



**EQUITABLE ACCESS TO QUALITY HIGHER EDUCATION**

**FINANCIAL MANAGEMENT  
POLICIES AND PROCEDURES**

**2015**

*This document sets out the Financial Management Policies  
and Procedures of the National  
Council for Higher Education.  
The contents are for the sole use by NCHE  
Secretariat management and staff.*

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# 1. INTRODUCTION

## Objectives

- 1.1. To provide a statement of policies on financial management.
- 1.2. To provide staff with procedures and document formats which facilitate compliance with the policy requirements.
- 1.3. To establish preventive and detective internal control procedures over resources so as to reduce the likelihood of frauds and other irregularities.
- 1.4. To safeguard resources and ensure that they are utilised in achieving the core objectives of the Council.
- 1.5. To provide for systematic recording of all financial transactions so as to guarantee timely and accurate financial reports.
- 1.6. To bring about the highest level of accountability and transparency.
- 1.7. To help managers to make effective and efficient use of resources to achieve objectives and fulfill commitments to stakeholders.
- 1.8. To help NCHE to be more accountable to all its stakeholders.
- 1.9. To give NCHE the advantage in competing for increasingly scarce resources.
- 1.10. To help NCHE prepare for long-term financial stability.

## Minimum Standards for Financial Management

The following are the minimum standards on Financial Management and this manual has been designed to comply with them.

A. Minimum Requirements	
Standard	Why
1. A valid supporting document for every transaction (securely filed and stored for the minimum period required.)	Protection for staff, evidence and details of transaction.
2. A cash book for every bank account, reconciled every month.	To organize and summarize transaction information; check for errors and omissions.
3. A Chart of Accounts - used consistently in the accounting records and budgets	Principle of consistency; to facilitate production of financial reports.
4. A budget detailing costs and anticipated income for all operations.	Planning, fundraising, control and reporting.
5. Clear delegation of authority - from governing body through the line management structure.	To know who is responsible for what and within what limits.
6. Separation of duties - sharing finance duties between at least two people.	To prevent temptation to steal and reduce opportunity to commit fraud by sharing the load.
7. Annual financial statements - audited by an independent audit firm of chartered accountants.	Accountability to stakeholders; transparency.
B. Good Practice	
8. Additional accounting records when staff members are employed (wages book) or assets owned (assets register).	To meet statutory and audit requirements; for control purposes.
9. Budgets based on real activity plans, which include the full cost of running a project.	Realistic, more likely to meet targets.
10. Budgets with clear calculations and notes.	Easy to read and make adjustments. Easy to justify calculations.
11. Separate core costs budget.	Encourages active management and financing strategy for core costs.

1. Monthly cash flow forecast.	Helps to identify and take action to avoid short-term cash flow problems.
2. Use of Cost Centres when working with multiple projects.	To separate restricted funds and related transactions; to facilitate reporting to managers and stakeholders.
3. Prepare budget monitoring / variance reports at least monthly to managers (and also regularly to beneficiaries).	To monitor progress; control purposes.
4. Written policies and procedures, including a code of conduct for staff & Council Members.	To prevent confusion about organisation rules and expected practice.
5. Diversified funding base - mix of restricted and unrestricted funds.	Less vulnerable to financial shocks.
6. A reasonable level of bank funds.	Less vulnerable to financial shocks; helps overcome cashflow problems
7. Declaration of Gifts over N\$ 500.00.	To ensure that staff members avoid conflict of interest and risk bribery.

## 2. "TWELVE GOLDEN RULES" ON FINANCIAL MANAGEMENT

- 2.1. Always issue an official receipt for money received.
- 2.2. Always obtain a receipt for money paid out for transactions.
- 2.3. Ensure that all financial dealings are supported by a written record.
- 2.4. Avoid situations where you are seen to be the beneficiary of decisions or transactions facilitated by yourself.
- 2.5. Ensure that every transaction or decision you facilitate is transparent and does not raise questions about your integrity.
- 2.6. Avoid leaving Council funds in an unsecure location.
- 2.7. Avoid keeping Council funds at home.
- 2.8. Avoid mixing Council funds with personal funds.
- 2.9. Keep incoming and outgoing funds separate.
- 2.10. Never borrow Council funds for personal use or grant loans to others without authority.
- 2.11. Always strive to live within the available means/budgets.
- 2.12. Signing of blank cheques is prohibited.

### 3. TENDERING POLICIES & PROCEDURES

#### Policy Statement

##### Objective

To ensure that the Council purchases goods/ services of high quality at minimum cost.

- 3.1. All purchasing processes shall be adequately documented (from initiation to the award of a purchase/tender).
- 3.2. As a general rule all purchasing decisions shall be based on comparison of quotations or bids and the numbers of quotations shall be determined on the basis of materiality.
- 3.3. All purchases shall reflect as much segregation of functions (as possible) between the initiation, tendering, tender award and ordering.

##### The Procedure

- 3.4. The purchasing procedures will be applied as reflected below in terms of purchase method, number of quotes/bids, and decision-making.
- 3.5. All purchase requisitions shall be approved by the Chief Control Officer.

Limit/Range (in N\$)	Purchase method	Number of quotations	Procurement Decision - Purchase Requisition	Financial Decision (based on valid and authorized purchase requisition)
Less than N\$ 500.00	Prudent purchasing (Petty Cash - Float limit N\$ 3 000.00)	Nil	Chief Control Officer	DD Finance and Administration
N\$ 501-5000	Direct purchase	2	Chief Control Officer	DD Finance and Administration
N\$5001- 50,000	Direct purchase	3	Chief Control Officer	Executive Director
N\$50,001- 100,000	Informal tender with limited Tender Dossier and closed bids	4	Chief Control Officer	Economizing Committee comprising minimum 3. Unit Head requesting purchase, DD Finance and Administration and the CCO. These make recommendation to the ED
N\$ 100 000+	Tender with limited Tender Dossier and open bids	4	Chief Control Officer	Ad hoc Tender Committee comprising minimum 4 people including ED, DD Finance and Administration and 2 Council Members

- 3.6. Prudent purchasing refers to purchasing from known suppliers without seeking quotations, ensuring the price is reasonable.
- 3.7. Direct purchase refers to purchasing from known suppliers based on submission of open quotations.
- 3.8. Informal tender refers to request for bids from known suppliers based on a TENDER DOSSIER specifying the object of the tender, criteria to be evaluated and requirements for open or closed bids (to be opened by more than one person).
- 3.9. Quotations/bids under the direct purchase procedure will be evaluated using a QUOTATION REVIEW PROTOCOL and those for informal tender to be evaluated using the TENDER AWARD PROTOCOL.
- 3.10. The Council may grant the ED and management tender exemptions as and when required
- 3.11. On reaching a decision, a PURCHASE ORDER is raised.
- 3.12. All tender bids shall require provision of proof of company registration, tax registration, SSC registration and Employment Equity Commission Registration.

## 4. PURCHASE ORDER SYSTEM

### Objective

The purchase order system is to ensure that all goods and services are acquired with prior consultations and authorizations. This process ensures that goods and services are correctly, when necessary and for the purpose and benefit of the Council.

4.1 All goods and services shall be supported by a purchase order with exception of purchases with petty cash.

4.2 The pre-numbered and pre-printed purchase order shall have the following details at minimum:

- Company Logo.
- Company physical and postal address.
- Company contact numbers and the person(s).
- A pre-numbered reference.
- Supplier address and contact details.
- Supplier reference.
- Section describing goods and services required including quantities, prices and delivery dates.
- Section for company authorized signatory and company stamp.

### Procedure

4.3 The purchase order is prepared based on the purchase requisitions and request for quotations or any other sourcing or bidding methods in use by the Chief Control Officer.

4.4 A purchase order is 'ideally' signed by an authorized signatory either the Deputy Director of Finance and Administration or Executive Director or similar to the bank signatories. The main reason being that a purchase order creates an obligation for a company to pay in the future.

4.5 As security documents, purchase orders shall be kept in a lockable secure place as with cheque-books.

4.6 It is important to note that the purchase order doesn't replace the purchase requisitions and request for quotations or any other sourcing or bidding methods in use. The purchase order simply records the obligating event.

## 5. CONTRACTING PROCEDURES

### Policy Statement

#### Objective

To ensure that all purchases have adequate supporting documentation which clearly identifies the parties to a contract/purchases, the object of the contract, price and payment terms.

5.1 All purchases shall be supported by an independent supplier receipt, invoice or appropriate type of contract

5.2 All purchases shall be supported by appropriate proof of receipt of goods or services.

5.3 Requests for advances to be based on an Advance request form and new advances will not be processed unless previous ones are accounted for.

#### The Procedure

PURCHASE	CONTRACTUAL DOCUMENT
Supplies and services	Independent supplier invoice or receipt clearly reflecting** <ul style="list-style-type: none"><li>✓ Name and address of supplier</li><li>✓ Logo of Supplier</li><li>✓ Date of purchase</li><li>✓ Item/Service provided</li><li>✓ Quantity purchased</li></ul>
Supplies & services from suppliers without invoice/receipt e.g. rural supplier or traders	PURCHASE OF GOODS/SERVICES FORM
Labour payments	LABOUR CONTRACT
Consultancy payments	CONSULTANCY CONTRACT
Supplies contract	SUPPLIES CONTRACT
Presentations	HONORARIUM FORM
Travel and subsistence payments	TRAVEL & SUBSISTENCE FORM

## 6. PAYMENTS

### Policy Statement

#### Objective

*To ensure that all payments relate to legitimate expenditure and that all expenses are adequately supported by authentic documentation.*

- i. All payments shall be supported by adequate supporting internal and external documentation, which proves the authenticity of the payment.*
- ii. All documents relating to a payment (such as purchase order, quotations, invoice/contract and goods received voucher, Travel & Subsistence forms) shall be attached to the payment requisition voucher.*
- iii. All payments shall be made to the correct supplier as per invoice or contract*

### The Procedure

All processed documents shall be stamped "paid" to avoid reprocessing or double payments.

Type of payment	Initiation document
Cheque payment	CHEQUE REQUISITION FORM
EFT payment	EFT REQUISITION FORM
Petty cash payment	PETTY CASH VOUCHER

## 6.1 CHEQUES PAYMENTS PROCEDURES

- 6.1.1 All cheque payments are prepared by the Finance Officer.
- 6.1.2 All processed documents shall be stamped 'processed' to avoid them being reprocessed.
- 6.1.3 Full details of date, payee and amount shall be entered in the cheque stub/counterfoil.
- 6.1.4 The Deputy Director of Finance and Administration shall check and authorise all the vouchers.
- 6.1.5 All cheques will be co-signed by the Executive Director and any one Council member drawn from a panel of authorized signatories.
- 6.1.6 Suppliers who collect their cheques shall be requested to sign the requisition voucher as proof of receipt.
- 6.1.7 Cheque books shall be kept in lockable and secure drawers or cabinets or safe-room.
- 6.1.8 Cancelled cheques shall be attached to the cheque book stub for inspection.
- 6.1.9 Check requisition forms shall be filed in cheque number sequence for later procession into the ledger in the same sequence.
- 6.1.10 Returned bank cheques shall be attached to the cheque payment requisition forms.
- 6.1.11 No split payments are allowed.
- 6.1.12 All signatories shall be required to be in good credit standing and they shall sign a Creditworthiness Declaration annually.

## 6.2 PETTY CASH PROCEDURES

- 6.2.1 By necessity certain payments will require the use of cash. To avoid conflict of interests the float will be kept by an individual who is not frequently associated with cash usage.
- 6.2.2 The Finance Officer is the ideal custodian of petty cash
- 6.2.3 The Deputy Director of Finance and Administration will review petty cash use on claim of reimbursement of float and on a random basis as spot-checks.
- 6.2.4 All cash issues shall be signed for by the recipient as acknowledgement of receipt
- 6.2.5 For control purposes Petty Cash shall operate on an imprest system at a fixed float level.
- 6.2.6 Reimbursement for petty cash shall always be for the amount spent and supported by vouchers to restore the float to the authorised level such that at any time;  
 $\text{Vouchers} + \text{cash available} = \text{Authorised float}.$
- 6.2.7 Cash shortfalls will be settled by the custodian on the spot. This shall be considered a disciplinary issue if the occurrence is frequent.

## **6.3 EFT POLICY AND PROCEDURES**

### **6.3.1 General Policy**

- 6.3.1.1 This policy relates to electronic funds transfer (EFT) which is defined to be the transmission of an electronic message to a financial institution instructing it to make an electronic entry reflecting the transfer of ownership of funds from one depositor to another.
- 6.3.1.2 The Executive Director and the Deputy Director of Finance and Administration are responsible for the security and administration of EFTs and will provide EFT facilities for all appropriate banking institutions approved by the Council. Subject to the system security and other procedures outlined in this document, the Executive Director, Deputy Director of Finance and Administration or other individuals designated by the Executive Director are authorized to initiate EFTs.
- 6.3.1.3 Users of the EFT system should acquaint themselves with the regulations and risks relating to phishing and other online risks.
- 6.3.1.4 Any suspicious activities or spam requests should be reported in writing to the Executive Director and to the bank.

### **6.3.2 EFT between Council Bank Accounts**

Because EFTs between Council accounts have minimal risk, the Finance Unit may use EFT on a routine basis to concentrate funds for payment and investment purposes and to reallocate funds among investment accounts. Although risks are minimal for transfers between Council accounts, reasonable controls shall exist with regard to authorisation, reconciliation, and review of these transactions.

### **6.3.3 EFTs to Non-Council Bank Accounts (Vendors/Suppliers/Beneficiary)**

The procedure to initiate a repetitive EFT to an unrelated party is subject to the same financial policies, procedures, and controls that govern disbursement by cheque:

- 6.3.3.1 The Unit providing signature approval of the payment shall complete the Payment Requisition form complete with supporting documents: invoices, contracts etc and all crediting instructions with beneficiary bank name, bank code, account number, account name and any additional information as required attached to the form will be a copy of the electronic funds transfer instructions received from the vendor/supplier/beneficiary.

6.3.3.2 Once the Finance Officer has reviewed the form it will be sent to Deputy Director of Finance and Administration for approval and thereafter processing.

6.3.3.3 Before the EFT is made, the beneficiary details completed on a Beneficiary Data Form will be loaded by the Deputy Director of Finance and Administration; and authorized by the Executive Director. This data will form static beneficiary information for future transfers. This information loaded in respect of the beneficiary will stay active unless the same process is completed to delete or change. The beneficiary information shall be supplied on signed letterhead or a crossed vendor cheque.

6.3.3.4 In some instances beneficiaries are treated as non-repetitive; hence their information will be deleted after money transfer. An Amendment to Beneficiary Data Form is completed by the Deputy Director of Finance and Administration; and the approval and authorization of changes made by the Executive Director.

#### **6.3.4 EFT Payment Procedure Step-By-Step**

**Step 1** - Approved payment request is submitted to the Finance Officer for uploading. The Finance Officer is only authorized to upload a transaction and not to initiate payment.

**Step 2** - The Deputy Director of Finance & Administration will then review the payment as authorised against the payment voucher and when satisfied with all the supporting documents, initiate the payment by providing the first payment authorisation.

**Step 3** - The Executive Director acts as the 'gatekeeper' as s/he will provide the second and final payment authorization. The Executive Director will perform a final review of all documents.

**Step 4** - A proof of Transfer Receipt is then printed and signed for by the Deputy Director of Finance & Administration and the Executive Director as proof of successful EFT.

#### **6.3.5 EFT System Security Policy**

The following policies will guide Council Security Administrators, as well as authorized individuals and Units utilizing any portion of the EFT system. The EFT system is defined to include equipment, procedures and personnel used to send or receive transmissions related to maintaining and monitoring Council's cash balances.

### 6.3.6. Security Administrator Responsibilities

In the absence of a dedicated IT or Security Administrator; the Deputy Director of Finance & Administration is responsible for the following: to protect the integrity of system user profiles. This includes assigning system IDs to users, changing user IDs as necessary, determining how frequently users must change passwords and assisting users with technical problems related to the EFT system. In addition, as specified by the Executive Director, the Security Administrator will assign users access to functions. The Security Administrator is authorised to lock out personnel as directed by the Executive Director.

### 6.3.7 EFT System Security Procedures

- 6.3.7.1 All persons using the EFT system must be assigned individual user IDs by the Security Administrator. No Unit IDs will be assigned. Under no circumstances shall IDs be shared.
- 6.3.7.2 All persons using the EFT system will be required to use passwords to gain access to EFT systems. Under no circumstances shall passwords be shared or exchanged or transferred or borrowed.
- 6.3.7.3 Any personnel outside of Financial Services must receive specific written authorisation from the Executive Director to initiate or confirm electronic funds transfers. This authorisation shall be requested by the Unit head and directed to the Deputy Director of Finance & Administration
- 6.3.7.4 Personnel authorised to complete non-repetitive EFTs will be authorised to initiate or confirm an EFT. They will NOT have the authority to initiate and confirm the same wire transfer.
- 6.3.7.5 All EFTs shall be initiated by computer-based systems. No phone transfers shall be used.
- 6.3.7.6 Computers used for EFT activity shall be located in a secure area that is restricted access to authorised personnel only.
- 6.3.7.7 The Finance Unit will be responsible for the timely review and reconciling of all EFTs.
- 6.3.7.8 Login access shall be via typed website not short-cuts.
- 6.3.7.9 The number of users shall be limited depending on the number of EFT transfers.

## FIXED ASSETS

Objective:

To ensure correct recording of fixed assets and to perform regular checks and inspections on the continuing existence of such assets.

7.1 All fixed assets will be capitalised on purchase date.

7.2 All assets to be depreciated over their useful lives.

7.3 The Finance Unit shall maintain a computerised database record of all fixed assets under its custody.

7.4 Every year the Finance Officers shall perform an exercise to physically verify the existence of all the fixed assets.

### The Procedure

Step	Responsibility	Reference
1. Enter/update Fixed assets database	Chief Control Officer	Fixed assets database
2. Produce list of assets from database and verify identity and existence of assets	Chief Control Officers	Once every year

A FIXED ASSET REGISTER shall be maintained for each asset item reflecting the movements for the particular asset. Movements include at purchase, allocation, disposal, asset moved between offices or staff members. This register will record important information about each asset, such as:

7.5 Asset Name and Unique number reference.

7.6 Asset Cost.

7.7 Asset Location/Asset Custodian.

7.8 Asset Description.

7.9 Asset's serial number, which is the identification number assigned to the asset by its manufacturer.

7.10 Asset's acquisition date and supplier - record any special warranty conditions.

7.11 Asset's useful life, which is the period over which the asset will be depreciated.

7.12 Depreciation method.

7.13 Asset current book value.

7.14 All asset disposals for damaged or excess or unused assets shall be approved by the Council. The sale of these assets shall be by way of public closed bids.

## 8. TRAVELLING AND SUBSISTENCE REGULATIONS

### Policy Statement

#### Objective:

*To ensure that valid NCHE staff expenses for accommodation and meals whilst out of station during the day and overnight on NCHE business are paid for by the Council.*

*8.1 Proved and unproved allowances shall be reviewed by Management*

*8.2 Limits on proved and unproved allowances shall be approved by the Council and circulated to every staff member.*

### The Procedure

#### Proved and unproved basis

Travel and subsistence expenses (**accommodation and food**) will be on a **proved basis** or **unproved basis** but an individual cannot mix the two - i.e. proved basis is where a staff member produces proof of expenditure by way of an invoice or receipt.

**Guidelines for travel and subsistence are similar as per the State-owned enterprises as directed by Treasury Instruction from time to time.**

In general however,

8.3 No alcoholic beverages shall be paid for by the NCHE.

8.4 Travel and Subsistence claims shall be made on the TRAVEL AND SUBSISTENCE ADVANCE FORM which must be approved and signed by the immediate supervisor.

#### Authorisation of Trips

8.5 All trips involving overnight accommodation shall receive approval by the Executive Director prior to undertaking the trip (or immediate supervisor).

8.6 Executive Director Trips are approved by Chairperson of Council.

8.7 Travel and Subsistence claims can only be settled by use of a TRAVEL AND SUBSISTENCE ADVANCE and shall be supported by authentic invoices and/or receipts where applicable. Any unproved expenses or those not supported by authentic documents will be deducted through the payroll or reimbursed by the employee.

8.8 VEHICLE LOG BOOKS shall be used to reconcile Travel and Subsistence and per diems claims.

## **9. VEHICLE REGULATIONS**

### **9.1 Application**

- 9.1.1 These regulations apply to all vehicles registered in NCHE's name.
- 9.1.2 These regulations shall apply to all NCHE employees.
- 9.1.3 The provision of NCHE vehicles is a privilege and not a right. It shall be noted therefore that work requirements for vehicle use take first priority over all other requirements.
- 9.1.4 NCHE vehicle regulations do not supersede or replace the National Traffic Regulations and Laws. That is, in addition to the NCHE vehicle regulations, an employee driving an NCHE vehicle shall observe vehicle regulations as stipulated in the Road Motor Act or related Acts and Municipal by-laws.

### **9.2 Acquisition**

- 9.2.1 The authority to acquire or dispose of any vehicles is vested in the Executive Director and the Council.

### **9.3 . Custodian of NCHE vehicles**

- 9.3.1 Overall, the Executive Director is the custodian of NCHE vehicles, and shall enforce the vehicle regulations through the Chief Control Officer.

### **9.4. Valid Driver's license**

- 9.4.1 No employee shall use a NCHE vehicle for driving lessons or driving tests.
- 9.4.2 Only employees with a valid clean driver's license shall be authorised to drive NCHE vehicles and such employees may be sent for defensive driving courses from time to time.
- 9.4.3 All employees shall have a minimum of 3 (three) years driving experience before they are allowed to use NCHE vehicles.
- 9.4.4 Any driver who requires to drive groups of staff will be required to have the PDP license.
- 9.4.5 The Chief Control Officer shall inspect all drivers' licenses regularly to ensure that they are still valid.

### **9.5 Authorised trips**

- 9.5.1 An employee authorised to drive a NCHE Secretariat vehicle shall not transfer that authority to another employee or any other person outside NCHE Secretariat, except in the event of a sudden or disabling illness or injury or in the case where driving is authorized to be shared between two or more officers travelling together on the same trip.
- 9.5.2 No unauthorized passengers shall be allowed in NCHE Secretariat's vehicles and
- 9.5.3 All non-NCHE employees shall sign indemnity forms

## **9.6 Use of vehicles**

9.6.1 Vehicles shall be used only on NCHE business.

9.6.2 The most normal and practical route to the intended destination must be chosen for each trip.

9.6.3 Unnecessary trips, as well as single-errand trips must be avoided.

## **9.7 Log sheets**

9.7.1 Applicable to all vehicles.

9.7.2 All vehicles shall have a log book which shall be completed after every trip in full.

9.7.3 The log books are to be reviewed by the Chief Control Officer to ensure correct use of such vehicles for example to comparing/reconciling with fuel records.

## **9.8 Suspension from use of NCHE vehicles**

9.8.1 The privilege of business use of an NCHE vehicle may be suspended by the Executive Director for any or a combination of the following reasons, among others:

- Misuse and/or abuse of the vehicle;
- Reckless or negligent driving under the influence of intoxicating substances;
- Frequent failure to complete the log-books',
- Accidents for which the employee is to blame;
- When employee is guilty of personal use of NCHE vehicle; and.
- Inability to secure the vehicle (See parking guidelines below).

## **9.9. Parking Guidelines**

9.9.1 All NCHE vehicles shall as much as practical be parked at secure parking places.

9.9.2 It is the responsibility of the employee to ensure that there is adequate security.

9.9.3 Drivers shall ensure that all car doors are lockable and that alarm systems are working.

## **9.10 Regular checks**

9.10.1 Regular vehicle checks will be done by the NCHE driver who will make weekly written reports to the Chief Control Officer.

9.10.2 Once a week, the Driver shall check and compile a form on every vehicle in respect of: -

- Mileage incurred for the period;
- Oil and coolant level;
- Battery and radiator water levels;
- Any new damages to the body and/or paint work and report the cause thereof;.
- The last driver to complete the log book;
- Jack, spare wheel and vehicle tools.

9.10.3 The Driver shall check whether or not the vehicle is due for service, or if so, ensure that the vehicle is serviced before it is driven on normal duties.

9.10.4 An employee intending to use an NCHE vehicle must also carry out the above checks and before driving off, report any anomalies.

### 9.11 Spare keys.

9.11.1 All spare keys shall be kept by the Chief Control Officer under lock and key.

### 9.12 Use of own vehicle on NCHE business.

9.12.1 Use of personal vehicles for NCHE business is prohibited because it inherently creates a conflict of interests. It shall however be allowed only when the NCHE vehicle is not available and other means of transport are not available.

9.12.2 In the unusual event of using a personal vehicle on NCHE business the rate to be applied shall be the applicable GRN rate.

### 9.13 Accidents

9.13.1 *An accident involving an NCHE vehicle must be reported by the driver to the Police as soon as is reasonably practical but in any case within 24 hours after the accident.*

9.13.2 *Subsequently, the following documents shall be submitted to the Deputy Director of Finance & Administration not later than 2 (two) days after the accident.*

- An accident report stating what transpired.
- A police report from the person involved in the accident.
- Depending on the severity of the damage, three written quotations on repair costs from three registered garages or panel beaters.
- A copy of the driver's license.

9.13.3 On the information available from the Police Report, and the employee's report the Executive Director shall decide whether the driver shall continue to drive NCHE vehicles or not.

9.13.4 Where the driver was negligent, he/she will be required to pay 100% of the excess amount charged on NCHE by the Insurers.

9.13.5 The vehicle in question shall not be sent for repairs until the Insurers have authorised the repairs.

#### **9.14. Servicing / maintenance of vehicles**

9.14.1 All servicing, maintenance and repair work shall be authorised by the Deputy Director of Finance & Administration after consulting the Executive Director prior to work being carried out.

9.14.2 All work shall be carried out at authorised garages /service providers. NCHE will not be liable to payment of work carried out by unauthorised service providers.

9.14.3 The Chief Control Officer shall maintain repair and servicing records of all vehicles and shall advise on when vehicles are due for service.

#### **9.15 Administration**

The Chief Control Officer shall ensure that each vehicle shall have its own set of the following:

9.15.1 Spare wheel;

9.15.2 Jack and lever;

9.15.3 Wheel spanner;

9.15.4 Overalls /dust coat;

9.15.5 First aid kit;

9.15.6 Fire extinguisher;

9.15.7 Drivers shall ensure the safe custody of tool and spanner kits and any other spares.

Loss of these due to negligence will require the concerned employee to replace them.

9.15.8 All vehicle registration books shall be kept in lockable custody by the Deputy Director of Finance & Administration and will only be released for specific purposes.

9.15.9 The Deputy Director of Finance & Administration shall be responsible for licensing and insuring of all the vehicles.

## 10. FINANCIAL & MANAGEMENT REPORTING PROCEDURES

### Policy Statement

#### Objective:

*To ensure that accounting records are accurately and timeously updated and critical monitoring reports produced every month.*

*10.1 The Council shall maintain computerised accounting records using Pastel Software.*

*10.2 The Council shall operate on a April to March financial year.*

*10.3 Bank reconciliations for all accounts will be performed by the 1st week of each subsequent month and shall be reviewed and endorsed by the Deputy Director of Finance & Administration.*

*10.4 Monthly management accounts shall be availed by the end of the second week of each subsequent month.*

### The Procedure

Step	Responsibility	Timing
1. Process all accounting entries in Pastel Ledger	Performed by: Finance Officer Reviewed by DD Finance & Administration	Weekly
2. Perform Bank reconciliations and produce trial balance and general ledger report	Performed by Finance Officer Reviewed by DD Finance & Administration	Within the first week of each month end
3. Compile monthly management reports with variance analysis.	DD Finance & Administration	By the end of second week of each month
4. Compile consolidate NCHE Monthly report	Executive Director	By the end of third week of each month end
5. Presentation / Review /discussion of Consolidate Reports	Audit & Finance Committee	As determined by the Council

## 11. YEAR END & AUDIT PROCEDURES

### Policy Statement

#### Objective:

To ensure that the Council is audited annually by a certified public auditor and the reports shared with all Stakeholders.

11.1 External Auditors shall be appointed by the Council to perform annual audits of NCHE.

11.2 The External Audit shall be finalized by the 3rd month after each year end.

### The Procedure

Activity	Timing
1.Preparation of audit file inclusive of all audit schedules and draft accounts	By 6 <sup>th</sup> week after each year end
2.Performance of audit and production of certificate and Management report	By 8 <sup>th</sup> week after each year end
3.Presentation and adoption by Council and its Committees	By end of 12 <sup>th</sup> week after each year end
4.Circulation to Stakeholders	Week 13

### Purpose of External Audit

11.3 An external audit is an independent examination of the financial statements prepared by the Council.

11.4 The purpose of an external audit is to verify that the annual accounts provide a true and fair picture of the Council's finances, and that the use of funds is in accordance with the aims and objects as outlined in the constitution and other stakeholder requirements.

## **An Auditor's Checklist**

### **A: Primary records of account:**

- 11.5 Bank Book and Petty Cash Book completely up to date to the year-end;
- 11.6 File of invoices/vouchers for all items of expenditure;
- 11.7 File or book of receipts for moneys received ;
- 11.8 Bank statements, paying in slips and cheque books;
- 11.9 Wages book and records;
- 11.10 General Ledger.

### **B: Summaries and reconciliation statements:**

- 11.11 A Trial Balance and/or a summary of all receipts and payments by budget category
- 11.12 Bank reconciliation statements for all bank accounts at the year-end cut-off date
- 11.13 Petty cash reconciliation statement to the year-end cut-off date
- 11.14 Stock sheets

### **C: Schedules:**

- 11.15 Schedule of Creditors (money owed by the organization)
- 11.16 Schedule of Debtors (money owing to the organization)
- 11.17 Schedule of Grants Due
- 11.18 Schedule of Grants Received in Advance
- 11.19 Fixed Assets Register

### **D: Other information:**

- 11.20 A letter from bankers to confirm balances [this will be requested by the auditors themselves];
- 11.21 Constitution of the Council;
- 11.22 List of Committee members and staff;
- 11.23 Minutes of Council and management meeting;
- 11.24 Funding and Grant agreements and audit requirements.

## **12. DUTIES OF THE KEY FINANCE STAFF - DEPUTY DIRECTOR FINANCE AND ADMINISTRATION**

### **12.1 Job purpose**

12.1.1 To be responsible and accountable for all aspects of NCHE finances.

12.1.2 The incumbent is given the responsibility of overseeing the management of finances, setting and maintaining systems of financial control, facilitating financial training and to be the Council's advisor on all issues related to finance.

### **12.2 Specific duties**

12.2.1 To set systems for handling of funds in all offices and programmes ensuring that there are adequate safeguards and controls.

12.2.2 To set up a strict financial reporting system and optimise the application of information technology systems.

12.2.3 To set up controls over NCHE assets at all structures.

12.2.4 To appraise and advise on all capital projects to be implemented by NCHE ensuring that they are adequately funded.

### **12.3 Financial management of NCHE funds**

12.3.1 To monitor cash flow management and authorise investment of surplus funds in conformity with donor requirements.

12.3.2 To monitor the debtors position.

12.3.3 To authorise all payments ensuring compliance with laid down policies and procedures.

12.3.4 To approve and monitor all Units and Council budgets through monthly financial reports.

### **12.4 Monitoring the state of finances for all Offices and funded projects.**

12.4.1 To receive and review financial reports for all Offices/programmes monthly.

12.4.2 To appraise the relevant Committees and the Council regarding the afore-stated.

### **12.5 To manage internal and external audit functions.**

12.5.1 To oversee the work of the Internal Auditor and follow up on issues arising from the internal audit reports.

12.5.2 To ensure that External audits are performed timeously.

12.5.3 To follow up on all issues arising from External Management letters.

12.5.4 To ensure that all programmes are audited timeously and to follow up on major issues arising.

## **12.6 Financial training for Finance Staff**

12.6.1 To facilitate seminars at least one seminar per year for Finance Staff.

12.6.2 To facilitate induction of all new employees.

## **12.7 To spearhead and oversee the management of income generating projects**

12.7.1 To facilitate feasibility studies and appraisal of all investment projects.

12.7.2 To oversee the financial performance of NCHE properties and investments.

## **12.8 To supervise the Finance Unit**

12.8.1 To oversee the work of the Finance Officer and all other Staff ensuring that performance targets are attained.

12.8.2 To ensure that all queries are timeously and satisfactorily resolved.

## **12.9 To keep the Executive Director, Executive Committee and relevant Committees advised on all relevant issues.**

12.9.1 To keep the Executive Director and Executive Committee appraised on all major issues relating to the NCHE finances.

12.9.2 To ensure that Committees are timeously presented with accurate financial reports.

12.9.3 To facilitate or assist with presentations to the Council.

## **13. FINANCE OFFICER**

### **13.1 Job purpose**

To ensure the maintenance of accurate financial records and preparation of financial reports for the Council and project funds; and to facilitate administration of the pension funds, social security, insurance, medical aid and funeral aid.

### **13.2 Accounting**

13.2.1 Oversee the maintenance of computerised accounting record.

13.2.2 Review bank reconciliations for all the bank accounts.

### **13.3 Financial reporting**

13.3.1 Facilitate the preparation of monthly financial reports for all the projects to be presented to the Deputy Director of Finance & Administration and shared with the relevant Units.

13.3.2 Assist in the preparation of consolidated monthly financial reports (income statement & balance sheet) for management.

13.3.3 Assist in the preparation of year-end financial reports (for audit).

13.3.4 Assist in the prepare financial statements for submission to stakeholders.

### **13.4 Budgeting and budgetary control**

13.4.1 To assist in preparation of the Annual budgets for all Units.

13.4.2 To assist in implementing a system of budgetary control to enable all Units to monitor actual expenditure against budgets.

### **13.5 Cash flow management**

13.5.1 To administer cash flows for all units recommending investment of surplus cash.

13.5.2 To maintain an investment register for all investments.

13.5.3 To ensure that funds are received timeously from both internal and external debtors.

13.5.4 To oversee banking procedures ensuring that all funds are banked intact.

### **13.6 Internal control systems**

13.6.1 To facilitate checking of all transactions ensuring propriety, validity and accuracy.

13.6.2 To facilitate checking of payment requisitions ensuring compliance with set policies and procedures.

13.6.3 To ensure that items raised in internal audit reports are addressed timeously.

### **13.7 Purchasing procedures**

13.7.1 To facilitate that purchasing procedures are in accordance with laid down procedures and that NCHE is purchasing from the most advantageous source.

13.7.2 To ensure that creditors are paid timeously.

13.7.3 To oversee the receiving and issuing of stocks on a perpetual system and ensure quarterly stock takes.

### **13.8 External audits**

13.8.1 To prepare audit files for all units.

13.8.2 To facilitate external audits of all units.

13.8.3 To ensure that items raised in management reports are addressed timeously.

### **13.9 External and internal queries**

13.9.1 To facilitate responses to external queries.

13.9.2 To provide advice and support to other departments and programs on financial matters.

### **13.10 Vehicles**

13.10.1 Facilitate the implementation of vehicle management procedures as detailed in the vehicle procedures.

13.10.2 To prepare mileage reports monthly.

### **13.11 Insurance**

To facilitate the insuring of all NCHE assets and processing of insurance claims

### **13.12 Payroll**

13.12.1 To ensure the timeous processing of the monthly payroll

## 14 DUTIES OF THE AUDIT & FINANCE COMMITTEE

### 14.1 Policy Statement

#### Objective:

14.1.1 *To ensure that the Council's audit and finance committee meets on a regular basis to have a knowledgeable review of the state of affairs of the Council before reporting to the board.*

14.1.2 *The Audit & Finance Committee is an important Sub-Committee whose major role is to oversee the Finance and Audit Functions and to maintain a conducive control environment.*

### 14.2 The Procedure

14.2.1 The Committee shall comprise at least 5 members

14.2.2 The Committee's operation shall be guided by the **'Terms of Reference for the Audit & Finance Committee Document'**

### 14.3 Audit functions

14.3.1 To ensure that the Council has sound and adequate systems of internal control.

14.3.2 To receive audit Management reports and ensure that all anomalies are addressed timeously.

14.3.3 To receive internal audit reports regarding the status of internal controls.

14.3.4 To commission specific investigations into any areas deemed necessary.

14.3.5 To liaise and consult External Auditors on any issues.

14.3.6 To ensure that audit deadlines are being met.

### 14.4. Finance functions

14.4.1 To receive quarterly and annual financial statements and recommend them for Council adoption.

14.4.2 To ensure that expenditures are within approved budgets or Finance agreements and work plans.

14.4.3 To monitor the cash flow status of the Council and its projects.

14.4.4 To assist with the technical evaluation of work programmes when requested by the Council.

14.4.5 To review the Finance Policies and procedures and propose changes particularly in relation to monetary limits.

## **Bibliography**

- State Finance Act
- Treasury Instructions
- NCHE Policy Guidelines
- Pearson Corporate FIMA Guidelines
- Best Practice Reference Documents



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