .....

Approved by Director/HOD: ..... Date: .....

Authorized: ..... Date: .....  
CEO

#### **Accounts:**

Total distance claimed: .....Kms

Applicable AA Rate: ..... per Km  
(Max 1800cc)

Approved mileage: Kshs. .... Date: .....

**Appendix 3: Imprest/Advance Expense Form, FO2****INDEPENDENT POLICING OVERSIGHT AUTHORITY**

1st Ngong Avenue, ACK Garden Annex, 2nd & 3rd floor | P. O. Box 23035 00100 Nairobi, Kenya  
 Tel: +254 725 327 289 / 732 081 490 / 734 504 790 | E: info@ipoa.go.ke, W: http://www.ipoa.go.ke

**IMPREST/ADVANCE EXPENSE FORM (IPOA F.O.2)**

Name: ..... Position: .....

Department/Unit: .....

Travel Dates: From ..... To .....

Amount Advanced: Kshs.: ..... Date Funds Advanced: .....

I would like to account for the field allowance advanced to me as follows:

	Date	Particulars	Amount Kshs.
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
	Total Expenditure		
	Less: Amount advanced as above		
	Over-expenditure/Under-expenditure (attach receipt for refund from accounts)		

**Please attach all original receipts and other supporting documents, including a copy of Motor Vehicle Work Ticket. For per diem, indicate applicable dates.**

Signature of Claimant: ..... Date: .....

Approved by CEO/Director/HOD: ..... Date: .....

Checked By: ..... Date: .....  
 Chief Accountant

Authorized: ..... Date: .....  
 Director Business Service

#### Appendix 4: Imprest/Advance Application Form, FO1



### INDEPENDENT POLICING OVERSIGHT AUTHORITY

1st Ngong Avenue, ACK Garden Annex, 2nd & 3rd floor | P. O. Box 23035 00100 Nairobi, Kenya  
Tel: +254 725 327 289 / 732 081 490 / 734 504 790 | E: info@ipoa.go.ke, W: http://www.ipoa.go.ke

#### FIELDWORK IMPREST/ADVANCE APPLICATION FORM (IPOA F.O.1)

Name:.....

Date: .....

Position: ..... Department: .....

Travel Period: From ..... To ..... Destination (itinerary): .....

Date the advance required (**advance request to be submitted at least 5 days before this date**).....

Amount Required, Kshs. .... Signature of Applicant:.....

Bank details to which the advance should be deposited:

Bank: ..... Branch: ..... Account No.....

Purpose for the advance e.g. per diem, travel etc. Indicate amount (breakdown) required for each item and attach a detailed fieldwork work plan):

.....  
.....

State whether official transport is required: Yes/No Capacity of Transport required: .....

Transport Booked: Yes/No ..... Motor Vehicle Reg. No.: .....

Signed (Admin Officer): ..... Date: .....

Approved by Director/HOD: ..... Date: .....

Approved by Finance for availability of Budget: ..... Date: .....  
Director, Business Services/CA

Authorized: ..... Date: .....  
CEO

#### **Accounts:**

Amount approved: Kshs. .... Date funds transferred to the Bank: .....

**NB: Amount advanced must be accounted for within 48 hours using Imprest/Advance Expense Form F.O.2 upon return.**



**Approval:**

The IPOA Financial Policies and Procedures Manual was approved by the Board on  
....., and signed on its behalf by:

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**Dr. Joel Mabonga, CEO**

Date: \_\_\_\_\_

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**Tom Kagwe, Chair, Board Finance & Administration Committee**

Date: \_\_\_\_\_

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**Macharia Njeru, Board Chair**

Date: \_\_\_\_\_