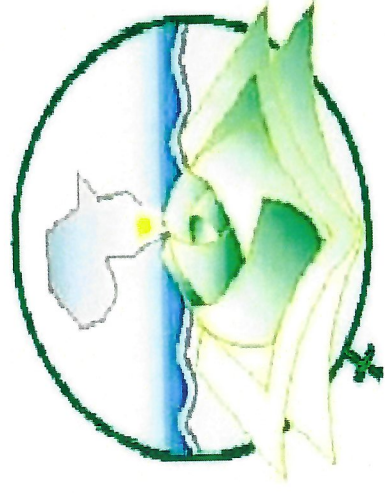


WOMEN'S UNIVERSITY IN AFRICA



Addressing gender disparity and fostering equity in university education

ACCOUNTING POLICIES AND PROCEDURES MANUAL

[2013]

1.0 Purpose of Manual

This manual has been prepared to document the internal accounting procedures for Women's University in Africa. Its purpose is to ensure that assets are safeguarded, financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship.

All personnel with a role in management of WUA fiscal operations are expected to uphold the policies in this manual. It is the intention of WUA that this accounting manual serves as our commitment to proper, accurate financial management and reporting.

1.1 Stakeholders of Women's University in Africa

The major users of the WUA accounting manual includes the under listed stakeholders.

- Council and board members
- Management
- Accounts office
- Internal audit
- External auditors
- University community

1.2 Needs of Stakeholders of Manual

- As already indicated, management and other stakeholders of WUA will be guided and directed by the manual in their accounting transactions, procedures and report.
- For external auditors, internal audit, management and council it will help in assuring that procedures therein are adhered to.

1.3 Changes to the Accounting Manual

The Accounting manual of WUA should be under periodic review to reflect the changing circumstances and financial information needs as per accounting policies.

1.4 Financial Year

The financial year of WUA runs from January to December each year.

1.5 Management Accounts

Management accounts are produced monthly; they show budgeted amounts against actual amounts, they are due on the 10th of the following month and should be presented at council meetings on a quarterly basis.

1.6 Departmental Performance Report

A quarterly report is produced quarterly which shows the departmental performance against objectives for that quarter.

1.7 Final Accounts Audit

Final accounts should be prepared and should be ready by end of March, and should be audited by external auditors before end of June of each year.

2.0 General Structure

2.1.1 Objectives

The accounting system seeks to:

- a. Provide machinery for recording financial transactions in such a manner as to comply with legal and other statutory requirements.
- b. Provide suitable information to management for day-to-day management of WUA.
- c. Assist in planning for both short-term and long-term objectives.
- d. Establish internal control measures to safeguard assets of WUA and ensure the completeness, accuracy and reliability of the records.

2.1.2 Basic Elements

The Accounting system consists of 4 primary elements. These elements are as follows:

- a. Transaction data form source documents such as invoices, travelling and subsistence claim, etc.
- b. Processing of input data into a form suitable for storage and retrieval for computation, analysis and summaries.
- c. Storage device for holding data for long period, examples are ledgers, fixed asset register, etc.
- d. Reports and listing of data held in storage manipulated according to specific rules.

2.2 Accounting Policies

2.2.1 Basis of Accounts

- a. Receipts: Receipts are recognised when paid by students
- b. Capital Expenditure: Assets are recorded in the asset register and are not expensed in the year of purchase but depreciated over its useful life.
- c. Inventory: Materials purchased for use at WUA are expensed when paid for. Unused stocks are therefore not capitalised.

2.3 Receipts

2.3.1 Objectives

- To ensure that all receipts and other amounts due to WUA are completely recorded and accounted for.

2.3.2 Sources of funds

Sources of funds include:

- a. Fees from students
- b. Others
 - Donor support
 - Sale of items.
 - Sale of tender forms and supplier registration forms.

2.3.3 Receipt recognition

Fees received from students, and receipt from donors form the basis for receipt recognition when received.

2.4 Expenditure

2.4.1 Objective

To ensure that:

- a. Expenditures made are for the benefit of WUA.
- b. Payments made are authorised and related to approved expenditures.
- c. The transactions are completely and accurately recorded.

2.4.2 Expenditures

Expenditures and payments are grouped into:

- a. Recurrent expenditure-such as salaries, consumables repairs and maintenance etc.
- b. Capital expenditure-such as property, motor vehicles, furniture and equipment etc.

3.0 ACCOUNTING AND FINANCE

3.1 Accounting Policies

The principal accounting policies of WUA are set out below. These should be followed consistently in all material respects.

3.1.1 Accounting Convention

The financial statements are prepared in accordance with International Financial Reporting Standards as amended from time to time.

3.1.2 Depreciation

Fixed assets are depreciated on the reducing balance method at rates that will reduce book amounts to nil values over the anticipated useful lives of the assets as follows:

- Motor Vehicles - 20%
- Furniture and Equipment - 10%-20%
- Fixtures and fittings - 10%-15
- Buildings - 2% per annum

Land is separated from buildings and buildings are depreciable.

3.1.3 Stocks

Stocks are valued at the lower of cost or net realisable value. Donated stocks are valued at estimated cost.

3.1.4 (a) Interest received

Interest from money market Investment is capitalised on maturity and accrued for by the end of the year.

(b) Dividends

Dividends from equity market are accounted for as income.

3.1.5 Donations and Grants

Donations and grants are brought into account when received. Donations can either be cash or equipment. Donations of equipment are credited to deferred income and debited to the respective asset. Deferred income will be amortised over a period of 5 (five) years.

3.2 Double Entry

In all instances the principle of double entry should be applied. Each and every entry should have an equal and opposite entry. The Trial Balance (statement) that is completed of every month partly serves to check that all the entries have equal and opposite entries.

When effecting some recordings, it is always recommended that:-

- A transaction is completed in full before something else is started on. When posting entries to the ledger for instance, all Debits and Credits should be posted before commencing on another task.
- Where an error has been made, the whole entry should be reversed and the correct entry done by way of a journal. The correction of an error by a journal for the difference is not advisable.
- All journals should have proper narrations.

4.0 Books of Accounts

The accounting system operated by WUA uses the following books of accounts:

4.1 Cash Account

The Cash Account is maintained by the Accounting Assistant and checked by the Deputy Finance and Planning Director. On receiving cash the debtor is credited and the Cash account is debited.

All daily cash receipts are debited to the cash account which is cleared at the end of the day when the money is being banked. Bank deposits are prepared daily when depositing money to respective banks.

4.2 Petty Cash Book

The imprest system is used to pay for items of the small nature. The Petty cash is replenished when all money is used up. The Petty cash is part of the ledger system.

4.2.1 Petty Cash Payments

- **Purpose of Petty Cash**

The petty cash fund is established in Accounts office to improve the efficiency of WUA operations. These funds are available to purchase minor items when it would be otherwise impractical to purchase items through the usual procurement methods.

4.2.2 Maintaining Petty Cash

A fixed petty cash float should be maintained on an imprest basis and be utilised to settle the frequent expenses of WUA.

- a. For security and control purposes, petty cash should be kept in a cash box which should ideally be locked up in a safe /strong room with the key in custodian's possession
- b. A payment voucher must be used to document the disbursement of cash
 - The payment voucher should be supported by original receipts.
 - The individual receiving the payment must sign the payment voucher to acknowledge the receipt of cash.
- c. The receipts, plus cash on hand, should equal the amount of petty cash requested at all the times.
- d. The petty cash is subject to audit at any time without prior notice.

The petty cash level should be kept at its constant float level by periodic re-imbursements based on the expenditure incurred. The re-imbursement should only be made by cheque and not any other cash means. Petty cash should not be mixed with other cash receipts nor substituted with cheque receipts.

4.2.3 Petty Cash Procedures

a) Payments

- All payments should have adequate supporting documents
- Payment vouchers should be compiled and sent for approval of authorised persons. Supporting documents should be attached.

- Once approved, cash should be handed out to enable the payment to be finalised. Ref Annex of Accounting Forms (A8)

b) Receiving

- Petty cash receives funds on two occasions only;
 - i. Re-impursements to maintain the float level.
 - ii. Increase in the float level.
- Both these receipts occur by way of Transfer, i.e. a transfer for petty cash is raised from the main account.
- Re-impursements should ideally be done at the end of each month so that the beginning of the next month starts with an opening balance that is equal to the float level.

c) Balancing

Cash on hand must be balanced on a daily basis with the balance that is equal to the float level.

4.3 Nominal Ledger

The nominal ledger is a record of all assets, liabilities, income and expenditure and Navision has a Chart of Accounts system. Additional to the above books however, WUA also maintain the following registers:-

4.3.1 Fixed Asset Register

All property, plant and equipment owned by WUA is recorded in the asset register showing the date of acquisition, cost, annual depreciation and the Net book value as

well as disposals undertaken during the financial year. Recording of assets is done when payment is being made to the vendor.

The Fixed Asset register comprehensively records details of every asset. It records important identification and financial data that includes the following:-

- the description of the asset
- the serial or registration number (wherever applicable)
- the location of the asset
- the capital cost
- the depreciation rate
- the depreciation for the year, the accumulated depreciation to date, and net book value and
- the date of purchase

The register needs to be updated as frequently as there is a change in physical composition of the asset.

4.3.2 Member's Register (Council and Board of Trustees)

There is a register for both Council and Board of Trustees kept by the Registrar

4.3.3 Disposal of Assets

There is a board of survey committee which deals with disposal of assets, they receive recommendations from departments. They review the recommendations and give

directives on how best the assets can be disposed off. The recommendation can be either direct public auction or sale to staff.

4.3.4 Salaries

Salaries will be processed by the Accounting Assistant who reports to the Deputy Director Finance and Planning. The pay roll will be reviewed by the Human resources department and finally approved by the Finance and Planning Director. The pay roll will be updated on the main ledger by the Accountant.

- Salaries Register

For personnel, auditing and accounting purposes, it is mandatory to keep this register which contains relevant information about WUA's employees as indicated below:-

- Employee's Name
- Deductions (including PAYE)
- Net Salary
- Leave accumulation

The salaries register has to be maintained on a monthly basis.

4.3.5 Cash book Receipts and Payments

The Cash Books are used to record all transactions that go through the company's bank (current) account. On the receipt side is recorded all income received and banked by the organisation.

WUA donations that are received by telegraphic transfers will be recorded on the receipts side of the cash book, provided they are credited to the main current account.

The basic headings on the receipts side are as follows:-

- Date
- Receipt number
- Details
- Total amount
- The allocation of amount received (as per relevant code on the Unitary Chart of Account)

Headings on the payments side of the Cash Book are as follows:-

- Date
- Details / Description
- Total amount
- Allocation of the amounts paid to the relevant code e.g. General Expenses, Meetings, etc.

4.3.6 The General Journal

It is used in the following circumstances:-

- Entering transactions that are not recorded on any of the books mentioned above. From this book, transactions will then be posted to the nominal ledger from this book.
- For re-allocating mispostings. This is the correction of errors that were made in posting items to the nominal ledger.
- For raising: (a) the depreciation charge for the year.
(b) Accruals at year end.

4.3.7 Donations Register

This record details all funds and donors who work in partnership with WUA. It only records actual cash received as opposed to pledges.

Other donations that are non-monetary can only be recorded provided they are;

- measurable;
- documented;
- objectively valued;
- under the organisation's control and
- an integral and essential part of the organisation's work.

4.3.8 Other Books and Records

In addition on the books of accounts described above, records should be used as and when needed, they should be kept at WUA offices only.

- Receipt books
- Deposit slips (these can be bound to form a book)
- Purchase Order
- Remittance Advice
- Creditors' Reconciliation Forms
- Petty Cash Vouchers
- Invoices
- Fuel Order
- Employee Files
- Leave application forms
- Medical Aid Forms
- Expense Claim Forms
- Bank Balances Form
- Reconciliation Statements
- Travel Expense Claim Forms
- Creditors Reconciliation Forms

Sample formats for some of the above accounting records are shown in the Annex of Accounting forms.

4.3.9 General Stationery

The following stationery is 'security stationery' and should be kept under lock and key at all instances except when in use:-

- receipt books
- fuel order books
- purchase orders
- petty cash vouchers

All security stationery should be recorded in a hard covered, bound book, giving the following details:-

- date of receipt
- quantity received
- serial numbers
- date issued or first used
- quantity issued
- balance of documents on hand
- signature of recipient
- signature of person controlling the issue (where applicable).

5.0 Retention of Documents

The basic policy of an organisation is that it retains as few documents as possible for varying periods of time. The Zimbabwe Statute lays down periods of retention for different classes of books and documents.

Other documents however, could be disposed of each accounting period unless if required for the purpose of litigation. If this is the case, retention should be until the case has finally been settled.

The table below summarises the statutory requirements with regards to document retention.

Document	Act	Period(From date of last entry where applicable)
Ledgers, Cash Books, Journal, paid cheques, Bank statements, Bank Deposit slips, Invoices, Stock sheets and all other books of accounts	Income Tax Act	6 Years
P.A.Y.E Records	Income Tax Act	6 Years from date of last entry
P.A.Y.E Tax Certificate	Income Tax Act	6 years after end of relevant year of assessment
Books of Accounts	Companies Act	8 Years

6.0 Internal Control

- This comprises the various measures that are normally taken by management to prevent financial loss to WUA as a result of the mistakes or misdeeds of its employees. Specifically these controls are designed to safe guard WUA assets, promote operational efficiency, encourage adherence to organisational policy and ensure accurate and reliable accounting records.
- Auditors normally consider the types and extent of internal controls in designing audit tests. A strong system of internal control would most likely lead to a fewer audit tests being carried out by external auditors.
- WUA's board sets the organisation's internal control policies but relies on management to establish and maintain them.
- The following are the examples of some methods of internal control to be put in place by WUA:

6.1 Accounting controls:

Procedures and methods of safeguarding assets authorising transactions and ensuring the completeness and accuracy of financial records are important accounting controls. It should be noted that opportunities to install accounting controls increase with organisational size.

6.2 Proper Authorisations

There should be a written set of rules that outline approval procedures for the commitment of WUA resources. These are especially important for contract, purchase orders and matters involving payments of cash.

6.3 Separation of Duties

The accuracy of accounting records is normally enhanced if duties of personnel are carefully planned and separated. The four basic ways in which WUA's duties are separated are as follows:-

- Separation of the custody of assets from the accounting functions.
- Separation of custody of assets from authorising transactions related to them.
- Separations of duties within the accounting function.
- Separations of operations from the accounting function.

6.4 Policy and Procedure Manual

This manual that communicates policies and procedures is a worthwhile investment that serves not only to avoid misunderstandings among personnel and prevent conflict but also provides the required guidance to be followed by new or alternate staff.

6.5 Rotation of Duties

This can assist in uncovered irregularities. The other great advantage of this internal control method is that it helps develop the capacity to have back up when certain individuals are absent or away from work.

Vacations should be enforced since they provide an opportunity for temporary rotation.

7.0 Purchases and Disbursements

7.1 General

Effecting a purchase for WUA should be pursuant to an identified need.

- All purchases made by WUA should be budgeted for, unless if there is a contrary authorisation to incur by the Executive Committee or Board. By virtue of being budgeted for, it is implied that such anticipated expenditures are pre-authorised by the donor who is committed to fund or finance the expenditure / budget.
- Where the expenditure is not budgeted for but has been authorised, it is necessary to identify where it will be allocated to or its source of finance. This should ideally be done before the authorisation.
- WUA's spending pattern should therefore be correlated with the receipt of donations and members' subscriptions.

7.2 Ordering

Raising an official order to a Supplier of goods and/or services binds or commits WUA to receive and accept the goods and/or services (subject to them conforming to the specifications) and consequently pay for them.

Official orders should be made through a formal order. A sample of the order is contained in Annex Accounting Forms (A3).

Official orders should be made for all goods and/or services needed by WUA within the exception of standing monthly expenses (e.g. electricity, telephone charges etc), contractual payment (e.g. rentals, salaries etc).