

DAMBAI COLLEGE OF EDUCATION



THE FINANCIAL MANAGEMENT POLICY

DACE/FMP001/2020

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THE FINANCIAL MANAGEMENT POLICY

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1. INTRODUCTION:

Every system depends largely on the use of resources for achievement of goals. The field of education is no exception. Educational institutions especially higher learning institutions make use of both human and material resource for the achievement of educational goals in the development of human capital for societal survival. In the process of teaching and learning in the various faculties and departments of higher learning institutions, academic infrastructural facilities are much needed and therefore acquired through the use of monetary resources. Expert services such as teaching and related support from personnel are paid for through the use of the income of the institution. This behoves on tertiary educational institutions like the Colleges of Education to plan, budget, forecast, and generate financial resources and efficiently utilize such for the realization of their terminal goals in harnessing the opportunity for continuous development and improvement in the conditions of the institution. Ghana has various laid down Financial Management practices backed by various statutory regulations guiding how institutions make use of public funds in achievement of their systemic goals. It is for this reason that Dambai College of Education management has seen the need to develop this financial management policy to be in tune with statutory laws.

2. THE POLICY STATEMENT

Dambai College of Education is committed to honesty and integrity in all aspects of its financial management processes. It is the responsibility of every individual and the institution to have stakeholders keep sound financial relationship with the College to ensure maximum transparency and integrity of the College's financial transactions and systems. The principles of financial management controls are set out within the Financial Management Policy of Ghana. Financial decisions are made within a sound accountability framework, using robust and transparent systems.

This policy will require compliance with the following:

- a. funds due the College are documented, receipted and properly accounted for;
- b. expenditure duly documented and authorised;
- c. department carrying out any activity to seek the appropriate approval;
- d. procurement activities to go through the necessary procurement procedures;
- e. internal audit ensures strict adherence to financial regulations; and
- f. stores' procedures be observed.

3. PURPOSE / OBJECTIVES OF THE POLICY

The Financial Management Policy seeks to ensure effective and efficient management of College resources within the statutory financial laws of Ghana. This policy is to ensure that the finances of the College are documented, managed and authorised in a responsible manner. The policy emphasises the principles of cost effectiveness, value for money and protection of assets to enable the College maximise income and ensure efficient use of the available finances for implementation of institutional strategic goals.

The objectives of the Financial Management Policy are to:

- a. make effective and efficient use of resources.
- b. achieve objectives and fulfil commitments to stakeholders.
- c. become more transparent and accountable to funders, donors and other stakeholders.
- d. gain the respect and confidence of funding agencies, partners and beneficiaries.
- e. gain advantage in competition for increasingly scarce resources.
- f. prepare for long-term financial sustainability.
- g. manage risk associated with the use of financial resources.
- h. alignment of resources with strategic priorities, and
- i. employ new public management modules in the administration of the College finances.

4. SCOPE OF THE POLICY

The policy shall apply to all members of the College community including the various Heads of Department, Employees, Student teachers, and all other stakeholders that have any financial business with the College.

5. SUPPORTING PROCEDURES

A. Sources of income from students

The following are sources through which the College generates income from students.

- i. Certificate collection
- ii. Graduation fee
- iii. Tuition and examination fee
- iv. Students Representation Council (SRC) dues
- v. Hall dues
- vi. Student-based levies (SRC extra levy)
- vii. Admission fee

B. Procedures for collecting the income from students

- i. Determination of fees by management (School fees are determined by parliament whiles other fees such as graduation, certification of official document are determined by the College)
- ii. Students pay approved fees to designated bank account of the College
- iii. Payment received by College Finance Department

C. Refunding overpayment to student

This refund pertains to students who have used their own resources to pay fees declared as overpayment by College Finance Department at the time of exit from the College.

The following are the procedures for refunding of overpayment to students;

- i. the student must apply in writing to the Principal of the College
- ii. the student must attach evidence of payment
- iii. finance Department proves evidence of overpayment
- iv. if evidence proved right, student is given a cheque (refunded)

D. Procedures for receiving money from defaulters (students who have not paid their fees)

- i. closing date for payment of fees shall be determined by management

- ii. students shall be prompted of deadline for payment through the official notices on the notice board and other platforms including the Office of Student Affairs.
- iii. penalty for defaulting students shall be the payment of Gh¢10 per a working day before course registration and /other relevant services as the case may be.
- iv. defaulting graduates shall be denied any defined relevant services from the College.

E. Procedure for collection of rent from staff

- i. monthly rent shall be determined by Council as and when necessary.
- ii. staff shall pay rent within the first week of every month for previous periods.
- iii. staff can opt to pay in advance or have Standing Order with their banks as per the knowledge of existing rate.
- iv. rent shall be paid through College approved bank account.
- v. finance department shall receipt any payment made by staff.
- vi. defaulting tenants shall have tenancy agreement rules applied on them.

F. Rental of facility (Facility user fee)/ Other sources of income

These facilities include;

- i. College vehicle
- ii. Auditorium
- iii. Pavilion
- iv. Lecture halls and other tangible property, plant and equipment (PPE)
- v. Investment income (Interests)
- vi. Endowments, donations and gifts
- vii. Income from other sources approved by College Council

The following are the procedures for collecting facility user fees:

- i. There shall be a determined rate for each PPE.
- ii. Individuals or groups shall express interest in writing for the use of the facility.
- iii. Approval may be given by Principal.
- iv. Determined rates shall be paid to the designated College bank account, latest a week to the event.

- v. Receipt obtained from Finance Department.
- vi. Usage of facility shall be dependent on payment.

G. Procedure for collecting money for other services (consultancy, intellectual property and hospitality services)

- i. Individuals or group shall express interest in writing to the Principal.
- ii. The request may be approved.
- iii. Appropriate rate shall be determined based on the occasion and facility.
- iv. Agreed fund paid to the designated College bank account, latest a week to the event
- v. Receipt shall be obtained from Finance Department.
- vi. Provision of services shall be dependent on payment.
- vii. All staff engaged in any extra intellectual income generating activity to any internal/external beneficiary group shall pay at least 10 % of the income accrued from such engagement, except leave period of the personnel and marking session income.

H. Welfare and Credit Union

The financial provision of the constitution shall be applied.

I. Procedure for donations

This refers to individuals, groups and cooperate organizations who wish to donate and sponsor the College financially or through other committed means.

- i. The donations in cash shall be received into the College designated account
- ii. Appropriate receipt shall be issued
- iii. Other items other than cash shall be received appropriately
- iv. Acknowledgement letter shall be given to the donor/sponsor

J. Procedure for grant

These are incomes from statutory bodies or other donors.

- i. Grants from donors shall be used for the intended purpose
- ii. Donor and statutory funds shall be paid into the designated College account
- iii. Where there are donor sponsored projects, appropriate steps shall be taken to register them in their appropriate asset ledgers.

- iv. The College shall acknowledge receipt of every fund and / items received

K. Other Procedures

- i. The College shall always have its annual budget prepared in time for appropriate approvals
- ii. Any organised expenditure shall always be preceded by budget
- iii. All engagement involving procurement of goods, services and works shall follow due procurement processes according to the procurement laws of the country
- iv. All College assets and liabilities shall be made available for auditing periodically

6. INCLUSION RESPONSIVE STATEMENT

All provisions made by this policy shall apply to all manner of persons considered stakeholders of the College irrespective of their gender, ethnicity, religion, social status, ability and cultural background and affiliations in such a manner that no act of discrimination is promoted under any circumstance in any engagement of the College.

7. RESPONSIBILITY FOR IMPLEMENTATION

- a. The College Principal
- b. The College Finance Officer
- c. The College Internal Auditor

7. RESPONSIBILITY FOR MONITORING

- a. The College Principal
- b. The College Finance Officer
- c. The College Internal Auditor
- d. The College Audit Committee

8. STATUS

Approved

9. KEY STAKEHOLDERS

- a. The College Council

- b. The Principal
- c. The Staff
- d. The Students
- e. Contractors and suppliers
- f. Other Stakeholders

10. INITIATING BODY

The Finance Department

11. DEFINITION OF TERMS

Accounting Manual: A manual that contains pertinent accounting rules and other information for a business or organization. Accounting manuals can contain guidelines for various policies and procedures. They also often specify organizational rules and standards for corporate accounts.

Accounting Systems: An organized set of manual and computerized accounting methods, procedures, and controls established to gather, record, classify, analyse, summarize, interpret, and present accurate and timely financial data for management decisions.

Appropriation: Authorization by an act of parliament to permit government agencies to incur obligations, and to pay for them from the treasury. Appropriation does not mean actual setting aside of cash, but represents the prescribed limit on spending within a specified period

Asset: A resource with economic value that the College owns and controls with the expectation that it will provide future benefit. Examples are buildings, vehicles, inventory, account receivables, cash etc.

Asset Register: An asset register allows an organisation to keep track of its assets and provides a fair estimate of their worth. It is also an appropriate place to record serial numbers, make, model, etc: maintain an adequate accounting records of assets-cost, description, and where they are kept in the organisation

Budget: An estimation of the revenue and expenses over a specified future period of time and is compiled and re-evaluated on a periodic basis.

Crossed Cheques: A crossed cheque is a cheque that has been marked to specify an instruction about the way it is to be redeemed. A common instruction is to specify that it must be deposited directly into an account with a bank and not immediately cashed by a bank over the counter.

Fiscal Year: A period that a company or government uses for accounting purposes and preparing *financial* statements.

Financial Control: The policies and procedures put into place by the College to track, manage and report its financial resources and transactions.

Financial Management : The job of managing financial tasks for an organization, for example, controlling the budget, writing financial reports, and providing money for projects.

Financial Regulation: A form of *regulation* or supervision, which subjects institutions to certain requirements, restrictions and guidelines, aiming to maintain the integrity of their financial systems.

Financial Responsibility: The process of managing money and other similar assets in a way that is considered productive and is also in the best interest of the College.

Financial Statement: Summary report that shows how the College has used the funds entrusted to it by its stakeholders, and what is its current financial position.

Inventory: The materials and goods or property held by the College for support activities such as repairs and maintenance and as consumables.

Lease: A legal document outlining the terms under which one party agrees to rent property from another party. A lease guarantees the lessee (the renter) use of an asset and guarantees the lessor (the property owner) regular payments from the lessee for a specified number of months or years.

Liability: A claim against the assets, or legal obligations of a person or organization, arising out of past or current transactions or actions. *Liabilities* include loans, accounts payable, mortgages etc.

Payment Vouchers: A payment voucher is an accounting document representing an internal intent to make a payment to an external entity, such as a vendor or service provider. It is produced usually after receiving a vendor invoice, after the invoice is successfully matched to a purchase order.

Petty Cash: Relatively small amount of cash kept at hand for making immediate payments for miscellaneous small expenses.

Resources: a stock or supply of money, materials, staff, and other assets that can be drawn on by the College in order to function effectively.

Treasury Management: is the creation and governance of policies and procedures that ensure the company manages financial risk successfully.

Trust Monies: Monies handled on behalf of another person. These monies are normally paid into a trust accounts, which are operated according to certain rules that enables the trustee to manage and account for the trust money.

Value For Money: The most advantageous combination of cost, quality and sustainability to meet customer requirements.

Dishonoured Cheque: A Cheque that is returned unpaid by the bank on which it was drawn due to lack of sufficient funds or any other reason given by the bank.

12. RELATED LEGISLATION

- a. Financial Administration Regulations (L.I. 1802), 2004
- b. Public Financial Management Act, 2016 (Act 921)
- c. Public Procurement Act, 2003 (Act 663)
- d. The Public Procurement (Amendment) Act, 2016 (Act 914)
- e. Internal Audit Agency Act, 2003 (Act 658)
- f. Colleges of Education Act, 2012 (Act 847)
- g. Harmonised Statutes for Colleges of Education, Ghana

13. RELATED POLICY AND OTHER DOCUMENTS

- a. Financial Administration Regulations (L.I. 1802), 2004
- b. Public Financial Management Act, 2016 (Act 921)
- c. Public Procurement Act, 2003 (Act 663)
- d. The Public Procurement (Amendment) Act, 2016 (Act 914)
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- f. Colleges of Education Act, 2012 (Act 847)
- g. Harmonised Statutes For Colleges of Education, Ghana

14. EFFECTIVE DATE

16th September, 2020

15. REVIEW DATE

2023

16. SPONSOR

The College Principal

17. AUTHOR

The College Principal

18. APPROVAL AUTHORITY

The College Governing Council

19. FURTHER INFORMATION

For further information or enquiries regarding this policy, please contact the following:

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