

**UNIVERSITY OF NAIROBI**  
**FINANCE DEPARTMENT SEMINAR**  
**6<sup>th</sup> -9<sup>th</sup> OCTOBER 2010 AT GREEN**  
**HILLS HOTEL, NYERI**

**FINANCIAL REGULATIONS AND**  
**THE ASSOCIATED CHALLENGES**

**By M Karue**  
**Finance Officer**

# Introduction

- The financial Regulations provide the necessary guidelines and framework against which the financial and other resources of the University are managed.
- These financial regulations were presented to the UMB, Senate and subsequently approved by the University Council
- The Regulations serve as a guide to all members of staff dealing with finance matters.

# Operating Environment

- The Financial Regulations cover all areas of financial operations in the University in accordance with the University of Nairobi Act, 1985.
- The Regulations also cite the provisions of The Public Audit Act, 2003, the State Corporations Act (CAP 446), The Public Procurement and Disposal Act, 2005, The International Financial Reporting Standards (IFRS), The Public Procurement and disposal Regulation 2006 and the respective University of Nairobi Statutes and Policies e.g. Kibera IV
- The Financial Regulations provide that " All financial operations of the university; Sections, faculties, schools and institutes all income generating units and subsidiary companies including UNES shall be bound by these regulations and other circulars issued from time to time in accordance with the same."

# Operating Environment Cont...

- All these legal authorities require compliance on the part of the University in order to ensure appropriate handling of the public resources with which the University has been entrusted.

# Role of Finance and Audit departments

- The role of finance and audit departments include the appraisal, design and implementation of sound financial systems that ensure compliance with financial regulations and other statutory guidelines.

# Challenges

Several challenges arise in the implementation of the Financial Regulations. These include:

- Delay in Submission of Management Reports – Management normally requires reports both for decision making and information.
  - Delays in submission of these reports impacts negatively on Information flow and compliance deadlines.

# Challenges Cont...

- Expenditure Control

- The financial regulations require that all the expenditure incurred be within the approved estimates.

The challenge arising in this area is to ensure that all expenditure incurred is within the approved estimates. eg. Some units in Colleges do not have budgetary provision for their programmes and activities i.e. Survey, Dental school, Faculty of Agriculture and Veterinary Sciences and others are unforeseen expenses arising in the course of the year

-Monthly Expenditure returns is a requirement in expenditure management and control.

- The challenge in this area is that submission of some monthly returns is normally delayed thereby impacting on the decision making process.

# Challenges Cont...

- In order to ensure expenditure control, the University introduced the use of “Authority to incur Expenditure” (AIE).
- The Challenges arising from the implementation of the AIE include among others;
  - Obtaining the necessary approvals
  - Erroneous or inadequate information thereby causing delays in service delivery
  - Inadequate information flow on the part of the users and non appreciation of the same
  - Non compliance with the financial regulation by the users which impact adversely on the success of the AIE



# Challenges Cont...

- **Budgetary Control**
  - The purpose of budgetary control is to ensure that the operations of the organization are within the approved annual budget.
  - **Challenges Arising:**
    - Non compliance with the budgetary ceilings
    - Inadequate budgetary provisions
    - Non-adherence to the Procurement Plan which distorts financial planning and cash-flow.

# Challenges Cont...

- Fixed Assets
  - The financial regulations require maintenance of the fixed assets registers and movement schedules for purposes of recording, custody and disposal of the Fixed Assets.
  - Challenges
    - Difficulty in capturing newly acquired assets (procured or donated) thereby leading to possibility of loss of the Assets
    - Difficulty in ascertaining the accuracy of the fixed assets inventory records
    - Disposal of unserviceable assets

# Challenges Cont...

- Delays in the Procurement Process

- Challenges

Procurement inefficiencies results to, among others:

- slow service delivery to the internal units
    - a bad image for the University among suppliers and other stakeholders
    - Non utilization of the Grant funds within the stipulated period

# Procurement Challenges Cont...

- Non compliant procurement activities
- Failure to adhere to procurement plans
- Loss of man-hours by staff in following up procurement issues
- Delayed settlement of creditors accounts

# Improvements in Procurement

- University undertook training of stakeholders (i.e UMB, Senate, Procurement Committee, Heads of Department etc) on public procurement processes over the last 4 years
- Setting up of committees as stipulated by law i.e. The Tender Committee, Procurement Committees in Central, Colleges and SWA.
- Improvement on Technical Evaluation processes
- Inspection and Acceptance Committees.
- Disposal Committees
- Improved processing of requisitions
- Revamping of the operations of the Central Stores

# REVENUE

- Challenges
- Government Capitation
  - Late remittance by the Government
  - Inadequate Capitation
- Module II
  - Cash-flow pattern is dependant on semester dates, the challenge is to manage the cash-flows to cover the lean periods.
  - Sensitive to factors beyond the control of the University
  - Limited by the physical and human resources.
- INCOME GENERATING UNITS(IGU)
  - Turn around time
  - Management
  - There is a problem of distinguishing these IGUs either as commercial ventures or academic projects
  - Marketing
  - Decision making on insolvent IGUs

# -Grants

- Grants should be operated within the University regulation.
  - Assets acquired through the grants are University assets
  - Recovery process in regards to advances should be enforced on time



**Bye**