

FINANCIAL REGULATIONS

1 DEFINITIONS

- 1.1 The 'Council' shall be the Council of the Mzuzu University as constituted by the Mzuzu University Act 1997.
- 1.2 The 'Finance Committee' shall be that committee appointed by the Council.
- 1.3 The 'Vice Chancellor' shall be the person appointed by the Council to that post and includes any person duly appointed to act for him or her during his absence.
- 1.4 The 'University Registrar' shall be the person appointed by the Council of the University to that post, and includes any person duly appointed to act on his or her behalf.
- 1.5 The 'Finance Officer' shall be the person appointed by the Council of the University to that post and includes any person duly appointed to act on his or her behalf.
- 1.6 The 'Accounting Officer' shall be the Vice Chancellor or any person appointed by the Vice Chancellor to act for him or her during his or her absence
- 1.7 The 'Imprest Holder' shall be an officer of the University who has at his disposal a specified sum of money for disbursement on University business.
- 1.8 The Vice Chancellor shall appoint Cost Centre Managers who will incur expenditure under the sub-heads indicated in the budget.

2 THE DUTIES OF THE VICE CHANCELLOR

- 2.1 The Vice Chancellor shall be responsible to the Council for the implementation of the financial decisions of the Council.
- 2.2 The Vice Chancellor shall be the Accounting Officer of the University and shall be responsible for promoting and maintaining the efficiency of the finances and accounts of the University.

3 THE DUTIES OF THE FINANCE OFFICER

- 3.1 The Finance Officer shall be the principal fiscal officer of the University, and shall be responsible for the keeping of the accounting records, and for all the financial matters both revenue and capital of the University, and for maintaining internal controls

for which purposes he shall, under the direction of the Vice Chancellor, or any person duly appointed to act on his/her absence shall have access to such accounts as he/she may require.

- 3.2 He/she shall be responsible for issuing a monthly statement to the Vice Chancellor, and Cost Centre Managers, which shall show the amount allocated to each recurrent account, the expenditure incurred and commitments entered into up to the end of the current month, the unspent balances in each account, the actual accounts collected and any other financial information required to enable them to discharge their responsibilities.
- 3.3 The Finance Officer shall be responsible for issuing to Cost Centre Managers statements relating to their financial responsibilities.
- 3.4 The Finance Officer shall be responsible for ensuring that the Vice Chancellor is supplied with all information necessary to discharge his/her responsibilities relating to the financial matters of the University.
- 3.5 At least five months before the commencement of any financial year, the Finance Officer shall prepare annual estimates of revenue and expenditure of the University for the ensuing financial year for consideration and recommendation by the Finance Committee and approval by the Council.
- 3.6 The Finance Officer shall be responsible for the administration of the insurance policies and any other funds administered by the University.
- 3.7 The Finance Officer shall ensure that orders made out by Cost Centre Managers do not exceed the allocated vote(s) before authorization for procurement is made.
- 3.8 The Finance Officer shall supervise maintenance and domestic services.
- 3.9 The Finance Officer shall keep proper accounts, and as soon as is practicable within six months after the end of each financial year shall produce for the inspection of the auditors a statement of Income and Expenditure and a statement of assets and liabilities of the University as at the end of the financial year.
- 3.10 Generally, the Finance Officer shall have the responsibility of managing the financial affairs of the University with strict regard for economy, and shall inform the Vice Chancellor if, in his opinion any Cost Centre Manager fails to respond satisfactorily to advice and direction regarding the efficient and economical discharge of the

Cost Centre Manager's responsibility. The Finance Officer shall institute such systems to ensure that there is internal control and efficiency in the keeping of the accounting records.

4 AUTHORITY FOR AND CONTROL OF EXPENDITURE

- 4.1 The Annual Budget as approved by the Council shall constitute the authority necessary for charging of expenditure to funds of the University.
- 4.2 The Cost Centre Manager shall be aware of the specific purpose or purposes for which allocation is made available and of the necessity for complying with the instructions in the budget. A Cost Centre Manager is to regulate his expenditure so as to ensure that the amounts allocated to him are not exceeded or exhausted prematurely.¹
- 4.3 Application for additional provision shall be made by the Cost Centre Manager, to the Finance Committee through the Vice Chancellor.
- 4.4 No application for additional provision will be entertained unless it relates to urgent expenditure which was unforeseeable at the time the estimates were prepared and which cannot be postponed for consideration in the following financial year without serious injury to University interest. It must also be shown that this urgent expenditure could not have been met by curtailing expenditure chargeable against monies provided under a similar item of the budget. It is the duty of the Cost Centre Manager to effect all possible savings and the fact that savings may be available under other items cannot be advanced as a justification for additional provision, unless it can be clearly established that the savings accrue directly as a result of the proposed additional expenditure.
- 4.5 No commitments are to be incurred until authority for additional expenditure has been granted by the Finance Committee of Council.
- 4.6 A Cost Centre Manager shall be personally responsible for any unauthorized expenditure resulting from carelessness or negligence on his or her part.
- 4.7 Where savings are guaranteed to cover the additional provision required, the following regulations for virements will be adhered to:
 - a) A Cost Centre Manager may vire funds within heads of estimates (i.e. within and between items and sub-heads) up to a limit of K10,000 provided that they may not vire to or

from funds approved for salaries, superannuation, gratuities, student allowances, special expenditure and research.

- b) The Vice Chancellor may vire funds within a cost centre or other accounting unit up to a limit of K500,000 provided that he or she may not vire to or from funds approved for salaries, superannuation, gratuities, student allowances, special expenditure and research.
 - c) Virement to head, sub-head or item for which no funds have been approved, shall be made only by the Finance Committee of Council
 - d) All powers of virement not set out above are reserved to the Finance Committee of Council.
- 4.8 In case where the Appointments Committee has failed to make an appointment to an established post, or the appointee cannot take up his post at the time envisaged in the estimates, the Cost Centre Manager may propose to the Vice Chancellor that the resultant savings on salary or wages be used to appoint staff on temporary basis to fill the gap where the vacancy exists and the Vice Chancellor may approve such proposals.
- 4.9 The authority conveyed by the budget estimates automatically lapses on the last day of the financial year unless an earlier date has been indicated by the Council.
- 4.10 Savings of recurrent expenditure shall not be carried from one financial year to the next.
- 4.11 In order to ensure strict control of expenditure and proper keeping of accounting records, no charges shall be made against any vote except for the specific purpose for which provision has been made and expenditure is to be charged against the appropriate item.
- 4.12 A Cost Centre Manager unable for any period to discharge their responsibilities shall delegate them to the next most senior member of staff in their department and shall inform the Vice Chancellor and the Finance Officer in writing.

5 PREPARATION OF ESTIMATES OF RECURRENT EXPENDITURE

- 5.1 At least six months before the commencement of any financial year, the Finance Officer shall request Cost Centre Managers and other Accounting Officers to submit new expenditure proposals for the ensuing financial year.

- 5.2 On receipt of the proposals, which shall be submitted within six weeks of the request from the Finance Officer, the Finance Officer shall prepare draft estimates to be submitted to the Senate for scrutiny and consideration. The Senate will make recommendations to the Finance Committee on the draft estimates.
- 5.3 The annual estimates shall be prepared to contain provision for all estimated expenditure during the ensuing financial year.
- 5.4 The Finance Committee shall scrutinize the draft estimates, consider priorities and recommend to Council for approval.
- 5.5 No expenditure shall be incurred for the purpose of the University except in accordance with the provisions of the annual estimates or in accordance with the provision of any supplementary estimates approved by the Council.
- 5.6 The Finance Officer shall submit revised Annual Estimates for the current financial year to that meeting of the Finance Committee of council which is to consider the draft estimates for the following financial year.

6 ESTIMATES OF CAPITAL EXPENDITURE

- 6.1 Proposals relating to capital programme shall be considered by the Senate before they are brought to the Finance Committee of Council for consideration.
- 6.2 A Cost Centre Manager shall submit their proposals for capital development to the Finance Officer who shall submit them to the Senate for consideration.
- 6.3 The Finance Officer shall be the Vote-Holder of all development funds and shall also be responsible for the detailed execution of the capital programme.
- 6.4 The engagement of Architects, Quantity Surveyors and other professional Consultants shall be in writing under a resolution of Council. The Finance Officer on behalf of Council shall give a brief on the financial limits to the Architects.
- 6.5 Contracts for the construction of buildings and earthworks shall be in writing and executed under the common seal of the Council.
- 6.6 Contracts for construction of buildings and earthworks shall normally be let by process of invitation to firms selected by the Development Committee taking into account the recommendation

by responsible Architect to submit tender on the basis of priced bills of quantities.

- 6.7 Where, in respect of relatively small works not exceeding K750,000, the Development Committee considers it in the University's interest to do so either for reasons of economy, to save time, or because no other firm has the requisite skills and equipment, it may be resolved that a contract be negotiated rather than let by tender. Negotiated contracts may be either in approved form under the common seal of the Council, or by variation order by addition order under an existing contract.
- 6.8 The Development Committee may direct that minor construction be executed by the University's maintenance section.
- 6.9 The Finance Officer may place orders for furniture and equipment within the approved allocations either by inviting tenders for supply or by direct order upon reputable suppliers as may be seen most economical and expedient.
- 6.10 The Finance Officer shall require the responsible Architects to submit at monthly intervals, running financial estimates of the cost of works under contract and priced copies of all variation orders, omission orders or addition orders as they are issued. He shall require the Architects to consult with him before any use is made of the contingency sum provided in the Bills of Quantities.
- 6.11 The Finance Officer shall require the Architects and Quantity Surveyors to provide estimates of their professional fees estimated upon the basis of the contract sum, and shall scrutinize all notes of fees and expenses submitted before sending them for payment.
- 6.12 The Finance Officer shall authorize the payment of retention monies when satisfied that the contractor has fully discharged his liability to remedy defects.

7 INCOME

- 7.1 The Finance Officer shall be the Official Receiver of the University funds and shall appoint revenue collectors.
- 7.2 The Finance Officer, in conjunction with Cost Centre Managers concerned, shall make and maintain adequate arrangements for;
 - a) the financial organization, accounting and book-keeping necessary to ensure the proper recording of all sums due to the University and`

- b) collection, custody, control, disposal and proper accounting of all cash for which the Cost Centre Manager is responsible.
- 7.3 Particulars of all charges to be made for work done, services rendered, or goods supplied by various Faculties, Institutes, Centres, Departments and Sections of the University shall be promptly notified to the Finance Officer for the purpose of raising charges to parties concerned.
- 7.4 The Vice Chancellor and Cost Centre Managers shall notify the Finance Officer of all monies due to the University under agreement prepared in their departments (including contracts, leases, tenancy agreements, agreements for sale of property, and any agreement which involves the receipt of money by the University) and as early as possible a copy of each of the completed documents or sufficient abstract thereof including statements in respect of all purchases and sale of property shall be forwarded to the Finance Officer.
- 7.5 Sums due to the University shall not be written off in the accounts except after the Finance Committee has given the necessary authority.
- 7.6 The Finance Officer is the only custodian of the University funds. Cost Centre Managers are to take all proper steps within their powers to collect University money which they are appointed to receive and remit the same within two days to the Finance Officer.
- 7.7
- a) every sum received on behalf of the University by a cashier or other authorized employee of the University shall be immediately acknowledged by the issue of an official receipt, ticket or voucher. The official receipt must be completed by the receiving officer, signed and dated in indelible writing.
 - b) No form of receipt, ticket or voucher is to be used without authority of Finance Officer who will arrange for the printing of all forms of receipt, ticket or voucher and ensure that they are serially numbered, recorded and controlled.
 - c) When a cheque is received, the number of the cheque is to be quoted on the receipt.
 - d) The public should be informed by a notice that an official receipt must be obtained for any sum paid to the University.
- 7.8 Every transfer of University funds from one employee of the University to another shall likewise be immediately acknowledged

by the issue of a receipt, or in appropriate cases, by signature in the cash accounting records.

- 7.9 All money received on behalf of the University by any Faculty, Institute, Centre, Department or Sections shall be deposited with the Finance Officer or with a person appointed by the Finance Officer, provided in special cases, by arrangement with the Finance Officer, such monies shall be deposited direct within two days or such shorter period as directed by the Finance Officer.
- 7.10 All cheques for the University should be addressed to Mzuzu University. Cheques received shall be immediately crossed "Not negotiable account payee only".
- 7.11 The Finance Officer shall pay promptly into the University's bank account daily all monies received by him or her.
- 7.12 In all cases however, where value is to be given in return for a cheque and there is doubt that the cheque will be honoured then cash should be demanded. An officer may be held responsible for any loss if he has not taken reasonable precautions.
- 7.13 Each Cost Centre Manager who receives money on behalf of the University for which he is accountable to the University, shall keep Such records in connection therewith as may from time to time be approved by the Finance Officer, including an accurate chronological account of all receipts and deposits.
- 7.14 All official receipt forms, books, vouchers and tickets shall be in an approved form and all such forms, books tickets, vouchers, licences and coupons for which fees are chargeable shall be ordered, controlled and issued to Cost Centre Managers by the Finance Officer and all receipts and issues thereof shall be properly recorded and acknowledged.

8 BANK ACCOUNTS

- 8.1 The Finance Committee of Council shall arrange for such Bank Accounts to be kept as may be deemed necessary from time to time.
- 8.2 Cheques shall be signed by such persons as the Finance Committee of Council shall from time to time designate.
- 8.3 Levels of authority to sign cheques from Capital Development and Recurrent accounts shall be set by the Finance Committee.

9 PAYMENTS OF ACCOUNTS

- 9.1 All requisitions for payments of whatever nature shall be supported by Vouchers. These shall contain full particulars of the service for which payment is being made and a reference to the authority for the expenditure.
- 9.2 All accounts for payment shall be checked in the spending departments and copies of the corresponding orders shall be marked to show that the account has been passed for payment. A Cost Centre Manager initiating a purchase requisition shall be responsible for the examination, verification, and indicate certification of the relative invoices. The certification shall indicate that:
- a) Such account has been checked against official order.
 - b) Goods have been received, examined and approved as to quality and quantity or the work has been done satisfactorily.
 - c) Prices are correct and in accordance with contracts or quotations where appropriate, also that arithmetic is correct and the appropriate discounts have been deducted.
 - d) An account for the goods or services in question has not previously been passed to the accounts office for payment.
 - e) The proper entries have been made in inventories or stores records by the Stores Officer.
- 9.3 The certification of an internal requisition shall be made by the Cost Centre Manager or by a member of staff authorized by him or her to do so.
- 9.4 A Cost Centre Manager shall indicate on each internal requisition by use of codes shown in the estimates, the expenditure headings to which the account should be charged.
- 9.5 The Finance Officer shall examine so far as he considers necessary, certified amounts passed to him for payment and he shall be entitled to receive such information and explanations as he may require.
- 9.6 No person shall be permitted to authorize a payment voucher which is made payable to himself/herself.

10 PAYMENT OF SALARIES

- 10.1 Any person on first appointment to University service shall be issued with a letter of appointment. This letter shall be the authority for payment of salary. No payment of salary or wages may be made unless such a letter has been issued from the University Registrar's Department. One certified copy shall be sent to the Finance Officer.
- 10.2 The Finance Officer shall be informed immediately of any person taking up his or her appointment.
- 10.3 Payment of all salaries and wages shall be made by the Finance Officer. All cheques, bank credits for payment of salaries and wages shall be prepared by the Finance Officer or by a person authorized by the Finance Officer.
- 10.4 The Finance Officer shall be informed immediately an employee's services are terminated. A copy of a letter terminating the service shall be sent to the Finance Officer.
- 10.5 The Finance Officer shall maintain proper records for salaries and wages of all employees of the University.

11 IMPREST AND PETTY CASH ACCOUNTS

- 11.1 A member of staff of the University may be provided with funds when it is expedient for him or her to make payments on University account without submission of vouchers to the Finance Officer. These funds are provided in the form of Imprest. The Finance Officer shall issue imprest only on the recommendation of the Vice Chancellor, University Registrar, or any other accountable staff. Imprest shall be issued to an individual member of staff by name and not to a holder of an office.
- 11.2 Travelling imprest shall be accounted for within two weeks after the journey for which it was intended is complete. If the imprest is not accounted for within this period, the Finance Officer is empowered by this regulation to recover the full sum issued from the salary of the officer concerned without notice. The imprest shall be accounted for by submission of vouchers in respect of disbursements made and the repayment of any unspent cash balance.
- 11.3 The Finance Officer may issue standing imprest to a Department or Section for the purpose of defraying petty cash payments. The imprest holder shall renew the imprest regularly, in any case not

less than twice a month, by submitting a summary of expenditure supported by vouchers to the Finance Officer who will examine the documents for accuracy and correction before reimbursement.

- 11.4 A standing imprest for a Cost Centre shall not exceed K10, 000 per month. Any one payment out of a standing imprest shall not exceed K1, 000.00 except by special arrangements with the Finance Officer or his or her representative.
- 11.5 A standing imprest shall not be paid into a personal Bank Account.
- 11.6 Imprest holders shall maintain a cash book to record all petty cash transactions made. The cash book shall be reconciled regularly or at least once a month.
- 11.7 All imprest must be retired at the end of each financial year.

12 SALE OF PROPERTY

- 12.1 All income realized from sale of University property shall be credited to Sundry Income. No expenditure shall be incurred against this income without approval of the Finance Committee.
- 12.2 The procedure for writing off stores or any University property shall be as laid down in stores and procurement instructions.
- 12.3 Any write-off of stores or any property valued at more than K10,000 shall be subject to a Board of Survey.

13 HANDING AND TAKING OVER

- 13.1 When duties of an officer, which involve the custody of University money, are handed over to another officer the following procedure shall be adopted:
 - a) The officer handing over shall ensure that the books, which record University money in his custody, are entered up to date, ruled off and balanced, and that the cash in his custody agrees with the balance shown in the records.
 - b) The officer taking over shall check the cash taken over in the presence of the officer handing over and satisfy himself that the cash agrees with the balance shown in the records.
 - c) The keys of the safe, cash box etc. are then to be handed over.

- 13.2 On completion of the above procedure both officers shall sign a certificate showing the cash and balances and the keys etc. which have been handed and taken over. Signed copies of this certificate shall be retained by both officers, original sent to the Finance Officer and the duplicate kept by the department.
- 13.3 If any discrepancy between the books and actual balances shall be revealed at the time of handing over, whether or not the handing over was of a temporary nature, the certificate accompanied by a report of the discrepancy shall be forwarded to the Finance Officer. Immediate action shall be taken to settle any discrepancy.

14 INSURANCE

- 14.1 All the Insurance of the University shall be under the direction and control of the Finance Officer subject to authority of the Finance Committee.
- 14.2 All Cost Centre Managers shall give prompt notification to the Finance Officer of all new risks and additional property and equipment which require to be insured and the amount of cover required and any alterations effecting existing risks or insurances, and the Finance Officer shall take such steps as desirable to insure adequately against the risk involved.
- 14.3 The Finance Officer shall furnish the Vice Chancellor and Cost Centre Managers details of all insurance covers in force affecting their departments quarterly. The Vice Chancellor with the assistance of Cost Centre Managers shall review the insurance covers in order to ensure that all the properties, equipment and other risks of which insurance should be effected are adequately covered. Cost Centre Managers shall notify the Finance Officer of any risks not insured against.
- 14.4 The Finance Officer shall keep a register of all insurance covers effected by the University and the risk covered thereby.
- 14.5 All claims shall be prepared by the University Registrar in conjunction with the Finance Officer who shall transmit the claims to the Insurance Brokers.
- 14.6 All money due and received from the insurers shall be paid to the Finance Officer.

15 IRREGULARITIES

- 15.1 On the occurrence of any loss of University money or property from whatever cause an immediate report shall be made to the Finance Officer. Immediate investigations shall take place and a report made.
- 15.2 A member of staff of the University who discovers a loss or irregularities regarding the handling of University money and/or property shall report immediately the circumstances to the Finance Officer who shall take up the matter with an individual Cost Centre Manager and the Vice Chancellor. If the loss or irregularity occurs in the Finance Department the matter shall be reported to the Vice Chancellor.
- 15.3 It is not within the discretion of any member of staff to withhold a report of any case of loss notwithstanding that the restitution has been made nor is a report to be deferred to enable restitution to be made.
- 15.4 If the Finance Officer, in his opinion, considers that a Cost Centre Manager is consistently negligent in the discharge of his duties under these regulations, he shall report to the Vice Chancellor who may make investigations and if satisfied report to the Finance Committee.