POLICYHOLDERS COMPENSATION FUND

Dhama Ya Bima Yako

FINANCIAL POLICY & PROCEDURES MANUAL

APRIL 2022

Kenya VISION 2030

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DOCUMENT APPROVAL PAGE

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CHAIRPERSON

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FOREWORD

On behalf of the Policyholders Compensation Fund Board of Trustees, I am delighted to approve this Finance Policy and Procedures Manual for use by Management, Board of Trustee's and other key stakeholders of the Fund. The PCF Board is determined to improve access to, equity in the compensation procedures, improved quality and efficiency levels of compensation process and to ensure that the Fund plays its role in the realization of Sustainable Development Goals, Vision 2030, Insurance sector policies and the government agenda on the "Big Four'.

The Board continues to realize the set milestones which contribute to improving the quantity of compensation claims. Insufficient public education on the mandate of the Fund may have had an impact on efforts to expand volumes on compensation to claimants.

Towards this end, the PCF Board of Trustees under my leadership is determined to critically address the task of defining long-term strategies for addressing the constraints to compensation to claimants of insurers which are under distress and to improve general public confidence in the insurance sector through:

1) Improved policy and corporate governance for enhancing accountability and decision making.
2) Enhanced access, quality, relevance and equity in compensation process at PCF.
3) Prudent resource utilization and good financial management.
4) Increased visibility of Policyholders Compensation Fund nationally and internationally as a premier institution focusing guaranteeing policyholders of compensation in the event an insurer is wound up.
5) Improved resource base, partnership and linkages.

Internal controls will be enhanced by this finance and procedures manuals as it will structures within PCF to provide assurance that an entity operates effectively and efficiently, has a reliable financial reporting system and complies with applicable laws and regulations and is structured to establish a sound control environment, which aims to provide reasonable assurance that activities are carried out according to the principles of sound financial management, transparency, efficiency, effectiveness and economy, as well as current legislation and the budget.

This Manual provides a comprehensive overview of the main principles of modern management and will serve as a guide and tool in performing everyday tasks and activities of all officers and persons involved in financial management and control in PCF. I believe successful implementation of the Manual will be realized through total commitment of the entire Board of Trustee's, staff and other key stakeholders.

FCPA Muthoni Wangai

CHAIRPERSON, PCF BOARD OF TRUSTEES

PREFACE

I am pleased to present the Finance Policy and Procedure Manual of the Policyholders Compensation Fund (PCF). This manual is expected to be a key reference guide for the practices, policies and procedures used in financial accounting at PCF. The Finance policy and procedure manual provide a standardized and official document for all staff and/or officers on financial management and accounting. It will form an invaluable guide to our finance staff as they go about their day to day duties as well as providing guidance and information to other PCF Departments in understanding the accounting and financial management policies and procedures.

This manual comes at a time when the PCF, like all arms of Government is facing heightened scrutiny in its utilization of public resources. To that end, the policies and guidelines herein are anchored in the Constitution of Kenya 2010 with particular reference to Chapter 12 on Public financial management as well as the overarching principles expressed in the Public Finance Management Act (2012).

These policies and procedures are therefore geared towards embedding accountability and transparency in financial management as well as ensuring that the Fund attains its mandate as spelt out in section 179 of the Insurance Act (Cap 487) and the Insurance (Policyholders Compensation Fund) Regulations, 2010.

The successful completion of this manual would not have been possible without the cooperation and technical support from the Fund's Board of Trustees, the management team, Finance and Accounts team, our key stakeholders as well as the parent Ministry; the National Treasury and Planning which provided funding for many of the activities required to complete this manual.

Mr. William O. Masita

MANAGING TRUSTEE

ACKNOWLEDGEMENTS

Many individuals have contributed their time and experience to make this manual possible. The Board of Trustees provided their vision, leadership and policy guidance in establishing the Finance Policy and Procedures Manual. Thank you very much!

The Finance and Accounts team and entire management played a critical role in critiquing the manual and we say "asante sana" to the team.

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DEFINITION OF TERMS AND ACRONYMS

CBK	-	Central Bank of Kenya
DCR	-	Dispatch Cheque Register
EFT	-	Electronic Funds Transfer
ERP	–	Enterprise Resource Planning
GOK	-	Government of Kenya
HOD	-	Heads of Department
ICR	-	Inward Cheques Register
IFRS	-	International Financial Reporting Standards
IPSAS	-	International Public Sector Accounting Standards
MT	-	Managing Trustee
PFMSC	-	Public Finance Management Standing Committee
PPDA	-	Public Procurement and Asset Disposal Act
PSASB	-	Public Sector Accounting Standards Board
PCF	-	Policyholders Compensation Fund
RTGS	-	Real Time Gross Settlements
TNT	–	The National Treasury
OAG		Office of the Auditor General
AIA	-	Appropriation in Aid
AIE	-	Authority to Incur Expenditure

BIC	-	Budget Implementation Committee
DCS		Director Corporate Services
DDFA	-	Deputy Director, Finance and Accounts
IB	-	Internet Banking
IPSAS	-	International Public Sector Accounting Standards
KCB	-	Kenya Commercial Bank
KRA	-	Kenya Revenue Authority
MTEF	-	Medium Term Expenditure Framework
NT	-	National Treasury
P.A.Y.E	-	Pay As You Earn
PBB	-	Program Based Budget
PPR	-	Program Performance Review
VAT	-	Value Added Tax
PV		Payment Voucher
JV		Journal Voucher
GL		General Ledger

DEFINITIONS OF TERMS

Accountable Documents	Serialized documents used to record transactions and have financial implications.
Accounting/Claim Form	A form used to either account for money given as an advance or to make a claim for reimbursement of expenses incurred on account of the Fund.
Accounting Officer	A person responsible for accounting for such services, as the Government regulations may specify, in respect of which money is appropriated by Parliament. The Managing Trustee is the Accounting officer of the Fund
Fund	The Policyholders Compensation Fund
Board	Means the Board of Trustees of the Fund.
Cabinet Secretary	The Cabinet Secretary for the time being responsible for matters relating to Finance;
Direct Credits	A deposits or credits made by any person directly into the Fund's bank accounts.
Direct Debits	A payments or charges made against the Fund's bank account on account of standard charges and may include; ledger fees, EFT charges, exchange losses, etc.
Imprest Warrant	A form used to requisition for cash advances while a person is on official travel.
Journal Voucher	A form used to make adjustments to accounts.
Payment Voucher	A form used to process payments.
Receipt	A written document acknowledging receipt of money on account of some specified reasons, where cash, cheque or electronic payments have been made to the Fund.

CHAPTER 1 : INTRODUCTION

1.1 Overview of Policyholders Compensation Fund

The Policyholders Compensation Fund is a State Corporation under the National Treasury and Planning, established within the Insurance Act, Cap 487 Laws of Kenya (herein after referred to as ''the Act'') to pay compensation to the claimants of an insurer placed under a manager appointed under section 67C (2) or whose license has been cancelled under the Act. The entity is domiciled in Kenya. The vision, mission, core values and core function of the Fund include:

1.1.1 Vision

To be a Highly Respected Policyholders Compensation Fund.

1.1.2 Mission

To enhance confidence in the insurance industry through timely compensation of policyholders of a company placed under a statutory manager or whose license has been cancelled.

1.1.3 Core values

a) **Integrity**: We aim to morally and consistently reflect to do what is right for the Fund and for the public good.

b) **Teamwork:** We are a qualified, skilled and committed team striving to al-ways deliver exceptional services to our customers, driven by independence, objectivity, best practices, always acting with integrity and keeping our promises while treating others with respect. We optimize results by working smarter together. We multiply our contribution through partnerships and deliver with speed, trust and respect.

c) **Innovation:** Through innovation and guided by clarity and consistency, we deliver simple, elegant and quality solutions to our customers and stakeholders.

d) **Customer-centric:** We are a vibrant and dynamic team that identifies and responds to emerging issues in an ever-changing globally competitive environment, hence giving our customers a competitive edge.

e) **Accountability**: We are committed to uphold at all times and are responsible for our actions, behaviors, performance and decisions made.

1.2 PCF Mandate

The Insurance Act, Cap 487 Laws of Kenya defines the mandate of the Fund is as follows:

a) provide compensation to claimants of insurers as provided in subsection (1);

b) monitor, in consultation with the Commissioner where necessary, the risk profile of any insurer;

c) advice the Cabinet Secretary on the national policy to be followed with regard to matters relating to compensation of policyholders and to implement all government policies relating thereto;

d) participate in the statutory management of an insurer placed under statutory management by the regulator;

e) liquidate an insurer as may be ordered by a court;

f) Perform such other functions as may be conferred on it by this Act or by any other written law.

1.3 Strategic Objectives:

a) **Compensation to claimant:** To protect policyholder's interest and to promote confidence and stability in the insurance industry.

b) **Resolution of Insurers:** To manage an insurer under statutory management and to manage liquidation of wound-up insurer.

c) **Financial Sustainability:** To mobilize adequate and sustainable resources to meet the Fund's mandate and to strengthen internal control systems and processes.

d) **Institutional capacity:** Ensure that the Fund has adequate institutional capacity to fulfil its mandate.

1.4 Policy Statement

The policies and procedures including the systems of internal control shall provide adequate checks and balances to ensure existence of integrity in process and operations in compliance with the Finance Act, Public Finance Management Act (2012), Public Finance Management Regulations (2015) and International Public Sector Reporting Standards.

These policies and procedures seek to promote understanding of the basic assumptions underlying the preparation of the financial statements in general and of significant accounting policies adapted by the Fund in preparing and presenting its financial statements. The regulations shall govern all the financial transactions of the Fund.

1.5 Statement of Compliance with relevant Laws and Regulations

The policy takes cognizance of the Constitution of Kenya 2010, other Acts of Parliament and subsidiary legislation made there under, guidelines, Government policies and circulars as may be issued from time to time and best practice standards in financial management. This financial policy manual and procedures has been prepared considering the following laws and regulation but not are limited to:

a) The Constitution of Kenya, 2010

b) The Public Finance Management Act (2012)

c) The Public Finance Management Regulations 2015

d) The Public Audit act (2015)

e) International Public Sector Accounting Standards (IPSAS)

f) Public Procurement and Disposal Act (2015)

g) Government of Kenya Financial Regulations and Procedures

h) Access to Information Act no. 31 of 2016

i) Companies Act (No. 17 of 2015)

j) Income Tax Act (Cap 470) and VAT Act 2013

k) Insolvency Act (No. 18 of 2015)

l) Insurance Act (Cap 487)

m) International Accounting Standards (IAS)

n) Mwongozo Code of Corporate Governance

o) Public officer's ethics act, 2016

p) The State Corporations Act, (cap 466)

q) Trustees Act (Cap 167)

r) Public service commission regulations ,2020

s) Government circulars

1.6 Objectives of the Manual

The Fund seeks to review its Finance policy and Procedures Manual (''the Policy'') to be in tandem with the current laws and regulations that relate to financial management. The Policy shall be used in the day-to-day management of the Fund's financial operations and may be supplemented by the relevant Acts of Parliament, Government Circulars, resolutions of the Board and guidelines issued from time to time. The policy is to be read in conjunction with other specific policies and procedures where relevant.

The Finance policy and Procedures manual objective is to document the financial management arrangements and procedures to be applied at Policyholders Compensation Fund and to provide a framework to ensure effective and efficient management of financial resources and give guidance on all aspects relating to finance and accounting functions within the Fund.

Specifically, these financial policies and procedures are designed to fulfil the following objectives: -

a) Outline the financial and accounting policies, procedures and practices to be followed by the Fund in undertaking financial transactions, preparation of accounting records and financial reporting.

b) Provide a guide to handling the Fund's financial and accounting processes, policies and practices to ensure consistency and standardization in the application of accounting policies.

c) Setting out a standardized system which discloses with reasonable accuracy the financial position of the Fund for use in the management's decision making and statutory reporting.

d) Outline the role and responsibility of staff performing finance and accounting functions.

e) Provide reports to management and other stakeholders in accordance with agreed content, format and reporting period.

f) Ensure effective control and security, and efficient utilization of resources.

g) Outline the internal controls necessary to minimize compliance, financial and accounting risks associated in each aspect of financial and accounting transactions.

h) Set procedures for maintenance of accurate, complete, reliable and timely accounting records and reporting framework.

1.7 Scope of Finance Policy and Procedures Manual

The policies and procedures covered by this Finance policy and Procedures manual are varied but related. The extent of the relationships is dependent on the degree of control necessary to ensure that the information or the outputs of the proposed financial management systems or sub-systems are concise and clear.

This Finance policy and procedures manual will encompass all aspects of financial management and accounting at PCF, related to:

a) Budgeting process

b) Accounting operations; payments process, creditors, debtors and imprest surrender procedures

c) Funds flow; revenue collection and banking

d) Investment procedures

e) Levy reconciliations

f) Internal Controls

g) Financial Reporting

h) Control over accountable documents

i) Risk management and audit

1.8 Applicability of the Finance Policy and procedure Manual

Unless expressly provided either in these policies or where exception is authorized by the Board of Trustees of Policyholders Compensation Fund (PCF), this Financial policy and procedures will be the primarily reference in the discharge of accounting and finance functions within the Fund. The manual shall apply to the Board of Trustee's, all the staff of the Fund including those on contracts, casuals and trainee employees.

1.9 Overview of the Fund's Institutional arrangement

The Fund is administered by the Board of Trustees which has delegated the daily operations to the Managing Trustee which in turn deployed staff to the Secretariat of the Fund.

The Board fulfils its fiduciary responsibility to the stakeholders by maintaining control over the strategic, financial, operational and compliance issues of the Fund. Whilst the Board provides oversight and remains responsible for establishing and maintaining overall internal controls over financial, operational and compliance issues, it has delegated authority to the Managing Trustee to conduct the day- to-day business of the Fund.

The Board of Trustees is the source of governance and accountability for any organization and they provide appropriate oversight of the Fund and ensure the Fund is consistently moving towards its mission by;

a) Approving the Fund's Finance Policy and Procedures Manual

b) Approval of the Fund's annual Budget, Supplementary Budget and Budget Reallocations

c) Approval of Financial Reports of the Fund (Quarterly and Annual financial Statements)

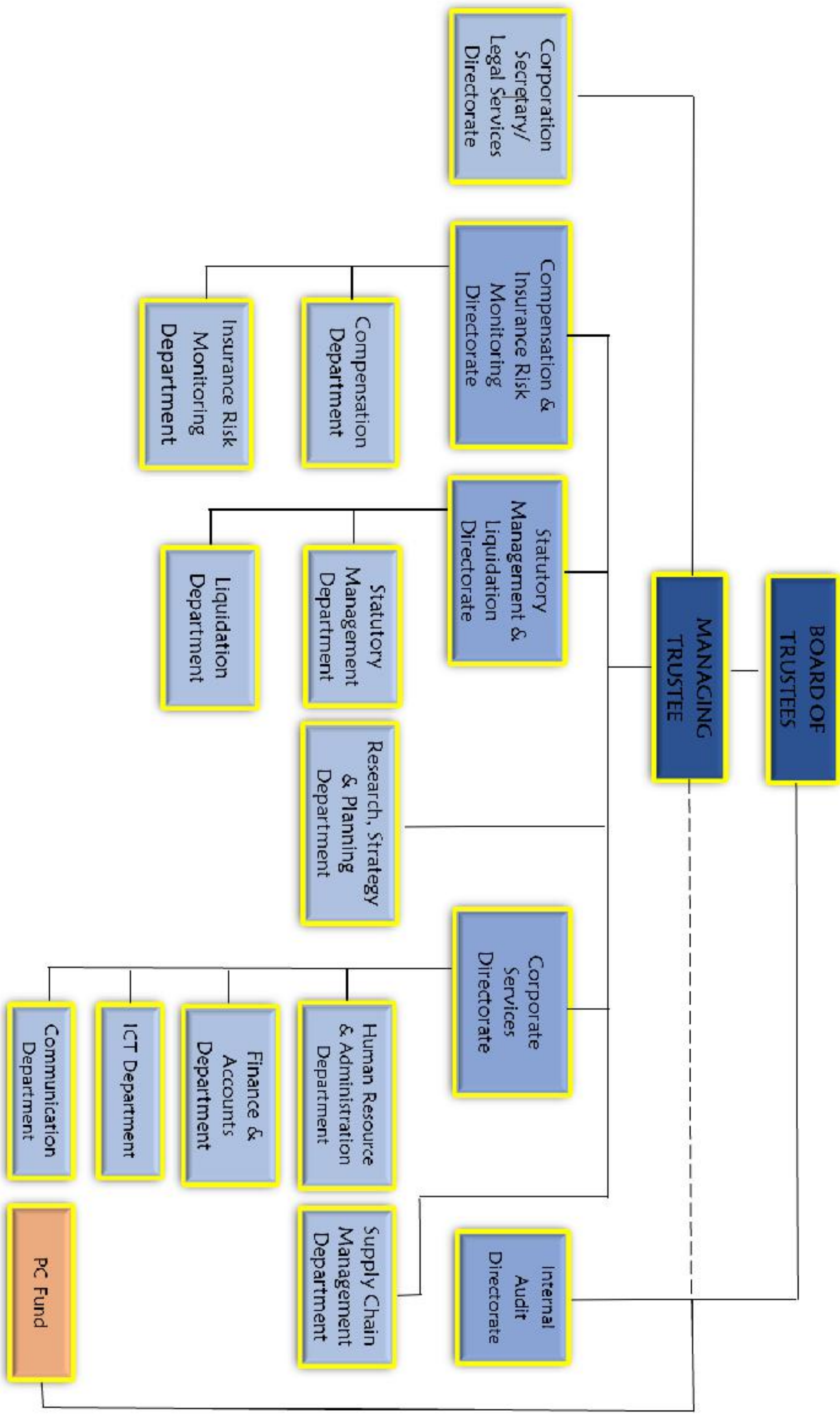
d) Approves opening or closing of Fund's Bank accounts

e) Approves the names of authorized Fund Bank Signatories

f) Financial oversight

Below is the organizational structure of PCF.

Figure 1. Policyholders Compensation Fund Organization Structure



CHAPTER 2 : ROLES OF THE FINANCE AND ACCOUNTING FUNCTIONS

These are the financial accounting concepts and principles that are used in the financial management activities of the Policyholders Compensation Fund.

2.1 The Role of Accounting Officer

Under Insurance Act, 2019 section 179 (5A), the Managing Trustee is the accounting officer of Policyholders Compensation Fund. For purposes of financial management, the Managing Trustee is responsible for prudent financial management of the Fund and shall ensure that the funds shall be applied and accounted for in accordance with the article 226(2) of the Constitution, section 68(1) of the Public Finance Management Act (2012), Public Audit Act and Public Finance Management Regulation of 2015.

2.2 Responsibilities of the Managing Trustee

The Managing Trustee shall administer the funds entrusted to the Fund by: -

a) Signing contract documents on behalf of the Fund and ensure the contracts are lawful and the contract terms are complied with.

b) Being responsible for safe custody of the funds of PCF.

c) Ensuring realistic budgets are prepared in line with the strategic plan.

d) Monitor the implementation of the budget and ensure funds received by the Fund are applied for purposes to which they are intended.

e) Ensuring all funds are applied in compliance with specific statutory authorities and other regulations.

f) Ensuring that expenditures are incurred within the total sum authorized on the particular budget items.

g) Ensuring prudent application of public funds to prevent wastage.

h) Ensuring that in all transactions the Fund gets value for money.

i) Ensuring all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods. For goods, ensure adequate arrangements for their custody and safety.

j) Ensuring that proper financial and accounting records are maintained in accordance with the law and other provisions. The accounts should also be accurate, complete and timely.

k) Prepare annual financial statement for each financial year within three months after the end of financial year and submit them to the Office of Auditor General for Audit and forward a copy to the National Treasury and Controller of Budget.

l) Take appropriate measures to solve any issues arising from audit which may remain outstanding.

m) Provide information to the relevant institutions on any fraud, losses or any violation of Section 68(1) of the PFM Act 2012 and an explanation for the actions taken to prevent a similar problem in future.

n) Discharge all the responsibilities of the accounting officer as provided for in section 68, sub section 2 of the PFM Act 2012.

o) The Managing Trustee is responsible to the National Treasury to ensure that the resources of the Fund are used in a way that is: -

   i) Lawful and authorized; and

   ii) Effective, efficient, economical and transparent.

p) In carrying out his responsibilities under subsection (1), the Managing Trustee shall do the following in relation to the Authority-

   i) Ensure that no expenditure is made unless it is lawful, authorized, effective, efficient and economical;

ii) Ensure proper financial and accounting records are kept;

2.3 Public Finance Management Standing Committees

In line with Section 18 (1) of the PFMR, 2015;

There is established in every national government entity a committee to be known Finance Management Standing Committee (hereinafter referred to as the "Standin to provide strategic guidance to the entity on public finance management matters.

PCF Finance Management Standing Committee shall comprise of the following;

a) The Managing Trustee as chairperson of the Standing Committee;

b) The Director Corporate Services

c) Deputy Director, Finance and Accounts

d) Heads of departments dealing with public finance management matter

2.4 Authority to Incur Expenditure

All expenditure shall be approved by the Managing Trustee or an appointed AIE H 2015 Section 24 &25).

b) Ensure that the payment requests are within the budgetary allocations and work plans.

c) Ensure that the payment requests for goods and services procured are within the procurement plans of the Fund for a particular financial year.

d) Append signatures to surrendered Imprest warrants for staffs of the Fund, supplier payment vouchers and ensure Imprest applicants append the necessary signatures as well.

e) Ensure that Funds which they approve are spent prudently and are accounted for fully and appropriately.

f) Acquaint themselves with PFM Act, PFMR, this manual, National Treasury Circulars, Memos issued by the Managing Trustee.

g) Adhere to the approval limit set in the appointing authority.

An A.I.E holder shall be appointed personally by a letter issued by the Managing Trustee to be responsible for the financial business of the Fund for whose votes he is required to account. An A.I.E holder shall be responsible to the Managing Trustee to ensure that the resources are used in a way that is:

i) Lawful and Authorized; and

ii) Effective, efficient, economical and transparent.

2.6 Responsibilities of a Public Officer

All public officers working in national government organs or entities have responsibility to comply with all laws, and:

a) Comply with PFM Act (2012), PFMR,2015 and ensure resources under their responsibility are used, lawfully, in an efficient, effective, economic and transparent manner.

b) Public officer's ethics Act, 2016

c) Within their areas of responsibility ensure adequate arrangements are put in place for proper use, custody, safeguard and maintenance of public property and use best efforts to prevent damage to public financial interests.

The Managing Trustee shall ensure that all public officers under their control (PCF) have access to copies of these regulations and the public officers shall ensure they are fully conversant with the contents of these regulations.

2.7 Overview of Finance and Accounts Department

Finance and Accounts Department is under Corporate Services directorate. The head of the department is Director Corporate Services while the Finance and Accounts Department is led by the Deputy Director, Finance and Accounts who together are the principal advisors to the Managing Trustee on financial matters. The Department of Finance and Accounts is responsible for planning utilization of financial resources through budgetary process, advising the Managing Trustee on investment decisions to be made, maintaining the Funds financial records and prepares financial reports.

Table 1: Finance and Accounts Department Structure

FINANCE & ACCOUNTS DEPARTMENT		
	PCF Grade	Establishment
Deputy Director, Finance & Accounts	3	1
Principal Finance & Accounts Officer/Investment Officer	4	2
Accounts Assistant/Accountant/Investment Officer/Senior Accountant	6/5	

2.8 Responsibilities of Director Corporate Services

The Director Corporate Services supervises the departments of Finance, Human Resource and Administration, ICT and among other functions. DCS provide oversight of the corporate service functional units and shall assist the Managing Trustee achieve the responsibilities outlined by the PFMR,2015 which involves;

a) Overseeing formulation, implementation and review of policies and strategies on Finance, Human Resource Management & Administration, ICT and Corporate Communications;

b) Overseeing the implementation of the Department's strategic objectives;

c) Overall co-ordination of activities in Finance, Human Resource Management & Administration, ICT and Corporate Communications including asset management;

d) Overseeing the preparation and implementation of the Finance Department's performance contracts;

e) Ensuring the department achieves targets as set out in the performance contracts and other instruments;

f) Ensuring operational accountability and transparency within the Department;

g) Overseeing the annual budgeting process for the Fund;

h) Overseeing development of resource mobilization strategies for the Fund to finance its operations and ensure financial sustainability;

i) Ensuring Finance and Accounts staff are facilitated with the necessary ICT working tools and infrastructure;

j) Overseeing provision and maintenance of a conducive working environment;

k) Providing advice to the Board and implementation of audit recommendations;

l) Assessing performance, mentoring and coaching of staff under the Officer's purview; and

m) Providing overall direction, control, co-ordination and guidance of the staff under the Department.

2.9 Responsibilities of Deputy Director, Finance and Accounts

The Deputy Director, Finance and Accounts shall assist the Director Corporate Services to achieve objectives and responsibilities relating to Budgets and Budgetary controls, financial management and accounting delegated to the department and financial reporting. The Deputy Director, Finance and Accounts may delegate these responsibilities to any officers in the department when need arises.

a) Developing and implementing budgetary and resource mobilization policies, procedures and systems for the Fund;

b) Developing work plans, procurement plan and budget for the department;

c) Formulating and implementing relevant policies, strategies and procedures;

d) Preparing annual recurrent and development budget including coordination of budgeting process with various departments;

e) Advising management on all financial matters of the Fund;

f) Preparing investments and funding proposals for the Fund;

g) Formulating and implementing an effective system of internal control that adheres to the Fund's policies and procedures;

a) Overseeing the implementation of the budget and preparing financial performance reports including variance analysis reports to aid management in decision making;

b) Preparing budgets and forecasts and reports in a clear and timely manner on the attainment of these forecasts and budgets;

c) Planning, managing and coordinating end of month and end of year closing process and procedure;

d) Preparing clear and concise periodic financial statements and reports as required; Maintaining assets register and assets inventory control documents;

e) Preparing the Fund's annual accounts in line with the Governing regulations and coordinating the audit of the annual report and financial statements.

2.10 Finance and Accounts Department Functions

The Finance and Accounts department is mandated to undertake budgetary implementation in accordance with the Fund's strategy by undertaking the accounting functions namely:

a) To disburse staff salaries and allowances.

b) To remit statutory and 3rd party deductions such as payroll deductions

c) To file Tax Returns.

d) To pay suppliers of goods and services.

e) To reimburse staff expenses on travelling quarter per-diem, meal allowance, transport, accommodations and medical ex-gratia claims.

f) Expenditure controls through maintenance of vote book.

g) Administration of ERP Module for finance and accounts.

h) Preparation and submission of Quarterly and Annual Financial Statements to Office of the Auditor General, National treasury and Planning and other relevant institutions.

i) Facilitate internal and external audit functions.

j) Accounting for all monies and /or grants received by the Fund.

k) Maintenance of Fixed Assets Register.

l) Receipting of levies received and any other income received.

m) Advice the management on investment decisions to be undertaken.

n) Preparation of Financial statements in accordance with the international Public Sector Accounting Standards formats prescribed by the IPSASB Kenya.

o) Reconciliation of all General Ledger Accounts including payroll.

p) Bank reconciliation.

q) Examination of all clearance, supplier and claims payment vouchers.

r) Custodian of accountable documents.

s) Accounting Policies and Concepts

2.11 Application of accounting policies

Accounting policies shall be selected and applied as per the guidelines issued by IPSAS 3, and the PSASB. Changes in Accounting policies and correction of errors shall be applied retrospectively, while change in accounting estimates shall be applied progressively.

2.12 The Objectives of Accounting Concepts and Policies

Provide accurate, complete, reliable and timely financial information to the Fund's Management, Finance and Management Committee of the Fund and to facilitate informed and timely decision-making.

a) Ensure effective control and efficient utilization of resources.

b) Ensure timely preparation and submission of periodic financial management reports and annual reports for audit purposes.

c) Enable comparison of financial performance.

d) Ensure compliance with International Public Sector Accounting Standards and other statutory requirements.

e) Ensure compliance with the Constitution of Kenya and the Public Financial Management Act 2012.

2.13 Accounting Concepts and Policies

The Deputy Director, Finance and Accounts shall:

a) Develop appropriate accounting principles, policies and procedures for approval by the Board.

b) Ensure that accounting policies and principles are observed by the accounting staff in the preparation of financial statements.

The financial statements shall be prepared on the basis of the following accounting concepts:

a) **Consistency:** Accounting policies shall be applied consistently for all transactions during an accounting period and subsequent periods**.**

b) **Accrual:** Revenue and costs will be accrued or recognized in the financial statements as they are earned or incurred (and not when money is received or paid out) and recorded in the period to which they relate. In addition, authorized and approved commitments at the end of a financial period shall be accrued in accordance to IPSAS.

c) **Going concern**: The financial statements are prepared on the understanding that PCF will continue to operate in future and has no intention of winding up or materially curtailing the scale of its operations in the future.

d) **Prudence**: Prudence demands a degree of caution while exercising the judgment needed when making the estimates required under conditions of uncertainty. In this regard, income is not accounted for until there is reasonable expectation of its realization. Anticipated losses are accrued in the financial statements or disclosed by way of note as appropriate.

e) **Historical cost Convention**: The financial statements will be prepared under the historical cost convention. However, additional reporting requiring cash-basis reporting will also be done.

f) **Translation of Foreign Currencies**: All assets and outstanding liabilities in foreign currencies at the balance sheet date will be converted into Kenya Shillings at the CBK exchange rate ruling or the Fund's bankers exchange rate at the balance sheet date. Transactions in foreign currencies during the year will be converted at the rates ruling at the date of the transaction. The resulting exchange differences will be recognized in the income and expenditure account. All approved memo's with foreign currencies shall be processed in Kenya shillings at the prevailing exchange rates. Further, when processing such payments, the Finance and Accounts department shall negotiate with the Fund's bankers for a prevailing exchange rate which in the event that the rate is higher than what was in the approved memo, the memo shall be subjected to another approval for the additional costs to be incurred.

g) **Reporting in Foreign Currencies**: Financial Statements may be translated into a foreign currency for the purpose of meeting specific requirements of Development Partner/s.

h) **Property and equipment**: Items of property and equipment will be stated at historical cost less accumulated depreciation and impairment. Assets donated to the Fund will be included in the accounts at the value attributed to the asset by the donor and, where the value is not readily provided, at a reasonable valuation.

i) **Prepaid Operating Lease Rentals**: These will be charged to the income & expenditure account on a straight-line basis over the period of the lease.

j) **Debtors and other receivables**: Debtors and other accounts receivables will be stated at nominal value, less provisions for any amounts considered doubtful or irrecoverable.

k) **Penalties:** shall be charged at 2.5% per month of the levy amount due from the insurer. The Fund collects penalties charged by IRA and also PCF.

l) **Creditors and other payables**: Creditors and other payables will be stated at their nominal values.

m) **Provisions for Contingent Liabilities**: Provisions for contingent liabilities will be recognized when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

n) **Cash and Cash Equivalents**: Cash and cash equivalents comprise cash in hand and at bank net of bank overdrafts including short-term investments not exceeding 3 months to maturity such as fixed deposits and Treasury Bills and impressts.

o) **Segregation of Duties**: There must be a separation of duties between the person receiving cash and the person responsible for maintaining the accounting records.

2.14 Accounting Policies

PCF will observe the following accounting principles and policies in the preparation of its financial statements.

2.14.1 Basis of Preparation

a) **IPSAS Accrual based standards:** The financial statements shall be prepared on IPSAS Accrual based standards of accounting in the format provided by the Public Sector Accounting Standards Board (PSASB) and the National Treasury Financial Reporting guidelines.

b) The financial statements will be prepared in compliance with IPSAS as applicable. The measurement basis applied will be the historical cost basis of accounting. In this regard transactions shall be recorded under the cost price on the date of the transaction as modified to include valuation of non-current assets where relevant. The financial statements will be presented in Kenya Shilling (Ksh).

c) The preparation of financial statements in conformity with IPSAS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the laid down policies. Areas involving high level of judgment or where estimates are significant to the financial statements shall be disclosed in the notes to the Financial Statements.

d) **Fair presentation and compliance to accounting standards:** Financial statements are required to present fairly the financial position, financial performance and cash flows of the Fund. Such fair presentation will generally be achieved by compliance with accounting standards as prescribed by the Public Sector Accounting Standards Board (PSASB). PSASB is established under the Sections 192 to 195 of the PFM Act (2012).

e) The **Public Sector Accounting Standards Board:** is required to provide frameworks and set generally accepted standards for the development and management of accounting and financial systems by all State organs and public entities.

f) **Functional currency:** the functional currency of PCF is the Kenya Shilling (Ksh.)

g) **Translation of foreign currencies:** Assets and liabilities, at the balance sheet date, that are expressed in foreign currencies should be translated into Kenya shillings at ruling rates as at that date. The resulting differences from conversion and translation are dealt with in the income and expenditure account in the year in which they arise.

h) **Materiality:** Each material item should be presented separately in the Financial statements and immaterial items aggregated with amounts of a similar nature.

2.14.2 Accounting Period

The Financial year shall be the period of twelve (12) months commencing from 1 July and ending on the 30 June of the following year in line with the PFM Act,2012 and PMFR 2015.

2.14.3 Revenue and Costs Recognition

Revenue and other sources of income shall be accrued and accounted for in the financial period to which they relate. Revenue are recognized on the statement of performance statement in the period when realized and earned—not necessarily when cash is received. Expenses are recognized when they are incurred, not necessarily when they are paid.

2.14.4 Investment Income

Investment income shall be recognized and accrued in the period in which it is earned. Income from investment includes interest received from funds invested in fixed deposits or any other investments carried out within the law and approved by the Board.

2.14.5 Impairment of non-cash generating assets-IPSAS 21

The Policy is to ensure that a fair charge is recognized in the financial statements to cater for loss in value of non-current assets due to wear and tear and obsolescence among others. The Fund shall ensure that the IPSAS 21 standards are adhered to ensure that the assets carrying amount does not exceed its recoverable amount.

a) The Fund shall adopt the straight-line method of depreciation.

b) Depreciation shall commence from the time the asset is held ready for use.

c) No depreciation shall be charged in the month the asset is commissioned for disposal.

d) Depreciation shall be charged from the month of acquisition.

e) No depreciation shall be charged on work in progress

f) Each fixed asset lasting the full life estimated economic working life shall be considered to have a zero scrap value. However, upon sale of an asset the gain on disposal shall be recognized in the books of accounts.

g) For revalued assets, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Non-current assets will be depreciated as per the schedule below:

Table 2: Non-current Depreciation Table

ASSET CLASS	DEPRECIATION RATE	NO. OF YEARS
Land	N/A	N/A
Capital Work in Progress	N/A	N/A
Buildings	2%	50
Plant & Machinery	12.5%	8

ASSET CLASS	DEPRECIATION RATE	NO. OF YEARS
Equipment/Furniture/Fittings	12.5%	8
Motor Vehicles	25%	5
Computers	33.3%	3
Library Books	12.5%	8

2.14.6 Land

Land details on the fixed assets register shall include details such as location, size, land tenure that is, leasehold or freehold, Land Reference (L.R) number, lease period and any other information which might be relevant for future use. Title deeds shall be maintained at the Head Office by the Managing Trustee or legally authorized contracted custodian.

2.15 Charts of Accounts

2.15.1 Policy

The account codes of the Chart of Accounts shall be arranged in the same sequence in which they appear in PCF's Financial Statements and shall be in accordance with the Government structured account codes, Government Investment Management Information System (GIMIS) and the Public Sector Accounting Standards Board reporting template.

2.15.2 Coding System

Any changes to the account codes are processed through the formal procedures described below. These ensure proper documentation and also maintains audit trail of any changes.

a) After identifying the need for changes, any member of the finance or accounting staff may suggest amendments, deletion, or opening of a new account code.

b) The proposed amendment is forwarded to the Deputy Director, Finance and Accounts respectively, who shall review and advise the Managing Trustee whether the amendment is necessary.

c) The Managing Trustee shall review the proposed changes and either approve, defer or reject the proposal. If accepted, the new code shall be forwarded to the National Treasury who is the custodian of the Governments entities charts of account codes.

d) The Managing Trustee shall issue an internal circular/memo with any updates to the account codes whenever an account code change is implemented.

2.16 Journal Entry Processing

The process shall involve the entry of all financial transactions into the accounting system in a chronological order showing an explanation of each transaction and all the accounts affected by such entries.

2.16.1 Journal Entry Procedures

a) Identification of Adjustments

The responsible Officer shall identify adjustments to be made in the accounts and forward to the Deputy Director, Finance and Accounts for approval. Depending on the nature and materiality of the adjustments to be made, some journals shall be approved by the Managing Trustee.

b) Postings

The officer shall pass the approved journal entries accordingly to the affected ledger in the financial management system as recommended by the Deputy Director, Finance and Accounts.

c) Filing

The journal voucher together with supporting documents shall be compiled and stored in a file.

2.17 Mileage claim/refund

An officer who qualifies for mileage claim as per government guidelines may claim a refund on mileage where he/she has been authorized in writing by the Deputy Director, Human Resource and Administration to use a personal car to perform official duties in the event an official vehicle was not provided while on official duties outside the work station of the officer. All mileage claims shall be through the Deputy Director, Human Resource and Administration and Director

Corporate Service and shall state in the approval request for refund of mileage the circumstances related to the mileage claim.

Thereafter, the authorized mileage claims shall be forwarded to the Managing Trustee for approval.

The Deputy Director, human resource and administration shall ensure that the following rules will govern the refund/claim of mileage before authorizing the claim;

a) Claim on mileage will be based on vehicle capacity with a maximum cc rate as per government circulars provided from time to time.

b) Mileage claimant must submit a copy of their Motor vehicle registration book which must be in accordance with Government Guidelines.

c) The claim shall be based on the prevailing AA-Kenya rates as issued from time to time.

d) The claim shall be for the distance covered from duty station to the venue of the official duty/meeting.

e) Authorization shall be sought on mileage claim before travelling.

For an officer to claim for mileage as outlined above, their request/claim shall be accompanied with the written approval/authorization given for that purpose.

2.18 Investment of surplus funds

The Fund shall invest any funds not required for immediate use in the manner approved and, in such resolutions, as may be decided upon by the Board in line with the existing government regulations and approved Investment Policy.

Every week, the Finance and Accounts Department shall prepare investment schedule/ cash projection analysis which advices the proposed investments for that week in order to make investment bids on government securities based on the weekly analysis and the prevailing market.

2.19 Determination and authorization of amount for Investments

Under the leadership of the Director Corporate Services, the Deputy Director, Finance and Accounts shall use the weekly cash projection analysis to determine and the amount of funds to be invested and advice the Managing Trustee accordingly, who will review and approve or reject the proposed amount to be invested. Only approved amounts to be invested will be processed.

2.20 Bidding for Investments

Once the funds for investments have been determined, the Deputy Director, Finance and Accounts shall bid for Government Securities investments by making an application to CBK.

Upon successful bidding, the officer shall fill the required form by CBK which shall be signed by the Deputy Director, Finance and Accounts, Director Corporate Services, and the Managing Trustee. All three signatories must approve all investment bids payments to CBK-CDS account on amounts above Kshs.20 million with the managing trustee as the mandatory signatory.

2.21 Payment for Investments

The Fund's bank shall send by Real Time Gross Settlement (RTGS) transfer directly to the CBK - Central Depository System (CDS) account as per the regulations.

2.22 Investment schedule

The Finance and Accounts Department shall maintain and keep an updated investment schedule of all investments with the following information:

a) Date of investment

b) Reference number

c) Cost of the investment

d) Interest rate

e) Face value and;

f) Maturity date

2.23 Levy Reconciliation

At the end of each month, the Finance and Accounts Department shall do levy reconciliation of the remitted levy collections from the insurers against the insurance regulator premiums and any variances arising from the reconciliation be verified by consulting the regulator thereafter demand letters to be issued to the insurers and penalties charged at 2.5% per month of the levy due.

2.24 Loss of Cash and Reporting

a) An officer who discovers the occurrence of a cash loss shall within twenty-four (24) hours of the discovery make a formal report to his/her supervisor and to the Managing Trustee.

b) Upon receipt of the above report by the persons to whom the report is made, they must immediately commence internal investigations to determine/ verify the loss. (institute the mechanism);

c) If a loss is proven to have occurred, a detailed report on the circumstances under which the loss occurred shall be made;

d) The report may indicate the person who is considered responsible for the loss;

e) Where cash losses have been established and blamed on any particular employee/ person, they shall be dealt with in accordance with the internal disciplinary procedures or relevant laws as the case may be;

f) All cash losses that are recoverable under the terms of any insurance contract that the Fund's has, shall be dealt with in terms of the contract.

2.25 Bank Reconciliation

In line with Section 90 (1) of the PFMR, 2015, Monthly bank reconciliation shall be prepared for all the Fund's bank accounts not later than the 10th of the subsequent month to which the reconciliation relates. All Bank Reconciliations shall be signed by the Deputy Director, Finance and Accounts or Director Corporate Services and the Managing trustee or AIE Holder.

Any pending reconciling items, which are more than (thirty) 30 days old, shall be reported to the Managing Trustee for necessary action.

CHAPTER 3 : SYSTEM ACCESS AND PROCESSING OF TRANSACTIONS

3.1 Introduction

This section covers the entry of data into the accounting system. The various procedures that are carried out before and after the input stage are documented in the respective sections.

The financial management system in the Fund should be comprehensive to provide timely, reliable and useful information for accountability and decision-making purposes.

The Fund's accounting structure and controls is an integral component in the overall management system to ensure provision of a single common database for financial information.

3.2 Input control

All transactions will be entered through the defined input forms. Financial transactions will originate from the various PCF departments /users which will be approved by the Head of Departments before they are forwarded the Managing Trustee for approval then to the Finance and Accounts department for processing. The Finance and Accounts department will ensure the input forms are correctly coded before processing data. The documents used to input financial data into the accounting system and the related transactions are shown below:

Table 3: Input controls

TRANSACTION DESCRIPTION	INPUT DOCUMENT
Payments-General	Payment voucher
Payments-Imprest	Imprest Application Warrant
Accounting for Imprest	Imprest surrender Form/Accounting for Imprest form
Votebook/budget control analysis	Requisition Form/Memo

TRANSACTION DESCRIPTION	INPUT DOCUMENT
Claiming travel expenses	Travel Claim Form
Petty Cash Payments	Petty Cash Request Form
Corrections, Bank Charges	Journal Voucher
Accrued Expenses	Supplier invoice
Inventory receipt	Goods receipt note/AP invoice
Inventory issue	Goods issue (S13)
Fixed Assets Additions	Fixed Assets Journal Entry
Fixed Assets Depreciation	Fixed Assets Journal Entry
Fixed Assets Disposal	Fixed Assets Journal Entry
Payroll Expenditure	Payroll Journal Entry
Budget Income	Journal Voucher
Receipt of Funds	Official Receipt
Update Chart of Accounts	Master File Amendment Form
Update the Procedures Manual	Procedures Change Request Form

3.3 Data entry procedures

In the system, data may be entered in real time entries or journals. Every transaction must be consisting of a debit and a credit entry, which must balance. The input procedures are dependent on the specific transactional process/procedure.

Data entry procedures shall have approvals levels before posting to the general ledger to enhance accuracy of the data input and also to ensure that the reports generated by the system are reliable.

3.4 Disaster recovery management (data security and retrieval)

Disaster recovery management will be provided in detail in a separate manual under the department in charge of ICT matters. This section only provides back up procedure for financial management information system.

3.5 Backups

The department in charge of ICT will maintain real time backups for the financial management information system. This will be done both externally and internally. External backup will be done as per the backup guidelines in a site that is safe and secure outside the PCF head office site.

3.6 Security

For data protection, each system user member will be assigned a username and password and authorization levels in relation to their job description.

Physical security – The strong technical controls can mean nothing if the system itself is not physically secure from unauthorized access.

Finally make sure the antivirus is properly installed and run often for virus protection.

3.7 Restoration

Users may request that information be restored from back-up, provided the original location of the file(s) is known. Such requests will be submitted to the ICT Department to attempt to restore any data. The information will be stored to an alternate directory.

3.8 Posting Period closing

Each transaction posted must be assigned to a posting period. Posting periods are defined as financial year which is further sub divided into twelve months. The monthly posting period will be closed once all the postings for that month have been posted and all bank reconciliation signed. The financial year posting period will be closed once the relevant audit certificate is received from external auditors.

CHAPTER 4 : BUDGET AND BUDGETARY CONTROLS

4.1 Government Budget

Government budget is a tool for implementing policy decisions to achieve social, economic & political objectives. It's also a pprocess of determining resources and their use for the purpose of attaining the set goals. It involves interventions by key actors and stakeholders and a series of activities. A public instrument based on a legal framework, which gives it the necessary mandate.

The budgeting process for the national government in Kenya is a continuous process. It begins on 30th August of the current year. The entire process should end on 30th September of the coming year. Upon approval of the budget estimates by the National Assembly, the Cabinet Secretary shall prepare and submit an Appropriation Bill of the approved estimates to the National Assembly. Ideally the National Assembly should approve the estimates in time for the Appropriation Bill and other Bills relevant to the implementation of the Budget to be assented to by 30th June.

In Kenya, the budget process is an important part of government planning and decision-making. In itself, the budget-making process in Kenya is comprehensive. It begins in August of the current financial year to September of the next financial year.

A financial year (or fiscal year, or sometimes a budget year) is the period that governments use for accounting and budgeting purposes and financial reporting. A full financial year in Kenya begins on 1st July of the current calendar year. It ends on 30th June of the coming year.

The budget planning process is prescribed under the Constitution, legislation and regulations enacted by Parliament, including:

a) The Constitution;

b) Public Finance Management Act;

c) Public Finance Management Regulations;

d) County Governments Act.

The budget-making process in Kenya process takes place at both the national government and the county governments. The budgeting process for the national government in Kenya takes place in several stages. These stages are formulation, approval, implementation, and audit/evaluation.

4.2 Budget Formulation

At the national level, the formulation stage takes place exclusively at the executive level. The executive arms of both the national and county governments are in charge of the formulation stage. PCF will prepare its annual and quarterly budgets in accordance with the requirements of Government of Kenya and any development partners' requirements if any. The Government of Kenya budget is prepared in the three-year rolling Medium Term Expenditure Framework (MTEF). The MTEF provides a link between budgetary allocations and specific measures/activities geared towards fulfilling the overall objective or theme of the budget.

The Fund's budget is prepared on an annual basis for the subsequent financial year. The budget estimates are drawn from each department and consolidated into the corporate budget in line with the Fund's Strategic Plan. The budget shall at minimal contain the following information which shall be guided by the budgetary guidelines issued by the National Treasury:

a) Revenue targets outlining the expected target revenue for the budget period;

b) Expected expenditure for the period under the various expense budget lines;

c) Any projected revenue excess over expenditure for the period;

d) Key assumptions underpinning the budgeted numbers;

e) Key performance indicators to be used to measure performance during the budget period;

f) Targets for each of the key performance indicators.

g) Any other information that may be required as per the government circulars.

The budget so formulated shall be submitted to the Board for approval and thereafter submitted to the National Treasury for final approval.

4.3 Institutions and stakeholders in the Budget Process

4.4 Budget Formulation

a) Before the commencement of each financial year, the Managing Trustee shall cause to be prepared estimates of the revenue and expenditure of the Fund for the period.

b) The preparation and formulation of the budget estimates shall be participatory. All departments shall prepare their respective budgets and be involved in the budget making process and provide necessary information as per the timelines.

c) The Managing Trustee shall present the estimates approved by the Board of Trustee's to the National Treasury and Planning for consideration and approval by the National Assembly through Cabinet Treasury National Treasury.

4.5 Planning and Budget Preparation

As part of budget preparation process the PCF shall prepare a strategic plan as requirement of Section 35 of the PFM Act. Therefore, the Fund's budget preparation process shall be consistent with budget preparation calendar, objectives and priorities issued by the National Treasury whilst observing the Fund's mission, vision and objectives. The Fund prepares and submits its budget estimates to the National Treasury and Planning which is its Parent Ministry not later than January every year according to PFMR,2015 Section 218 (1) for approval those estimates for the following financial year.

4.6 Budget Implementation Committee

At the beginning of a financial year, the Cabinet Secretary in charge of the National Treasury and Planning issues circulars that give direction to the accounting officers on preparation of Medium-Term Budget for the following financial year and also the constitution of the Budget Implementation Committee (BIC) including its terms of reference.

The Committees' key responsibility is to oversee the budget implementation. The Committees will also be required to regularly advise the Managing Trustee on the performance of PCF budgets in addition;

a) To participate in budget preparation meetings; and to prepare the budgets for PCF in consultation with Heads of Departments.

b) To advise the Managing Trustee's on any challenges related to the budget implementation;

c) To review and recommend reallocation of budget estimates;

d) To review and consider the cash flow plans, budget revisions which this shall involve a regular review of the PCF cash plan and approval of any changes to the initial cash flow plan to be communicated to the National Treasury;

e) To review the utilization of cash flow limits, budget execution status and consider any changes as may be required;

f) To review the utilization of funds voted for PCF;

g) To review and approve the submission of the budget expenditure returns, budget non-financial reports, payroll data estimates, pending bills and A-I-A returns for the PCFs and recommend actions to be taken.

4.7 Procedure for Budget Formulation

a) The Managing Trustee will receive Treasury Circular Guidelines on MTEF budget preparation at the beginning of a financial year and communicate to management.

b) Director Corporate Services communicates to the Departmental heads the format of the Work plans/budget for the subsequent financial year.

c) The departmental heads to prepare their budgets in line with the format provided by the Deputy Director, Finance and Accounts and/or National Treasury budget preparations formats and submit to the Director Corporate Services. Compilation and consolidation of budget will be done by the Finance and Accounts Department under the leadership of the Deputy Director, Finance and Accounts.

d) Director Corporate Services will present the consolidated submissions to the Budget Implementation Committee.

e) The Director Corporate Services in consultation with Budget Implementation Committee prepares a consolidated budget estimates report in NT Format for consideration and to recommendations to management.

f) A reviewed budget estimates report by management is compiled and presented to the Finance and Management Committee who the recommends for approval by the Board of Trustee.

g) The Board of Trustee's approves the MTEF budget estimates report.

h) The approved budget report is then forwarded to the National Treasury and Planning.

i) From time to time if need arises, guided by the National Treasury and Planning circulars, the Managing Trustee shall nominate officers from Finance and Accounts and Technical departments to attend budget meetings organized by the National Treasury and Planning on behalf of the Fund.

j) The officer nominated to participate in this budget meetings will bid for resources for PCF and report to the Managing Trustee on the outcome of those meetings.

k) The Managing Trustee may request/appeal for additional allocation/ funding over and above the Fund's ceilings if the Fund's allocation is deemed not adequate or where critical activities are left out of the ceiling.

4.8 Preparation of itemized draft Annual budget

PCF operational costs are financed through investment income generated by the Fund from investing in government securities. The annual estimates will be prepared in accordance with NT circulars and will be captured as:

a) Recurrent expenditure

b) Non-Recurrent (Capital) expenditure

The Fund shall prepare an itemized budget that shall be linked to Annual Work Plans and the Strategic Plans. The Annual Work Plan shall be approved by the Management, Finance and Management Committee and the Board of Trustee's.

On approval, The Fund will submit the budget to the Investment Department of The National Treasury latest 31st January each year for consideration and approval by the Treasury before the preparation of the annual budget. The annual estimates must also be submitted to the Parent Ministry (The National treasury and Planning) by the same date in accordance with section 11 of the State Corporations Act (CAP 446) and the relevant National Treasury circular.

4.9 Procedures for the preparation of draft itemized budget estimates

a) Deputy Director, Finance and Accounts communicates to the Budget Implementation Committee the Fund budget estimates for prioritization of the programs and activities.

b) The Budget Implementation Committee reviews the budget estimates and redistributes the estimates to departments to review their work plans within the ceiling.

c) The departments shall align their budget estimates within the ceiling and submit to the Deputy Director, Finance and Accounts.

d) Deputy Director, Finance and Accounts convenes the Budget Implementation Committee to consolidate and review the budget estimates and submit to Management.

e) The Managing Trustee convenes Management meeting to discuss the reviewed budget estimates.

f) A reviewed budget estimates by Management is compiled and presented to the Finance and Management Committee who then recommends to the Board of Trustee's for approval.

g) The Board of Trustee's considers it and then approves the annual budget estimates.

h) Director Corporate Services together with the Deputy Director, Finance and Accounts aligns the budget estimates in an itemized budget format.

i) Managing Trustee may receive communication from NT inviting the Fund to a meeting to defend the budget proposal.

j) The Managing Trustee when called upon or on an invitation from NT attends the budget review meeting and may be accompanied by officers from the Fund.

k) The Managing Trustee receives approved Printed Estimates from NT and they are circulated by the Director Corporate Services to management.

4.10 Preparation of Supplementary Budget

a) Article 223 of the Constitution allows National Government entities to spend money that has not been appropriated under supplementary appropriation, provided the supplementary appropriation may not exceed 10% of the annual budget. Section 44 of the PFM Act provides that the National Government entities must submit a supplementary budget to support any money spent under Article 223 of the Constitution.

b) Preparation and formulation of supplementary budget estimates shall be participatory. All departmental heads shall prepare their respective budgets and be involved in the process and in providing necessary information as per the timelines. All budgets shall be discussed and approved by the Board. The approved Supplementary Budget shall be communicated to all the departmental heads

c) To realign the Fund's expenditure/work plans to accommodate any changes in the Fund's requirements in the Supplementary Budget.

d) The Fund will prepare its supplementary budget estimates to allow for budget Reallocations and rationalization twice in each financial year in line with guidelines issued By the National Treasury through supplementary budget circulars.

e) The preparation of the supplementary budgets will be coordinated by the Director Corporate Services. All supplementary budget amendments shall be discussed and Rationalized by the Budget Implementation Committee, reviewed by the Finance and Management Committee of the Fund and approved by the Board of Trustees.

4.11 Procedure for preparation of supplementary budget

a) The Managing Trustee receives National Treasury circular giving guidelines on the preparation of supplementary estimates and communicates to the department heads

b) Director Corporate Services forwards the circular to Budget Implementation Committee to revise and realign the expenditure/work plans as per the guidelines.

c) The departmental heads prepare their Supplementary Budgets and submit to the Director Corporate Services

d) Compilation and consolidation of the submissions to be by the Finance and Accounts Department

e) Director Corporate Services present the consolidated revised budget/work plan to the Budget implementation Committee and thereafter to the Management for discussion.

f) Managing Trustee presents the consolidated budget to the Finance and Management Committee.

g) The Finance and Management Committee recommends the Supplementary Budget to the Board for approval.

h) Managing Trustee forwards, the approved Supplementary Estimates to the National Treasury and Planning.

i) Managing Trustee receives a letter inviting the Fund to attend an to discuss the revised budget as submitted by the Fund.

j) Managing Trustee receives the approved supplementary estimate and communicates to the departmental heads through the head of directorates.

k) In other cases, the Fund may initiate budget revision depending on the prevailing circumstances and not necessarily when the circular is issued. Same procedures are followed.

4.12 Budget Reallocation

The PFM Act (Section 43 – subsections 1 to 3) outlines the circumstances under which funds may not be reallocated, specifically, no budget reallocations may occur where:

a) The funds are appropriated for transfer to another government entity or person;

b) The funds are appropriated for capital expenditure except to defray other capital expenditure;

c) The reallocation of funds is from wages to non-wages expenditure; or

d) The transfer of funds may result in contravention of fiscal responsibility principles.

The Managing Trustee is permitted to reallocate funds *between Sub-votes* (PFMR,2015 Section 48) in the budget for a financial year if:

a) There are provisions in the budget of a program or Sub-Vote which are unlikely to be utilized;

b) A request for the reallocation has been made to Board explaining the reasons for reallocation and the Board has approved the request; and

c) The total sum of all reallocations made to or from a program or Sub-Vote does not exceed 10% of the total expenditure approved for that project or Sub-Vote for the financial year.

4.13 Procedures for Budget Reallocation

a) The Finance and Accounts Department develops the actual vs. budget performance analysis and prepare a report, at the end of each quarter.

b) This absorption report will outline line items for reallocation and guide the management in decision making on mattes relocation.

c) The departmental heads to submit their budget reallocation line items to the DDFA for consolidation.

d) The consolidated reallocation request is compiled by DDFA and forwarded to DCS for review and approval by BIC.

e) The Managing Trustee further reviews BICs recommendations and approves the consolidated reallocation requests.

f) On approval by the Managing Trustee, the Director Corporate Services prepares the Supplementary Budget, including the reallocations for review and approval by the Finance and Management Committee and thereafter the Board of Trustee's.

g) However, for urgent reallocation, the request can be made on need basis and approved by Managing Trustee in line with the prevailing public financial management regulations and guidelines and thereafter forwarded to the Board for approval and the same to be forwarded to the National Treasury and Planning to be included in the revised budget estimates.

4.14 Budget implementation and Control

a) An approved work plan and procurement plan shall be prepared to implement the annual budget and MTEF budget. The implementation of the budget shall ensure prudence, accountability, transparency, efficiency and value for money.

b) The HoDs/AIE Holders must stick to the approved work plans. Expenditure must only be incurred on the approved items. Reallocation must be approved by the Managing Trustees and thereafter and the Board of Trustee's.

c) The HoDs/AIE Holders shall efficiently implement work plans within the available resources and avoid any expenditure overruns and/ or under absorption of budget should be explained.

4.15 Procedure for Budget Implementation and Control

Managing Trustee takes custody of the duly approved budget.

a) Managing Trustee receives the approved budget for implementation circular from National Treasury and circulates it to all Heads of Departments through the heads of the directorates.

b) Managing trustee circulates the approved Work Plans as per the approved Printed Estimates for each Department.

c) All requests for the expenditure from all Department are made to the Managing Trustee for approval or the appointed AIE Holder.

d) The Finance and Accounts Department under shall confirm whether the request is covered in the budgeted activities according to the work plan and that funds are available to cover the request.

e) The Finance and Accounts Department shall consider the requests subject to availability of funds:

f) Approves requests and forwards to Director Corporate Services or Procurement for processing or disapproves and communicates to the user.

g) Finance and Accounts Department shall allocate the expenditure item to be charged in line with the approved budgetary provision and the work plan. Charges the expenditure/ commitment against the budget line as in the vote book.

4.16 Procedure for Expenditure Tracking and Monitoring

The Fund must get value for money for all its expenditure and shall be traced to the intended purpose. This procedure is to ensure that the funds are applied efficiently and effectively on the intended budgetary items, activities and /or service providers.

Director Corporate Services obtains the expenditure reports from the Finance and Accounts Department which are shared to the management too.

a) Director Corporate Services convenes a meeting with the implementing units to discuss the expenditure implementation of the Fund.

b) An expenditure implementation plan is prepared by the Director Corporate Services which highlights recommendations /measures to be taken and submitted to the Management.

c) Finance and Accounts Department together with other heads of the department administer the instrument at the end user / payee/beneficiary point after the recommendations of the Director Corporate Services.

d) Recommendations of the Expenditure report implemented and necessary measures taken.

4.17 Donor funds

Funds from donors if any shall be included in the Annual and Supplementary Budgets and shall be received and used according to the conditions specified in Section 47 of the PFM Act.

4.18 Budget Implementation Committee

a) There shall be a Budget Implementation Committee which shall comprise:

i) Director Corporate Services – as Chairman/Chairperson.
ii) Four representatives of functional units - as Members.
iii) Deputy Director, Finance and Accounts - as the Secretary

b) The Committee shall consolidate all Departments operational plans and align them to the Medium-Term Expenditure Framework (MTEF) and the revenue/financing ceilings as determined by the National Treasury.

c) The Budget Implementation Committee shall submit the Fund's consolidated budget to the Finance and Management committee of the Fund who upon deliberation will table the budget to the Fund for approval by the 31st January of each year.

Table 4: Budget Preparation Procedures

BUDGETING PREPARATION PROCEDURES		
OVERALL RESPONSIBILITY: DIRECTOR CORPORATE SERVICES		
Step	**Procedure**	**Responsibility**
1.	Receive budget guidelines from The National Treasury by way of treasury circular and from Donors (grant agreements)	MT
2.	Request staff of the various departments to submit their requirements/estimates.	DCS
3.	Review of detailed requests from within Departments and consolidation into a single budget for the department	Head of Departments
4.	Request HoDs to submit their budgets	DCS/DDFA
5.	Review the budgets from HoDs and consolidate them to come up the institutional budget. The DCS may solicit the help of officers within the organization in order to speed up the process.	DCS/DDFA
6.	Present consolidated budget to the Budget Implementation committee for discussion. At this stage revision may be done on the budgets as agreed upon between the Budget Committee and the specific head of department.	DCS/ BIC
7.	Forward consolidated budget to the MT for final review and approval. At this stage the Board's final approval is sought.	DCS/DDFA
8.	Submit the approved budget to the ministry. Budget proceeds into the Government cycle.	MT
9.	Guidelines for the next financial year are received.	MT

CHAPTER 5 : BANK AND CASH OPERATIONS

5.1 Policy Statement on Treasury Management and Control

PCF shall implement prudent financial management policies that are transparent and accountable. PCF's treasury management policies are:

a) Money received is accounted for promptly by issuing official receipts to customers;

b) Money is deposited intact into bonafide PCF bank accounts;

c) Only authorized officers shall operate bank accounts. These officers shall be authorized by the Fund via an introductory letter to the respective bank signed off by the authorized signatory.

d) Timely bank reconciliations and review on a monthly basis.

e) Method of payments to Trustee's, staffs and suppliers or service providers will be through RTGS/EFT. Cheque payments shall be made only when RTGS/EFT mode of payment are not possible.

The purpose of treasury management and control is to ensure that:

a) The design, implementation and monitoring of all management and control of treasury management risk is carried out in a timely and effective manner.

b) The Director Corporate Services together with the Deputy Director, Finance and Accounts shall report to the Managing Trustee any matters that affect the achievement of treasury management objectives.

c) PCF maintains full records of treasury management decisions.

d) Regular reviews of policies and procedures are carried out on treasury management for appropriateness and value addition.

e) Available funds are optimally utilized in accordance with the authorized procedures.

5.2 Procedures for Opening Bank Accounts

Bank accounts for the Fund shall be opened subject to the approval of Board of Trustee's resolution and approval from the National Treasury and Planning as per the guidelines provided by the PFMR,2015 section 82.

a) The Director Corporate Services shall request the Managing Trustee for a bank account to be opened.

b) The Managing Trustee shall forward the request to the Board of Trustee for approval.

c) Once the Board approves, the Managing Trustee shall request the National Treasury and Planning for Authority in Writing.

5.3 Bank Signing Mandates and Operation

a) PCF bank accounts shall be operated as per the mandate approved by the Board. The policy is to ensure that the Bank Signing Mandates are approved by the Board and are promptly updated whenever changes arise and the bank is informed on a timely basis.

b) The managing Trustee shall be mandatory signatory to all the bank accounts of the Fund.

c) The Board shall appoint other signatories to ensure transparency in financial operation and internal controls.

d) For cheques or other instructions to the banks other than the CBK CDS bank account to be validly authorized, they must bear a minimum of number of two signatories as required by the Fund and for amounts above Kshs.20 million, three signatories are required to sign.

e) For cheques or other instructions to the Central Bank of Kenya CDS Bank account to be validly authorized, they must bear a minimum of number of three signatories as required by the Fund.

5.4 Control of Cheque Books

a) Cheque books must be held in a secure place in the cash office by the Deputy Director, Finance and Accounts

b) A register of Cheque books indicating Cheque book series, date received and the bank account they relate to be shall be maintained.

c) Only one Cheque book shall be issued to the cashier at a time.

d) Cheque signatories shall sign the Cheque and the Cheque signing register when approving payments.

5.5 Cheque Book Requisition

Cheques shall be requisitioned as per the regulations of the bank accounts held in the various commercial banks. The Cheque requisition leaflets shall be completed and signed by the appointed bank signatories.

The appointed agent shall collect the requisitioned Cheque books from the respective banking institution.

5.6 Bank Accounts and Cash Books

The Fund shall maintain a cash book for every bank account opened and maintained by the Fund. The following cash books shall be maintained;

a) Recurrent & Capital Cash Book,

b) Development Cash Book if any

c) Deposit Cash Book if any

d) Imprest Cash Book/Imprest ledger book

e) Petty Cash Book

f) Donor Fund Cash Book if any

5.7 Cash Book Maintenance

a) Details of every deposit and payment made in the bank account shall be recorded in the cashbook and updated daily.

b) On a daily basis the Accountant will review and examine the cashbook and sign the cashbook.

c) The Payment Vouchers shall be entered in the cash book serially using the voucher number in the relevant cash book.

d) At the end of the month, the Cashier shall balance the cash book and extract the cash balances.

e) An Accountant shall prepare a bank reconciliation statement and present to the Deputy Director, Finance and Accounts.

5.8 Petty Cash

A minimal Petty cash float will be held by the Cashier at the PCF headquarters to pay for minor/incidental expenses. The management of petty cash shall be in line with PFM Regulations 83 subject to the following conditions:

a) Petty cash float limit is set at Kshs 100,000.

b) All petty cash funds are handled on an imprest basis only.

c) Mixing of imprest balance cash receipts with the petty cash float is prohibited. Bank imprest cash receipts to be banked immediately to the Funds bank account.

d) The total amount of cash float to be held as petty cash shall be determined from time to time by the Deputy Director, Finance and Accounts in consultation with the Director Corporate Services to a level which is considered to be an amount appropriate for the normal needs of PCF.

e) Any cash deficits must be made good by the individual responsible for the funds on that day.

f) Petty cash payments shall be made on the approved petty cash voucher and all must be supported by approval by the Managing Trustee or the alternate AIE Holder.

g) All petty cash requests shall be accompanied by an approved memo and an approved petty cash requisition form.

h) Petty Cash shall be used to refund bonafide expenses approved by an authorized officer on production of authenticated receipts;

i) The Deputy Director, Finance and Accounts may authorize issuance and reimbursement of petty cash of up to a maximum of Kshs. 100,000.

j) The authorization of the cash withdrawal shall be subject to cashier accounting for all the petty cash payments made from the initial float.

k) The Cashier/ designated employee shall be the custodian of the petty cash. Petty Cash shall be properly accounted for and promptly replenished.

l) The Deputy Director, Finance and Accounts shall conduct random or surprise Petty Cash count to confirm that the cash in hand agrees with the Petty Cash balance as recorded in the record.

m) The Petty Cash Voucher and Expenditure Claim Forms shall contain the following details:

    i) Date.
    ii) Description of the expenditure.
    iii) Name and signature of claimant/Payee
    iv) Amount claimed in figures as well as in words.

n) Authorized signatory and date.

o) The payee must sign the Petty Cash Payment Voucher for receipt of the money. When a Petty Cash payment is made for several people, each of them must sign against his or her name on the Petty Cash payment voucher or attached payment schedule with complete identity details such as employee number, national identity number, contacts, amount paid, signature, date paid among other necessary information which shall be determined at the time of payment.

p) The Cashier shall;

i) Ensure that the amount of petty cash in hand agrees with book balances.
ii) Stamp all paid vouchers and supporting documents with a "PAID" stamp immediately after payment is made.
iii) Post the cash payments to their respective expenditure code in the petty cash register.

q) The Deputy Director, Finance and Accounts may suspend use of petty cash mode of payment to mitigate risk such as misappropriation of cash, loss or fraud among other reasons and shall communicate the same to all staffs.

5.9 Petty Cash Register/Analysis.

a) The Cashier shall maintain a petty cash register in which he/ she must record individual and in detail all petty cash payments.

b) The petty cash register must be closed and reconciled at the end of every reimbursement. At the end of every week the Cashier shall prepare a petty cash summary showing the petty cash opening, balance amount received, amount spent and the balance at the end of the day.

c) The total of petty cash in hand and expenses should not exceed Ksh. 100,000 or amounts approved for petty cash from time to time.

5.10 Replenishment

When petty cash float is below Ksh 15,000 the Cashier shall prepare a replenishment of petty cash request Payment Voucher and submit to the Deputy Director, Finance and Accounts for authorization and replenishment of the expended petty cash. A memo seeking approval to replenish cash and a cash withdrawal payment voucher shall be forwarded together with the petty cash register/schedule and must be supported by petty cash payment vouchers duly stamped “PAID” to the Managing Trustee through the Director Corporate Services for approval.

a) After the cash withdrawal payment voucher is authorized by the Managing Trustee, the Cashier shall prepare a cheque advice together with the payment voucher and submit to the authorized signatories for signature and approval.

b) The agent is then required to withdraw the cash from the bank and forward to the Cashier who would enter the amount so withdrawn into the petty cash register. The Cashier shall file the replenished petty cash vouchers in numerical sequence in the petty cash file.

c) The Fund shall make necessary arrangements to facilitate cash escort security from the bank to the Funds offices when need arises.

d) No payment should be made on temporary travel imprest or unauthorized vouchers from petty cash.

e) The Director Corporate Services, Deputy Director, Finance and Accounts and or the internal auditors shall conduct surprise checks on the cash on hand to ensure that it reflects the balance in the petty cash book. Whenever a surprise check is made he/she must initial against the verified total in the cash book as evidence of having carried out the check.

CHAPTER 6 : VOTE CONTROL AND EXPENDITURE MANAGEMENT

6.1 Vote Book Entries

The Fund shall cause records to be kept clearly at any time in respect of each vote;

a) The total amount of expenditure sanctioned for service of the year.

b) The amount of expenditure charged.

c) Any further known liabilities in respect of the year.

This is to control funds allocated in order to ensure prudent utilization of budgetary allocations to avoid over expenditure and misuse of public funds. This applies to all budgeted allocations.

6.2 Procedures for making Vote Book entries

Approved budget should be posted in the vote book in accordance with the respective vote head items.

The Managing Trustee and or AIE holders should ensure that a vote book is opened and operated for budgetary allocations as follows;

a) Every payment voucher processed is posted in the vote book.

b) Every commitment is entered – realistic approximate values may be obtained from suppliers, Pro forma Invoice, LSOs, LPOs stores catalogue, etc.

c) After the entry of a commitment, the total commitment figure or total commitment plus total payment is obtained from which the balance available is computed.

d) When a commitment becomes an actual transaction, it is deleted and the total commitments and actual payments figures are adjusted accordingly.

e) Every voucher should be serialized.

6.3 Vote Book maintenance

The Accountant in charge of the vote book shall;

a) Receive approved financial allocations for the year from the Deputy Director, Finance and Accounts or Director Corporate Services.

b) Post the allocations in the Vote book according to general ledger accounts.

c) Confirm availability of funds before committing any duly authorized purchase/service order or imprest warrants.

d) Commit the imprest warrant and the LPO/LSO against their respective allocations in the Vote book and signs the hard copy.

e) Payment vouchers with commitments are voted after reversing the respective commitment.

f) Payment vouchers without commitment are voted against respective allocations.

g) Rejected vouchers are reversed in the Vote book.

6.4 Processing payments to suppliers and employees

The Finance and Accounts Department shall receive and process payments that has been duly authorized and approved. Appropriate approvals must be obtained prior to ordering goods and services and all procurement must be in accordance with the PCF approved budget. All payments must be supported by a duly approved memo, requisition form raised by the user and other supporting documents as per established approval thresholds.

The detailed procedure is as outlined below;

a) All costs shall be charged to the appropriate budgetary allocation. Any anticipated expenditure, which is not covered by the budget, must be subject to a supplementary budget or reallocation approval as per the PFM Act.

b) LPO's and LSO's shall be signed by the authorized staff as outlined in the Public Procurement and Asset Disposal Act of 2015

c) The Procurement Department shall always make available signed all required documentation while forwarding invoices from suppliers for payments as required by PFMR,2015 and PPDA,2015.

d) Payments for supply of goods and services shall be within thirty days of receipt of invoice or as per prior agreed payment terms provided all the requisite conditions are met.

e) Staff payments are made within 5 days of complete claim as long as the necessary conditions are met and relevant approvals obtained.

f) All invoices and staff claim shall be clearly stamped with a "received" stamp on receipt. The stamp shall indicate the date of receipt of the invoice /claim for monitoring purposes.

g) The modes of payment for the Fund shall be: -

   i) EFT/RTGS
   ii) Cheque when it's not possible to pay through EFT/RTGS
   iii) Cash (small value items only)
   iv) Letters of Credit.

h) All expenditures must be consistent with the Fund's objectives and/or intention of its donors.

i) A single individual shall not be allowed to initiate a payment and process it to a point of making a payment i.e. whenever possible; persons who approve payments should not be the same persons who make the payments.

6.5 Payment of Compensation to Claimants

a) All Compensation claims forwarded to Finance and Accounts department must be accompanied by a board resolution.

b) Upon verification of the support documentation forwarded from the Technical Department, payment process shall begin by preparing a payment voucher.

c) The payment voucher is voted/posted against the compensation budget line.

d) User department certifies the payment voucher.

e) The Voucher is examined and authorised.

f) Thereafter the payment voucher is approved by the Managing Trustee or the authorised appointed AIE Holder.

g) Compensation of claimants shall not be on cash basis.

6.6 Preparation of Payment vouchers

A pre-numbered Payment Voucher (PV) shall be raised for all payments related to invoiced goods/services and other advances for payments. The PV shall indicate the following:

a) Date

b) Payee's name and address

c) Description of goods and services

d) Amount being paid in words and figures

e) Budget line code against which the purchase should be charged

f) Signatures of preparing and authorizing officers

g) Signature of payee. (For cash payment only)

h) Authority for payment in relationship to the Requisition

6.7 Segregation of duties when processing payments

For proper internal controls, there shall be segregation of duties in the Finance and Accounts department by ensuring that there is segregation of duties while processing payments such that at no time shall one officer sign for all payment processes. In addition, the DDFA shall prepare a rotation of duties for officers in the Finance and Accounts department as and when deemed necessary to enhance effectiveness and smooth operations of the Fund.

6.8 Procedures for payments for Goods and Services

Receive an **original** invoice accompanied by a triplicate copy of LPO/LSO/ copy of dully signed service contract, completion note/job card delivery note and evaluation committee minutes, Inspection and acceptance report, and S13 form (goods receipt note) to be attached.

a) Check in the whether the invoice has been previously processed using the LPO /LSO number.

b) Check in the procurement plan whether the purchase was approved as per the procurement plan of that financial year.

c) Approved LPOs/LSOs must be committed in the Vote book before release to the suppliers.

d) Process the payment voucher vide voucher control FO 20, and attach two copies of payment vouchers to the document and submit in a relevant register to the examiner, A.I.E holder and Director Corporate Services in charge for authorization.

e) In case of workshops, a deposit is paid before the workshop takes place according to a duly signed agreement between the supplier and the Fund (Pro forma invoice and a copy of an LSO must be attached). The rest is paid upon receipt of final invoice and the list of participants.

6.9 Expenditure Authorization Procedures

a) The Managing Trustee or any officer delegated by him as an alternate AIE holder may authorize expenditure chargeable to these votes, provided such expenditure is in respect of and within the provision for the services in accordance with Fund's regulations on contracts or agreements that may be applicable, and does not require special authority in terms of any law, regulation or National Treasury instruction.

b) No officer shall approve vouchers for payment unless he has been authorized to do so and within the required mandates.

6.10 Unapplied EFT Payments/ Direct Refunds

a) The Cashier collects the bank statement to identify the rejected electronic payments.

b) The Cashier Prepares receipt voucher (FO 17), supported by bank advice notes.

c) The Deputy Director, Finance and Accounts verifies the payees' details against the bank Advice schedule.

d) The Deputy Director, Finance and Accounts passes a journal in ERP system to recognize the rejected payment.

e) The payment is processed again

f) The payment is transferred through Internet Banking.

6.11 Procedure for Cash payments

a) Cash payments are limited to a one off but urgent payments of low value. Where the cashier believes it is not practicable or possible to pay by any other mode of payments, prior clearance must be sought in writing from Managing Trustee, explaining the circumstances that necessitate cash payment having considered other options including mobile money transfer, pesa link or internet banking platform.

b) An authorized petty cash requisition form shall accompany all petty cash request together with an approved memo.

c) Acknowledge receipt of a warrant/payment voucher in duplicate payable in cash by signing the delivery register.

d) Positively identify the payee and make payments as per the warrant/payment vouchers.

e) The payee acknowledges the receipt of cash by signing on the original copy of the warrant/payment voucher schedule.

f) Post the payment to cash book. File the paid original Warrant/Payment voucher and withdrawal slip into the daily transaction folder.

6.12 Taxation

The objectives of taxation policies and procedures are to ensure:

a) PCF is in compliant with all tax laws and regulations

b) Proper accounting procedures are followed with respect to tax transactions

c) Proper recording and documentation is maintained for tax purposes

d) Tax payments and accounting are done according to the prevailing tax law and regulations.

6.13 Withholding Tax and VAT Retention Deductions

a) PCF shall deduct Withholding Tax and appropriate VAT Retention, for every consultancy and contractual services and vatable supplies, and remit the same to the Income Tax Department and Commissioner of VAT respectively, at the Kenya Revenue Authority (KRA) as prescribed by the Income Tax Act.

b) The applicable Withholding Tax and VAT Retention rates for payments to residents and non-residents shall be guided by the Income Tax Act and the Finance and Accounts Department shall ensure compliance with tax legislation at all times.

c) Withholding Tax and VAT Retention shall be promptly withheld and paid when the payment voucher is raised and expensed at the time of making payment. Filling of i-tax returns for all taxes shall be done on or before 20th of the following month

d) Withholding tax and VAT Retention certificate should automatically be downloaded by the suppliers on line.

e) No filling of manual returns on Withholding and VAT Retention should be allowed.

6.14 Pay-As-You-Earn

a) PCF shall pay the Pay As You Earn (PAYE) for salaries and allowances payable to employees and Board of Trustees of the Fund as per income Tax Act and as per the approved payroll from the human resource and administration department. P.A.Y.E deducted shall be paid promptly as a transfer to income tax account.

b) PAYE for Temporary staff and staff on secondment shall be deducted based on the graduated scale of taxation and remitted as transfers to income taxes account.

c) Filling of i-tax return on PAYE should be done on or before 9th of the following month and no manual filling returns should be allowed

6.15 Examination

It is the policy of the Fund to ensure that any expenditure is done in accordance/compliance with laid down regulations, policies, procedures, scales, tariffs, contracts or agreements.

This is to ensure that all payments are independently subjected to further scrutiny to enhance financial internal controls.

6.16 Procedures for examination of payments

The vouchers/ imprest will be subjected to scrutiny by a examiners to ascertain the following:

a) That the expenditure is in conformity with the authority governing the payments;

b) That there exists a budget allocation to cover that expenditure and that the allocation has not and will not be exceeded as a result of the payment;

c) That the payment is supported by appropriate approvals, certificates and/or duly certified invoices, receipt bills. LPOs, LSOs, contracts etc. as proof of acknowledgement of receipt of goods and services;

d) That the payment voucher/ imprest is complete in all aspects and all payment procedures have been complied with;

e) That the payment voucher/ imprest is authorized for payment by an authorized official. When the examination is completed the examining officer or section head will complete then forward to the AIE holder and to the accountant in charge for authorization.

6.17 Examination of Suppliers Payments

A supplier is an entity or a person that supplies goods and services to another organization. Payment of suppliers is made after delivery of goods and services.

Requirements in terms of payment of Goods

a) Original invoice, fixed on letterhead, and organization stamp.

b) The invoice should clearly show the VAT deductible

c) The invoice must show the date, quantity supplied and total amount payable.

d) Original ETR receipt

e) Delivery note showing the quantity of goods delivered

f) Inspection/verification certificate showing that goods as per the requirements

g) Minutes from procurement committees

h) Contract signed by both employer and supplier for the contracted goods.

i) In case of quotations procurement should attach three quotations from different supplier's i.e. Airline agency, accommodation etc.

j) S13 showing that goods were received in procurement

Requirement in terms of payment of services

a) Approved requisition memo from user department

b) Job card fully signed by user department and approved by the authorizer

c) Original invoice fully signed and stamped

d) Original ETR receipt

e) Minutes from Evaluation committee

f) Contract signed by employer and supplier where applicable

g) In case of quotations procurement should attach three quotations from different supplier.

h) A clearance certificate to a certain the service rendered.

CHAPTER 7 : IMPREST ADMINISTRATION PROCEDURES

7.1 Purpose

The purpose of the imprest system is to ensure that:

a) Imprest is issued for approved activities and expenditure types

b) Proper approval systems are adhered to in making imprest payments

c) Reasonable amounts are paid out as imprests

d) Imprest is promptly and fully accounted for with appropriate supporting documents

e) Travel and other activities requiring imprests are adequately planned for in advance

7.2 Policy

a) PCF will pay for travel and reasonable living expenses for employees on official business in accordance with guidelines and rates sets out in Terms and Conditions of Service and relevant government circulars.

b) **Imprests** must be accounted for after 7 working days on return to office. The imprests that remain unsurrendered for more than 7 days will be recovered in full from the salary.

7.3 Imprest types

According to the PFM regulations 91, 92, 93, and 94 an imprest means a form of cash advance or a float which the Managing Trustee or the AIE Holder may authorize to be issued to officers who in the course of duty are required to make payments which cannot conveniently be made through the cash office of a government entity or bank account.

PFMR,2015 states; ***An imprest shall be issued for a specific purpose, and any payments made from it, shall be only for the purposes specified in the imprest warrant.***

There are three types of Imprests:

a) **Temporary Imprests (Safari Imprest)-**This is an Imprest issued to officers to facilitate travelling for official duties outside the place of work.

b) **Standing Imprest -**This is issued to appointed officers to facilitate smooth running of the executive's offices. It is issued at the beginning of the year and should be surrendered on or before 30th June of every financial year.

c) **Special Imprests-**These are issued for special reasons as per the regulations prescribed in the Government Financial regulations.

7.4 Temporary Imprest

a) Before issuing temporary imprests the Managing Trustee shall ensure that—

i) the main objective of the journey cannot be achieved by other cheaper means;
ii) the applicant has no outstanding imprests;
iii) the applicant has been recorded in the imprest register including the amount applied for;
iv) Adequate funds are available against the relevant items of expenditure to meet the proposed expenditure.

b) A holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station. Section 93 (5) of PFMR, 2015.

c) In the event of the imprest holder failing to account for or surrender the imprest on the due date, the Managing Trustee shall take immediate action to recover the full amount from the salary of the defaulting officer with an interest at the prevailing Central Bank Rate.

d) If the Managing Trustee does not recover the temporary imprest from the defaulting officer as provided for in this regulation the Managing Trustee as the accounting officer commits an offence as provided for under the Act.

e) In order to effectively and efficiently manage and control the issue of temporary imprests, an Managing Trustee or AIE holder shall ensure that no second imprest is issued to any officer before the first imprest is surrendered or recovered in full from his or her salary.

f) If the Managing Trustee or AIE Holder fails to comply with the provisions of paragraph (v), he or she commits an offence as provided for under the Act.

g) If an imprest is to be recovered from any public officer by instalments, the Managing Trustee shall personally authorize such recovery and such moneys shall no longer be an imprest but an unauthorized advance from Government Funds, and in addition to the interest charged under paragraph

h) The Managing Trustee shall take appropriate disciplinary action against the officer concerned for the abuse of the imprest.

7.5 Standing Imprest

a) Standing Imprest shall be intended to be in operation for a time and requires bringing the cash level of the advance continuously up to the agreed fixed level by systematic re-imbursement of expenses.

b) Standing imprest shall involve personal responsibility as it shall be issued to an officer in his or her own name, and not to the holder of an office.

c) When an imprest holder leaves the service, or is transferred, he or she shall surrender the total standing imprest which includes cash plus payment vouchers which together amount to the fixed level of the imprest, and a new imprest issued to his or her successor.

d) The holder of a standing imprest shall keep a memorandum cash book to record all receipts and payments and the balance on hand shall agree with the cash balance recorded in the cash book, and in the absence of any receipts, the actual cash balances plus the expenses paid shall equal at all times the fixed level of the imprest for which the imprest holder is personally responsible.

e) When the imprest holder needs to have his or her funds replenished, he or she shall send an abstract and analysis of his memorandum cash book, plus originals of the supporting payment vouchers to Finance and accounts departments.

f) If the Finance and accounts department in paragraph (e) is satisfied that the expenditure has actually been incurred, that it has been incurred for the intended purposes, and there is no irregularity in the payment vouchers, it shall arrange for the analysed expenditure to be posted to the various heads and items, and arrange for the cash to be transferred to the imprest holder so as to "top-up" his or her fund.

g) In addition to paragraph (vi) the Deputy Director, Finance and Accounts department shall also ensure that frequent spot checks are made of the standing imprest itself by a responsible officer as follows—

   i) count the cash on hand;

   ii) confirm that the actual cash on hand corresponds with the balance on hand as recorded in the cash book;

   iii) confirm that all movements (expenses and receipts) since the last check have been properly recorded and are properly documented;

   iv) Ensure that the documents justify the difference between the fixed imprest level and the actual cash balance; and

   v) Report on any anomalies found to the head of the accounts section.

7.6 Procedures for applying for imprest

a) The user presents an approved memo to the Director Corporate services department who marks it to Finance and Accounts Department for processing

b) Finance receives the memo and user fills and signs an Imprest Request Form (Imprest warrant).

c) The Finance and Accounts Department confirms that funds are available to cover the commitment.

d) The imprest accountant verifies the applications to ensures that the authority for imprest is attached.

e) The imprest accountant confirms that the applicant has no outstanding imprest. No Impresst shall be issued before the surrender of a previous outstanding Imprest

f) The imprest accountant generates records and submits the warrant to the Deputy Director, Finance and Accounts Corporate Services for authorization and thereafter the Managing Trustee or AIE holder for approval.

g) A Payment is made against approved imprest warrant form.

h) Recording of the paid imprests warrants in the cashbook and imprest ledger is updated thereafter filing is done.

7.7 Imprest surrender

a) All temporary imprest must be surrendered or accounted for within 7 working days following return from the official journey.

b) During surrender, the accountant in charge should ensure that relevant supporting documents are attached, evidencing the expenditure.

c) The imprest warrant holder prepares the imprest surrender form and signs while attaching support documentations and presents this surrender form to the Finance and Accounts Department.

d) Finance and Accounts Department shall record the surrendered imprest form in the imprest surrender acknowledgment register.

e) The accountant shall prepare an accounting for imprest voucher for the surrender of imprest, it shall be examined by another accountant and Deputy Director, Finance and Accounts or Director Corporate Services before submission to the AIE Holder or Managing Trustee for approval.

f) Once approved, the accounting for imprest form is captured in the imprest ledger and the imprest is cleared.

g) The signed accounting for imprest voucher is submitted to the cash office for record keeping and subsequent posting to the cashbook.

7.8 Unutilized Imprest

a) Raise a receipt voucher for the unutilized Imprest.

b) Record the receipt voucher in the receipt voucher register and submit to cash office in triplicate, where the Imprest holder pays in the cash/bankers cheque and obtains an official receipt.

c) Obtain two copies of receipt voucher from cash office duly stamped by cashier, with the original receipt being kept by the Imprest applicant and both duplicates of receipt voucher and official receipts be maintained in the receipts file. A copy of receipt voucher and official receipt to be attached to Imprest surrender documents and another duly signed copy to be kept by Imprest Accountant for future reference.

7.9 Un-surrendered Imprest

a) Any un-surrendered Imprests for more than thirty days shall be forwarded to the payroll section for recovery.

b) All Imprests should be surrendered in full on or before the end of the financial year.

7.10 Duties of Imprest holders.

Any public officer holding an imprest shall, according to PFM regulation 94 ensure that—

a) the imprest issued to him or her shall be used for the intended purpose only;

b) the imprest moneys and any payment vouchers awaiting replenishment are adequately safeguarded at all times;

c) proper cash sale receipts are received for all payments out of the imprest;

d) the full amount of the imprest can be accounted for at all times in cash, stamps, money at bank and completed payment vouchers; and goods purchased through imprest are taken on charge and certificate issued.

7.11 Examination of claims/refunds made in line of duty

These are expenditure incurred in line of duty. Example are claims made as a result of extra days, excess expenditure on fuel incurred, meal allowance, service allowances, task force allowances, taxi claims, daily subsistence allowance and ground movement for local or international official trips.

Table 5: Examination of Claims Requirements as per the table

Types of refunds	Requirements
Extra Days per diem, Excess expenditure on fuel incurred	1. Approved memo for refund explaining the reason why? 2. Copy of work ticket or passengers boarding pass showing both exit and arrival in case where airline was used 3. In case of fuel expenditure refunds, one should attach original receipts, work ticket for official vehicle used.
Meal allowance, service allowances, task force allowances	1. Approved memo or letter of appointment by MT explaining the nature of service offered and nature of duty. 2. List of staff to be refunded showing names, gross amount less PAYE and net payments.

CHAPTER 8 : PAYROLL PROCEDURES

This section only provides the payroll preparation procedures. Details on other personnel procedures have been included in the PCF human resources policies and procedures manual.

8.1 Policy

a) The payroll for the Fund shall be within the approved budget. All benefits and allowances paid with the salary shall be in conformity with the tax laws and other government regulations.

b) Staff salaries shall be paid in arrears i.e. at the end of every month.

8.2 Preparation and approval of the payroll

a) The Deputy Director, Human Resource and Administration shall be responsible for the preparation of the payroll. In preparing the payroll, the Deputy Director, Human Resource and Administration shall ensure: -

i) Accuracy and completeness of the payroll.

ii) Accuracy of changes as communicated by the MT if any.

iii) Recoveries or dues to third parties are complete.

iv) Computation of the statutory dues, including income taxes.

b) The Deputy Director, Human Resource and Administration shall ensure that the preparation of the payroll is complete by the 20th of every month. The Director Corporate Services shall sign the payroll before submitting it to the Secretary/MT for review and approval.

c) All salaries shall be paid through the bank.

d) Each employee shall be issued with a monthly 'Pay Slip' showing basic salary and all other allowances due to him/her, deductions and the net pay.

e) Remittance of the statutory and other payroll deductions shall be made by the 9th of the subsequent month by Corporate Services Department; Finance and Accounts Department.

f) Staff leaving PCF shall be removed from the payroll with effect from the date of leaving service.

g) The Managing Trustee shall communicate this to the Director Corporate Services who shall ensure that all amounts due from the staff, including outstanding advances, are recovered before final dues are paid.

h) For the purposes of payroll processing, the Finance and Accounts Department will receive the approved monthly payroll report from the Deputy Director, Human Resource and Administration for processing with the following details:

   i) Full names of the employee

   ii) Payroll number (provided by the system /HR Dept)

   iii) Position

   iv) Bank Name and Branch

   v) Bank Account Number

   vi) Statutory registration numbers (PIN, NSSF, NHIF, ID)

   vii) Other registration numbers (Cooperative, HELB etc)

   viii) Emoluments details i.e. Basic pay, allowances

   ix) Statutory and other salary deductions

i) The Deputy Director, Finance and Accounts will ensure strict compliance with laws regarding taxes and other statutory deductions in terms of set deadlines.

He/she will ensure that PCF obtains all the pertinent information regarding statutory deductions, their accuracy and complies with them.

8.3 Posting of the Payroll

The paid documents shall be forwarded to the Accountant for posting and filing. Posting shall be done using the Payment Voucher (PV) and the Journal Voucher (JV), upon approval by the Deputy Director, Finance and Accounts

8.4 Data Flow Diagram

Table 6: Payroll Procedures

PAYROLL PROCEDURES		
Procedure Name: Monthly Payroll Processing		
Overall Responsibility: Deputy Director, Finance and Accounts		
Step	**Procedure**	**Responsibility**
1.	Receive Approved monthly payroll reports from the Deputy Director, (HR and Admin) for processing	Deputy Director, Finance and Accounts
2.	Prepare the payment vouchers for the net salaries, statutory and other deductions – the process is similar to the cash management system	Cashier/Accountant
3.	The payment voucher is signed by the accountant, Deputy Director, Finance and Accounts, Director Corporate Services and finally the Managing Trustee	Director Corporate Services
4.	Payment process begins and the payroll is uploaded into the internet banking platform. Official signatories approve the payroll payments and dispatches it to the bank for money transfer to the respective employee bank accounts.	Bank Signatories
5.	Observe payment procedures to pay monthly statutory and other deductions ensuring deadlines.	Deputy Director, Finance and Accounts

PAYROLL PROCEDURES		
Procedure Name: Monthly Payroll Processing		
Overall Responsibility: Deputy Director, Finance and Accounts		
Step	**Procedure**	**Responsibility**
6.	Update the General Ledger with the payments by debiting the various expense accounts with the payroll related payments as follows: **Entries General Ledger:** Dr. payroll Expenses (various accounts) Cr. Payroll Liabilities (Various) **Entry on payment** Dr. Payroll Liabilities (Various) Cr. Bank	Accountant
7.	File documents.	Accountant

CHAPTER 9 : MANAGEMENT OF NON-CURRENT ASSETS

9.1 Purpose

The purpose of the fixed assets system is to ensure that:

a) All assets are safeguarded by recording their details and monitoring their location, condition and usage

a) There is proper maintenance of a fixed assets register, appropriately designed to include all information necessary to properly record and control fixed assets

b) There is proper accounting for fixed assets

Fixed Assets: Are Assets that have a useful life extending beyond one fiscal year and are intended to be used on a continuous basis and, are not intended for resale in the ordinary course of operations.

The Fund shall keep proper and accurate records of all assets that are correctly valued and rightly owned.

Prior to the acquisition of any assets, a provision for the same shall be made in the annual budget and procurement plan.

Requisition for Fixed assets acquisition will be done as per the relevant internal policies of the Fund.

Fixed Assets may be acquired in any of the following ways:

a) Purchase

b) Construction or Fabrication

c) Donations received

d) Receipt from Other Agencies

Depending on the circumstances, where the expenditure is an addition or improvement (refurbishment/ rehabilitation) of an existing asset, the expenditure will be capitalized.

9.2 Policy for the management of fixed assets

e) Proper control procedures are followed for all capital assets acquisitions, transfers and disposals in order to provide internal control of capital assets and to assist in reporting.

f) Departmental heads are responsible and accountable for furniture, equipment, machinery and any other capital assets in their Department. Recognition of non-current assets shall be as per IPSAS 17 standard which gives guidelines on reporting and recognition of property, plant and equipment.

g) Assets are items that are purchased, constructed, developed or otherwise acquired and are held for use in the production or supply of goods, the delivery of services or to produce project outputs.

9.3 Acquisition of fixed assets

Requisitions for purchase are raised by the various departments for the purchase of assets in accordance with their relevant budget allocations. Purchase requisitions for computer, audio visual and other communication equipment shall be referred to the head of ICT Department for approval prior to release of the purchase order.

a) Authorized requisitions are submitted to Finance Department for commitment of funds.

b) The Managing Trustee and/or the appointed AIE holder shall approve the purchase of capital items.

c) All approved requisitions are submitted to the Procurement Department for procurement.

d) On receipt of an asset, the user department, Stores along with the Receipt & Inspection Committee confirm receipt of the items, the working condition and satisfactory commissioning, including supply of owner/user manuals.

e) A Goods Received Voucher (GRV) is raised and the delivery note signed as confirmation of acceptance of goods. The assets detail form; signed delivery note, LPO and GRV are attached to the supplier invoice and passed for processing of payment.

f) After the receipt of the documents the Deputy Director, Finance and Accounts or the designated Accountant shall update the Fixed Assets register.

9.4 Recognition of fixed assets

An item of property, plant and equipment should be recognized as an asset when:

a) It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and

b) The cost or fair value of the asset to the entity can be measured reliably

c) Has a useful life of more than one accounting period.

9.5 Accounting for fixed Assets

a) On acquisition of an asset, debit the asset account and credit Accounts payable, cash or bank depending on the mode of payment.

b) On depreciating an asset, debit the depreciation expense account and credit the asset accumulated depreciation account.

c) On sale of an asset debit bank/cash/debtors account (as appropriate) with amount received/ receivable and credit disposal account. Debit disposal account with the cost of the asset and credit the asset cost account. Debit the accumulated depreciation account and credit the asset disposal account.

d) On transfer of assets to the Fund, debit the asset account and credit a capital reserve account.

e) On receipt of insurance compensation, debit bank and credit disposal account with compensation amount, transfer the cost and accumulated depreciation for the asset to the disposal account".

9.6 Capitalization

9.6.1 Purchase of Assets

The policy requires that the purchased asset is recorded at the purchase price plus all other incidental costs necessary to put it in operation e.g. Transportation, installation, among others. Assets eligible for capitalization include but are not limited to:

a) Free hold Land

b) Buildings

c) Machinery

d) Motor vehicles

e) Computers, Software and computer accessories

f) Desks, Chairs, Cabinets and Drawers

g) Copiers, shredders, fax machines, safes, and fridges

h) Other Office equipment

9.6.2 Constructed Assets

Assets that are constructed are capitalized upon completion at cost incurred to put the asset in operation. These costs include, but are not limited to:

a) Direct Materials

b) Direct Labor

c) Overheads

d) Installation costs

e) Contracted Services including consultancy

f) Site Preparation costs

g) Feasibility studies

During construction, the cost is accumulated under a work in progress account and transferred to the asset account upon completion. The cost of land is recorded as an asset separately.

9.7 Disposal and Write-off of Fixed Assets

a) No fixed assets are to be disposed, scrapped or retired without the prior approval of the Managing Trustee.

b) Requests for the disposal must originate from the user department, recommended by Disposal Committee and forwarded to the Managing Trustee for approval. All disposals shall be in line with the Provisions of the Public Procurement and Asset Disposal Act.

c) Any disposal of fixed asset should be updated in the fixed assets register and ledgers

d) Any disposal proceeds must be receipted and banked intact

e) Assets that are transferred from headquarters to site office or to headquarters must have their details updated in the respective fixed assets registers

9.8 Accounting for Donations

If an asset is transferred to the Fund, it is recorded at the transfer value. It is subsequently revalued by a professional valuer and recorded at that value. If the transfer value is not known, it is recorded at valuation value by a professional valuer.

9.9 Revaluation of Fixed Assets

a) Subsequent to the initial recognition, an asset may be carried at a revalued amount, less any subsequent accumulated depreciation. The basis of revaluation is the fair market value of the asset at the date of revaluation. Such a revaluation must be carried out by a professionally qualified valuer(s).

b) Subject to requisite approvals, the Fund shall maintain a five-year revaluation policy. This is aimed at ensuring that carrying amounts do not differ materially from fair values as at the balance sheet date.

c) Each revaluation will cover either all assets of PCF or specific categories or classes of assets i.e. revalue an entire class of assets. Selectivity within a class is not permitted.

d) Surpluses from revaluation are credited into a revaluation reserve while deficits are charged to the income and expenditure statement. On disposal or scrapping of an asset the balance in the revaluation reserve should be transferred to the revenue reserve as a realized gain.

9.10 Repair of Fixed Assets

Expenditures on repairs and maintenance are recognized as expenses of the current period unless one of the following applies.

a) The expenditures add to the value of the fixed asset and

b) The expenditure materially prolongs the economic life of the fixed asset.

c) Unusual or extraordinary repairs arising from fire or other casualties, not covered by insurance, are recognized in the general ledger as losses and not as repairs.

d) Documents of title to Land, Motor Vehicles, Buildings and any other fixed assets owned by the Fund shall be kept in a fire proof safe in the Fund's Human Resources and Administration office or an appointed custodian bank.

9.11 Fixed Assets Register

PCF shall maintain a Fixed Assets Register.

a) All PCF's assets shall be clearly identified through a process of assigning and affixing unique identification numbers to all individual assets.

b) A Physical inventory of all fixed assets shall be conducted annually and reconciled to the Assets Register. Any discrepancies between the Register and actual inventory of fixed assets should be promptly brought to the Deputy Director, Finance and Accounts attention for necessary action.

c) If the above discrepancy is considered to be a loss, it shall only be written off in accordance with the stipulations of PFMA regulations and this manual. Any excess thereof should be taken on charge through the issuance of a Stores Receipt Voucher.

d) The Register shall be updated immediately with each transaction as soon as transaction is concluded and reconciled on quarterly basis to give a complete and accurate record of all Fixed Assets purchased, received, issued, lost, sold or disposed of in any way.

e) The register shall be adjusted to reflect the movement of Assets from one location and/or user to another and a review of the register on a quarterly basis.

f) The Deputy Director, Finance and Accounts shall be responsible for the maintenance of adequate, accurate and up to date Fixed Assets records.

g) At the close of every financial period the Asset Register shall be closed and the balances carried forward to the next period. The same balances shall be reflected in the Fund's financial statements for the period

h) All purchases of fixed assets shall be subject to procurement procedures.

i) The Director Corporate Services shall cause to be maintained a Fixed Assets Register, which provides for the following provisions: -

   i) Type of asset i.e Motor vehicle, Computers
   ii) Item description
   iii) Location
   iv) Serial or model number
   v) Manufacturer/seller
   vi) Date of acquisition
   vii) Physical location

viii) Condition of item

ix) Total Cost in Kenya Shillings

x) Rates of depreciation

xi) Date of disposal and net realizable value

xii) Internal reference number

xiii) Annual depreciation rate

xiv) Depreciation charge for the year

xv) Accumulated depreciation and

xvi) Net book value

j) All fixed assets shall be clearly marked (tagged) with a label showing the identification and serial numbers, where applicable. The identification and serial numbers shall also be shown in the Fixed Assets Register as the reference numbers.

9.12 Depreciation

Straight line method of depreciation will be used. This will allocate the cost of the depreciable asset over its expected useful life. The annual depreciation will be based on the full acquisition cost of the depreciable asset, net of its salvage value, as applicable. The rate will apply from the date the asset is placed into use until it is disposed off/written off or until it is fully depreciated, whichever occurs first.

Sets of assets e.g. office furniture, purchased at a single point in time should be considered a single asset for depreciation, even if individual components of the set cost less than the minimum value for capitalization.

The following rates will be used in computing depreciation:

Table 7: Computation of Depreciation/Amortization

Class	Type of asset	Estimated useful life	Rate
1.	Motor vehicles	4 years	25%
2.	Computers	3 years	33.33%
3.	Servers	5 years	20.00%p.a
4.	Photocopiers, Scanners and Printers	3 years	33.33% p.a
5.	Computer accessories and devices	3years	33.33% p.a
6.	Computer software	3years	33.33% p.a
7.	Computer network, cables and similar equipment	3years	33.33% p.a
8.	Furniture and Equipment	8 years	12.5%
9.	Partitions, Furniture and Fittings	8 years	12.5%
10.	Building & Improvements	50 years	2%
11.	Plant & Machinery	8 years	12.5%
12.	Photocopiers, air conditioner ,telephone and fax	8 years	12.5%
13.	Other office equipment	8 years	12.5%

9.13 Control over fixed assets usage

Fixed assets usage will be controlled through the use of the following forms:

a) Transport requisition form

b) Vehicle movement register (work tickets)

c) Fixed assets movement register

d) Authority for movement of fixed assets form

9.14 Insurance arrangements

Insurance is a vital component of PCF's operations. Insurance should cover the following risk among others: fire, burglary, motor vehicle insurance, etc. The Director Corporate Services together with the Deputy Director, Human Resource and administration shall be responsible for effecting all insurance covers on behalf of the Fund with reputable insurers. He shall negotiate claims in consultation with other officers where necessary. Complete insurance registers and policy documents shall be kept in safe custody.

9.15 Data Flow Diagram

This section provides the detailed instructions for accomplishing each of the procedures identified.

Table 8: Fixed Assets Procedures: Fixed Assets Acquisition and Recording

Fixed Assets Acquisition and Recording		
Step	**Procedure**	**Responsibility**
1.	Raise and sign Fixed Assets purchase requisition.	User department
2.	Recommend purchase if within approved work-plan and budget.	Head of Department
3.	Check that requisition is included in the approved work-plan and within budget. If within budget indicate availability of funds and forward to MT for approval.	Finance
4.	Approve purchase of fixed assets and forward to procurement.	MT
5.	Observe appropriate procurement procedures to select supplier and acquire assets.	Procurement

Fixed Assets Acquisition and Recording		
Step	**Procedure**	**Responsibility**
6.	Receive purchased item and inspect to ensure that the condition is satisfactory and is in accordance contract. If the item is technical in nature, get an expert to test and certify quality conditions. Assign a unique tag number to the asset using the PCF assets coding register and complete Goods Received Note (GRN).	Stores / Appropriate Technical Expert/user
7.	Tag the fixed assets and forward copy of GRN, the invoice and relevant supporting documents to Finance Department for payment.	Stores / Appropriate Technical Expert/ICT
8.	Receive Goods Received Note for the asset and invoice duly certified by receiving officer /stores in addition to the approval and relevant support documents. Process the payment.	Finance
9.	Record the fixed assets in the register. Debit the correct asset code and credit bank account	Finance
10.	Review the fixed assets journal and post to the General Ledger.	Finance

Table 9: Fixed Assets Procedures: Depreciation and Reporting

Depreciation and Reporting		
Step	**Procedure**	**Responsibility**
1.	Prior to preparation of reports run depreciation for the period.	Accountant
2.	Review depreciation journal and post debit to depreciation accounts and credit to accumulated depreciation accounts in the general ledger.	Accountant
3.	Select user defined depreciation report and print it for the relevant period.	Deputy Director, Finance and Accounts
4.	Review periodical fixed Assets reports and sign them.	Deputy Director, Finance and Accounts
5.	File report.	Accountant

CHAPTER 10 :FINANCIAL RECORDS

10.1 Policy

The Fund shall protect and preserve accountable documents, books and records from loss, tampering and unauthorized access or disclosure and required retention time frames as required by PFM Regulations 2015 section 118 (1). This policy is to ensure safe custody of records which act as evidence of financial transactions.

10.2 Accountable Documents

PCF accountable documents whether manual or electronic shall be under strict control at all times and they shall include;

a) Receipt Books

b) Local Service Order (LSO)

c) Local Purchase Order (LPO)

d) Cheque books

e) Invoices

f) Imprest registers/ledger

g) Cashbooks

h) General ledger

i) Debtors ledger

j) Creditors ledger

k) Bank Payment Order Books

l) Petty Cash Payment Vouchers (PCV)

m) Journal Vouchers (JV)

n) Imprest warrant forms

o) Payment vouchers (paid)

p) Receipt vouchers

q) Ledger books

r) Asset registers

s) Daily operation registers (Voucher Movement Register)

t) AIE Vouchers

u) Accountable documents issuance register

10.3 Accountable Documents Registers

A separate register referred to as "accountable documents Register" shall be maintained for each of the specified accountable documents. All documents received and those issued out shall be recorded in the register. Each issue shall be signed for by the drawer/recipient. At no time shall a person hold more than one active accountable document of the same nature. The respective officers under whose jurisdiction the documents fall shall maintain these registers.

10.4 Custody for Accountable Documents

The documents shall be kept in the custody of the Deputy Director, Finance and Accounts, and access to these documents shall be restricted to the key holder or upon his authority. An accountable register shall be maintained to record issuance of new documents. The Deputy Director, Finance and Accounts shall make examination of accountable documents register on a regular basis to ensure the documents are correctly recorded and properly stored.

10.5 Completed Accountable Documents

The users shall account for all completed Accountable documents. The Accountable documents register shall show when such books were completed. Completed books shall be kept for a period of 7 years before they are destroyed to maintain an audit trail in the event of an audit or a special investigation. They shall be destroyed on the approval by the Director Corporate Services and the Managing Trustee.

10.6 Record Retention and Archiving

PCF Records retention and archiving policy shall be in line with the provisions of section 119 (1) of the PFMR, 2015 which provide guidance on the management and disposal of accounting documents. The Managing Trustee shall, subject to the provisions of the relevant national legislation, retain certain documents, of whatever kind and such documents shall be preserved in the following circumstances;

a) Preservation of accountable documents, books and records.

b) where they may be of value to the national archives; or

c) if they are the subject of unfinished audit enquiries; or

d) if they are likely to be needed for pension purposes.

After the expiry of the retention periods under paragraph of the PFMR ,2015, the information may, if required, be secured in an alternative form that ensures the integrity and reliability of the data and ensures that the information can be reproduced, where necessary. Subject to the overriding consideration, certain class of documents and records are to be preserved for a stipulated minimum period of time as detailed PFMR,2015.

10.7 Loss of Accountable Documents

Loss of Accountable documents or part thereof shall be immediately reported to the Director Corporate Services through the Deputy Director, Finance and Accounts. The circumstances surrounding the loss shall be investigated. The Director Corporate Services and or/the Managing Trustee shall decide as to whether to report the matter to the Police, publish the loss in the press or any other action in the circumstances, in the best interest of the Fund.

10.8 Preservation and destruction of finance & accounts documents

All accountable documents and books of accounts are to be preserved for a minimum of 7 (seven) years as per the Public Archives Documentation Service Act, Cap.19 , Income Tax Act Cap 470 article 56(3) and any other relevant legislation.

The stipulated minimum periods of time will not apply in the following circumstances as stipulated in PFM Regulations, 2015 No. 119 (1):

a) Where the documents are of value to the national archives.

b) If the documents are the subject of unfinished audit enquiries.

c) If the documents are likely to be required for pension purposes.

d) If there is any other legitimate reason that has been communicated in advance.

Subject to the above overriding considerations, the stipulated minimum period of time for keeping accountable documents will be in accordance with the table below as outlined in Income tax act Cap 470 laws of Kenya Article 56(3) and Public Finance Management regulations No. 119(3).

Table 10: Accountable documents preservation period

No	Type of Document	Preservation period
1.	General Ledger	10 years
2.	Cash books	10 years
3.	Journals	7 years
4.	Payment vouchers	7 years
5.	Paid cheque or electronic payments	7 years
6.	Completed requisition warrants/ forms	12 months after the end of the financial year to which they relate.
7.	Completed order forms	12 months after the end of the financial year to which they relate.

No	Type of Document	Preservation period
8.	Duplicate receipts	12 months after the end of the financial year to which they relate.
9.	Duplicate payment vouchers	12 months after the end of the financial year to which they relate.
10.	Receipt Books: Fully used Obsolete or partly used	12 months after date of completion but must be inspected by the Auditor General and the disposal noted in the main counterfoils receipts, book registers.

These documents shall be disposed after seeking advice from the National Archives and where possible the documents being destroyed shall be preserved electronically, provided that the related costs do not significantly outweigh any perceived benefits

10.9 Disposal of Accountable Documents and Records

PCF Disposal Committee shall seek authority for destruction of any listed documents and records, subject to conditions outlined above and prevailing government regulations on disposal of accountable documents. Upon the authority being granted, destruction shall be by fire or shredding machine in the presence of two (2) senior independent officers from the government in line with Public Archives Documentation Service Act. These officers shall sign a certificate in duplicate stating that they have witnessed the destruction.

CHAPTER 11 :FINANCIAL REPORTING

11.1 Financial reports

The Director Corporate Services together with the Deputy Director, Finance and Accounts shall ensure that the Quarterly and Annual Financial statements are prepared in accordance to approved regulations and format established by PSASB as per section 83 of the PFM Act, 2012 and IPSAS 1.

The Fund shall use accounting packages as appropriate to prepare its financial reports. PCF shall also use the template provided by the Public Standards Accounting Board (PSAB), for financial reporting.

11.2 Objectives

The objective is to ensure that:

a) Proper books of account are maintained.

b) There is budgetary control and variances are investigated in a timely manner and appropriate remedial action taken.

c) Relevant and accurate information is available on a timely basis for decision making.

d) There is compliance with relevant laws and regulations.

e) The financial statements comply with IPSAS.

11.3 Periodic Financial Reports

The Fund shall prepare periodic financial reports for compliance with laws and regulations and also for management and Board of Trustee's to monitor and evaluate financial and operational performance.

11.4 Monthly Reports

At the end of each month when postings to the ledger are complete, the Finance and Accounts Department shall extract a trial balance and other financial reports as appropriate.

Monthly Reports will include:

a) A.I.A generated (Levy collections) during the month cumulative to date compared with their respective budgets;

b) Grant received if any during the month & cumulative against their respective budget;

c) Expenditure incurred during the month and cumulative to date compared with the irrespective budgets;

d) Analysis and explanation of variances between actual and budgets for items a, b and c.

e) The Accountant shall also prepare a bank reconciliation statement to be submitted to the Deputy Director, Finance and Accounts for onward submission to Director Corporate Services by the 10th day of every month.

11.5 Quarterly Reports

At the end of every quarter ending, 30 September, 31 December, 31 March and 30 June, every year, the Deputy Director, Finance and Accounts, or the person in-charge of finance shall prepare financial reports which shall include;

a) Comprehensive Statement of Income and Expenditure

b) Statement of Financial Position

c) Statement of Cash Flows

d) Analysis of variance of actual expenditure versus the budget for the quarter.

e) Explanatory notes on variances.

The Quarterly Financial Statements shall be reviewed by the Director Corporate Services and thereafter submitted to Managing Trustee, the internal audit for audit and the Board for adoption before onward submission to the National Treasury.

11.6 Annual Financial Statements

In conformity with PFM Act 2012, and IPSAS 1, the Deputy Director, Finance and Accounts, or the person in-charge of finance shall prepare annual financial statements at the end of every financial year ending 30June. The financial statements shall be submitted to the Auditor General for audit on or before 30th September following the end of the financial year as per the constitutional timelines spelt out in section 81 of the PFM Act 2012.

The General-purpose financial statements spelt out in IPSAS 1 that shall be prepared in line with PSASB format shall include;

a) Report of the Trustees of the Fund;

b) A statement on the responsibilities of the Fund's Board Members;

c) The Chairman's Report;

d) The Managing Trustee's Report;

e) The Auditor's Report;

f) Statement of financial performance

g) Statement of Financial Position

h) Statement of Changes in Equity

i) Statement of Cash Flows

j) Statement of budget and actual comparison and

k) Notes to the Financial Statements.

l) Progress in audit matters for previous years

The Annual Report and Financial Statements shall be reviewed by the Director Corporate Services and thereafter submitted to Managing Trustee, the internal audit for audit, Finance and

Management Committee of the Board thereafter the Board of Trustee's for for approval before onward submission to the Office of the Auditor General.

11.7 Chart of Accounts

The Deputy Director, Finance and Accounts under the leadership of the Director Corporate Services shall ensure that Government chart of accounts is appropriately used in the operations of PCF and for accounting purposes, are established with approval from the Managing Trustee. The Chart of accounts shall include;

a) Income and expenditure items classifications

b) Classification of items in the statement of financial position

c) Accounts payable

d) Accounts receivable

e) Coded accounts shall be entered in the general ledger, accounts payable and accounts receivable as appropriate

11.8 Posting to the General ledger

The Fund's accountants shall post the individual entries to the general ledger. Where computerized financial system is used, the accountants shall ensure that the

transactions are processed under the relevant chart of accounts.

It is the policy of the Fund:

a) To maintain the general ledger and all subsidiary ledgers as accurately as possible so as to comply with statutory requirements;

b) To ensure that the overall system for recording information captures information in a timely manner to facilitate timely preparation and finalization of the financial statements.

c) To ensure that general ledger is capable of generating reports which are useful to a wide range of users;

d) The general ledger and all its subsidiary records are maintained as accurately as possible in accordance with the statutory requirements.

e) All financial transactions are recorded in the relevant subsidiary ledgers and are subsequently posted to the control accounts in the general ledger.

f) Accurate posting to the general ledger is done.

11.9 Recognition of revenue-IPSAS 23

The Fund's main revenue is investment income from government securities invested at the Central Bank of Kenya. The revenue is credited to the Fund's bank accounts at NCBA Trustee's Bank account. The Fund shall adhere to IPSAS 23 in its recognition of revenue because its revenue is mainly from non-exchange transactions.

11.10 Presentation of budget information in the financial statements-IPSAS 24

PCF while preparing its financial statements shall include the relevant budget information as required by IPSAS 24.

The Annual Report shall be published and copies distributed as the Fund may deem necessary.

The format and content of the Annual Report shall include the following: -

a) Report of the Fund's Chairman

b) Report of the Board Secretary/ Managing Trustee

c) Management analysis report

d) Financial Report, including audited accounts

e) Auditors' Report

f) Highlights of the current year's budget

g) Staff matters

h) Any other pertinent issues deemed necessary

11.11 Accountability

Every officer involved in requesting for processing of payment shall be held personally responsible for his part and each officer has therefore to ascertain the validity of documents before him and their contents. Verbal instructions or confirmation will not be accepted where documentary evidence is required. All payments must be supported by approvals by the Managing Trustee or AIE Holder. Where no approval is attached to the payment request, Finance and Accounts Department shall reject the request until such a time when the approval is granted.

11.12 Audit

External and internal audits of Fund finances and systems shall be undertaken in accordance with the Public Audit Act.

Issues raised in the audit report shall be responded to, implemented or dispensed before the next audit by the Managing Trustee.

The Internal Audit Department will undertake risk assessments from time to time to mitigate against risks and maintain a risk register.

11.13 Internal audit

The main objectives of internal audit shall include: -

a) Review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in the Fund;

b) Have a duty to give reasonable assurance through the audit committee on the state of risk management, control and governance within the organization;

c) Review the effectiveness of the financial and non-financial performance management systems of the entities.

11.13.1 External audit

The annual accounts of the Fund shall be audited by Auditor General unless express authority has been granted for the Board to appoint an external auditor on exemption under the Public Audit Act, 2015. The Auditor General shall carry out an independent audit and report on the status of the Fund's financial statements and internal control systems before issuing a management letter.

11.13.2 Role of Finance department during internal and external Audits

The department shall facilitate and coordinate the internal and external audit process and avail documents required by auditors in the performance of their duties.

11.13.3 Audit queries raised through a Management Letter

a) A Management letter is the letter prepared by the external Auditors to the Fund raising queries and/or seeking explanations on observations made during the Audit.

b) On receipt of the management letter, the Managing Trustee shall ensure adherence to the deadline for responding to the same.

c) The Managing Trustee shall forward the letter to the Deputy Director, Finance and Accounts/Internal Audit to coordinate the response to the Management Letter.

d) The Deputy Director, Finance and Accounts/Internal Audit shall coordinate preparation of responses with the various vote holders to whom the queries relate in collaboration with respective heads of department.

e) The responses from the various vote holders shall be consolidated and forwarded to the external auditors.

f) Upon receipt of the management responses the Auditor shall give their audit opinion.

g) The Managing Trustee shall continuously monitor the progress in resolution of the queries until they are fully resolved.

CHAPTER 12 :PROVISIONS, LOSSES AND WRITE OFFS

12.1 Provisions

Refer to IPSAS 19 and section 157 of the PFMR ,2015.

A provision is a liability of uncertain timing or amount. Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement. By contrast:

a) Payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier (and include payments in respect of social benefits where formal agreements for specified amounts exist); and

b) Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Although it is sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions.

Accruals are often reported as part of accounts payable, whereas provisions are reported separately.

PCF shall make provisions when;

a) The Fund has a present obligation (legal or constructive) as a result of a past event;

b) It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and

c) A reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision should be recognized.
In addition, the Finance department shall continuously review all outstanding debtors' account which is aged and constant efforts shall be employed to collect outstanding debt.

In order to comply with the best practices, the Fund shall make provisions for bad and doubtful debts which shall be charged to the annual statements.

The provisions on bad and doubtful debts shall be categorized into general and specific debts. Specific provisions shall include debts which are not collectable. Bad debts shall be written off after all reasonable efforts have been made to recover such debt.

Provisions for bad and doubtful debts shall be based on the following rates as a percentage of total outstanding debts.

Period	% Provision	Category
0-1 year	5%	General
1 year and above	100%	Specific

Definition of Losses

The term losses in the context of the Fund include:

a) Actual loss or destruction of, or damage to, or failure to account for the Fund's money, securities or property (including any money or other property not belonging to the Fund which is held or used by an officer of Fund in his or her official capacity either alone or jointly with other persons.

b) Non-collection of any monies due or belonging to the Fund, or to any other organization for which Fund is responsible.

c) Payments made or liabilities incurred without or/ in excess of any statutory, administrative expenses including insignificant and similar payments arising from incorrect certificates etc.

d) Unauthorized use of Fund stores, vehicles, buildings, equipment or any other property, or service provided for official purposes.

e) Compensation and similar payments (including third party claims in respect of vehicle accidents), legal and court costs and any other additional expenditure or liability which was available but needed not have been incurred.

12.2 Procedure for Handling Losses

a) On discovery of any defalcation or loss due to any cause, investigation proceedings must be started immediately and a report made to the Managing Trustee and to the Police where applicable;

b) The report shall give the amount involved and any other essential information that may be immediately available, including a brief account of action taken to prevent further loss, effect recovery etc.

c) On receipt of the report, the Managing Trustee may give instructions regarding accounting entries to be made and any other action which he/she considers necessary;

d) When losses involve a liability to a third party (a salary or payment of a bill), payment shall be made as soon as the liability is confirmed (an indemnity being obtained from the payee in appropriate cases), provided that where there is loss, the payment shall not be dependent on the outcome of the investigations;

e) The Managing Trustee will recommend a write-off of the loss to the Board for approval, after satisfying himself that all necessary steps have been taken to remedy defects revealed by the occurrence.

f) If a genuine offer of restitution has been made which is considered fair and reasonable the Managing Trustee may to accept such offer;

g) If the Managing Trustee considers that any officer may have incurred a pecuniary liability, he may require such officer to explain within a stipulated time, why he/she should not make good the loss in whole or in part;

h) On receipt of the explanation, or if no explanation is received within the stipulated time, the Managing Trustee will review the circumstances of the case. After taking into consideration the officer's general conduct and financial circumstances and any other action which may have been taken against him for the same event, he may direct that the officer concerned be relieved of his pecuniary liability, or that he be required to make good the loss, in whole or in part;

i) The Managing Trustee in the direction to be issues, he/she may state the method of recovery to be effected; otherwise, the normal method of recovery will be deductions from the officer's salary in one amount or in monthly installments, provided that no deduction exceeds 25% of his monthly salary.

j) However, if the concerned officer is dismissed from service, deductions will be made from any sums due to him held by the Fund as may be necessary to effect full recovery.

k) The deductions described hereinabove, will consider the provisions of the most recent HR manual.

12.3 Request to make good the loss

a) A request to an officer to explain why he is required to make good a loss shall be addressed to him in writing and clearly setting out the grounds on which he is considered to have incurred a pecuniary liability. His/her explanation shall also be submitted in writing.

b) If a satisfactory explanation is received from the officer concerned the Managing Trustee may at any time relieve an officer in whole or in part of the pecuniary liability imposed upon him/her and may direct that any sums already recovered from him/her in connection with the loss in question, to be refunded in whole or in part.

Under Section 157 of the PFMR,2015 (1) the Managing Trustee may only write off losses if he or she is satisfied that;

a) All reasonable steps have been taken to recover the losses and the loss is irrecoverable; or

b) He or she is convinced that —

i. Recovery of the loss would be uneconomical;

ii. It would be to the advantage of the state to effect a settlement of its claim or to waive the claim.

The Managing Trustee shall ensure that all losses written off are done in accordance with this Act, these regulations or any other relevant legislation

CHAPTER 13 : ISSUANCE, REVIEW AND MAINTENANCE OF THE MANUAL

13.1 Custody and access to the policy

The Managing Trustee shall be responsible for the custody and the issuance of the manual. The manual shall be made available in hard and soft copies on applicable intra-institutional platforms for reference use by all staff. The softcopy of the manual shall be issued to all staffs.

13.2 Review of the policy and procedure for amendments

The financial policy and procedure manual shall be reviewed and updated any time there is a change in Public Financial Management Act and Regulations, change in accounting and reporting standards or any other relevant case within a period not exceeding two years. The changes will be submitted to the Board of Trustee's for approval before incorporation in the manual. The revised Manual shall be circulated to all members of the Fund for implementation.

13.3 Confidentiality

This Finance policy and procedure manual Policy is for ***internal use only*** by the Fund. It shall not be reproduced or circulated to any third party without written consent or approval from the Managing Trustee.

Notwithstanding the above provision, access to the policy shall be subject to the provisions of the Access to Information Act no. 31 of 2016.

13.4 Obligations of PCF staffs

All staff's workings with Policyholders Compensation Fund (PCF) have responsibility to comply with all laws and Comply with PFM Act (2012) and ensure resources under their responsibility are used, lawfully, in an efficient, effective, economic and transparent manner within their areas of responsibility ensure adequate arrangements are put in place for proper use, custody, safeguard and maintenance of public property and use best efforts to prevent damage to public financial interest.

Annex payment voucher

REPUBLIC OF KENYA

PAYMENT VOUCHER

(VOTED PROVISION)

Payee's Name and Address: ....

Particulars	LPO/LSO No.	Invoice No.	Amount	
			Shs.	Cts.

Amount payable (in words)
Total
Shilling. ....

.... Cts NIL

Authority Reference No.

EXAMINATION	**PREPARATION**
Voucher Examined by________________________	**Voucher Prepared by**________________________
Signature____________________________________	**Signature**____________________________________
Date____________________________________	**Date**____________________________________

V.B.C CERTIFICATE

I certify that the expenditure has been entered in the Vote Book and that adequate funds to cover it are available against the chargeable item as shown here below:

Approved Estimates/Allocation--

Item No……………………….... KSh.____________

Less: **Total expenditure plus commitments** Ksh. ____________

Balance --- Ksh ____________

Less: **This ENTRY –Vch.**

No…………………………….…. .Ksh ....

Balance -- Ksh.____________

Date:………………… Signature…………………..…

Accountant i/c VBC

ACCOUNTING/A.I. E HOLDER CERTIFICATE

I Certify that the expenditure detailed above has been incurred for the authorized purpose and should be charged to the item shown here below.

....

Signature *Accounting Officer/A.I. E Holder*

Date: ....

AUTHORIZATION

I certify that the rate/price charged is/are according to regulation/contract, fair and reasonable, that the expenditure has been incurred on proper authority and should be charged as under. *Where appropriate a certificate overleaf has been completed.* I hereby AUTHORIZE ***payment of the amount shown above*** without any alteration.

Signature………………………Date……………………………

Head of Finance

Signature………………………Date……………………………

Head of Corporate Services

Vote	**Head**	Sub-head	**Item**

FY	**Account No**	Dept. Vch. No.	Station	CASH BOOK		AMOUNT	
				Vch. No.	Date	**Sh.**	**Cts**

*Delete inapplicable title.

NON-AVAILABILITY

I Certify that Stores/Stationery could not be obtained from the Supplies Branch/Government printer vide their certificate attached.

………………………. ……………….…………

Signature ***Designation***

RECEIPT OF GOODS/STORES/CONTAINERS

I certify that the items have been taken on charge and entered in Stores Ledger/Inventory Folio No……………. or recorded and issued for immediate use.

………………………. ……………….…………

Signature ***Designation***

PURCHASE OF PETROL, ETC.

I certify that Petrol/Oil/Tyres/Batteries have been received and entered in the vehicle Log-book of and or in the Bulk petrol Register, Folio No………………

………………………. ……………….…………

Signature ***Designation***

SERVICES

I certify that the services have been rendered property and in accordance with regulations/terms of the contract.

………………………. ……………….…………

Signature *Designation*

REPAIRS TO MOTOR VEHICLES

I certify that the repairs have been completed and/or spares fitted and entered in the vehicle Log-book of ………

………………………. ……………

Signature ***Designation***

TRANSPORT HIRE

I certify that no Government transport was available and that the charges are reasonable and correct

………………………. ……………….…………

Signature ***Designation***

TELEPHONES ACCOUNTS

I certify that the cost of any private call has been/will be recovered from the persons concerned and the charge may be accepted against public funds.

………………………. ……………….…………

Signature ***Designation***

HOSPITAL CLAIMS

I certify that the officer availed himself to my hospitality enjoyed the hospitality of the officer to the extent shown on the claim while visiting on official duty.

………………………. ……………….…………

Signature ***Designation***

OTHER CERTIFICATE:

………

………

*Signature………………………………………………**Designation**……………………………………………….*

Receipt not required when payment is made by cheque with form of receipts on reverse.

Received in payment of the account stated on the face hereof the sum of

Sh. ……………………………………………………… Cts. …………………

(Sh. ………………………………… Cts. …………….)

Witness …………………………………………………..

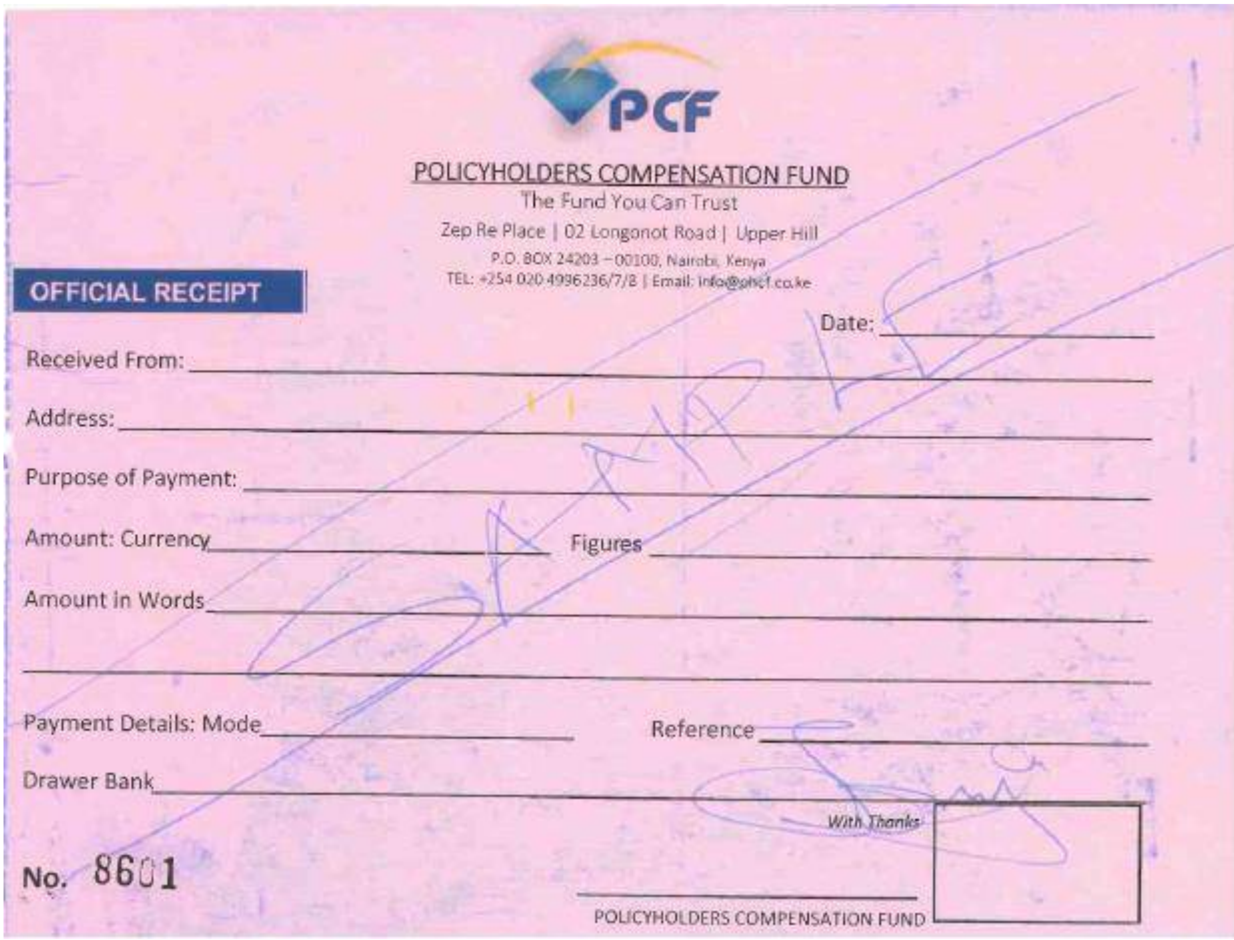
…………………………

Signature or Thumbprint

Date………………

F.O.20

Annex: Official Receipt



PCF

POLICYHOLDERS COMPENSATION FUND

The Fund You Can Trust

Zep Re Place | 02 Longonot Road | Upper Hill

P.O. BOX 24203 – 00100, Nairobi, Kenya

TEL: +254 020 4996236/7/8 | Email: info@pbcf.co.ke

OFFICIAL RECEIPT

Date: ______

Received From: ______

Address: ______

Purpose of Payment: ______

Amount: Currency ______ Figures ______

Amount in Words ______

______

Payment Details: Mode ______ Reference ______

Drawer Bank ______

With Thanks

No. 8601

______

POLICYHOLDERS COMPENSATION FUND

SAMPLE

Annex: Payment Voucher

POLICYHOLDERS COMPENSATION FUND

Dhamana Ya Bima Yako

Date: ____________ **PAYMENT VOUCHER** No: 4525

Payee Details: Name: ____________

Address: ____________

Purchase order No: ____________ Invoice No: ____________

Description	Amount	
	Kshs	Cts
TOTAL		

Amounts in Words: ____________

Prepared by: name: ____________ Signature: ____________ Date : ____________

Approved Estimates Allocation

Vote No: ________ Allocation Kshs: ____________

Less:

Total Expenditure Plus commitments Kshs: ____________

Balance Kshs: ____________

Less :This Entry Kshs : ____________

Balance Carried Forwa rd Kshs: ____________

Authorized By:

Name: ____________

Signature: ____________ Date: ____________

Examined By:

Name: ____________

Signature: ____________ Date : ____________

Authorized By:

Name: ____________

Signature: ____________ Date : ____________

Approved By:

Name: ____________

Signature: ____________ Date: ____________

Name: ____________ Signed: ____________ Date: ____________

I certify that the goods/services were delivered/ rendered in the interest of PCF as per the government regulations.

User Department/Unit: ____________ *Signature:* ____________ *Date:* ____________

CB No.: ____________ Date: ____________ Amount: ____________

Annex: Imprest Warrant form

QUADRUPLICATE F.O 24 (Revised)

IMPREST WARRANT

(Please read conditions on issue of Imprest on reverse) 4455601

1. Name of applicant .... Designation ....

Personal Number .... Branch/Dept. .... Ministry ....

I apply for Standing/Temporary/Special *Imprest of KSh. ....

In words ....

For the following purposes:

Nature of duty ....

Proposed Itinerary ....

Estimated number of days away from station ....

Date ....

Signature of Applicant

2.(i) I hereby authorize the journey and confirm that funds are available to meet the expenses and that the amount is realistic and a proper charge against public funds

(ii) I certify that the applicant does not have any outstanding imprest

(iii) I certify that I have verified the Personal Number and the name of applicant and they are correct.

Date ....

Head of Department/A.I.E. Holder

I certify that the amount has been noted in the Imprest Register Folio No.. ....

and the applicant does not have any outstanding imprest.

Date ....

Accountant-in-Charge—Imprest

4. I certify that the Imprest has been noted in the Vote Book and the balance available in the chargeable item after taking into account this commitment is KSh. ....

....

Accountant-in-Charge—Vote Book Control

5. Approved/Not approved*

Date ....

Accounting Officer/Provincial/District Commissioner

6. I acknowledge receipt of an imprest of KSh. .... which I undertake to account for in full on or before the.. ....In the event of my failure to retire the imprest within 48 hours following return from official duty, the Accounting Officer, Ministry .... will recover the amount in full from my salary in additional to any other action that may be preferred against me.

Date ....

Imprest Holder

Accounts No	*Dept Voucher No.*	*Station*	*C.B Vr. No.*	*Date*	*KSh.*	*cts.*

*Delete as applicable

Original copy for use by the Accounts Department.

Duplicate copy to be retained by the Imprests Section

POLICYHOLDERS COMPENSATION FUND

KWFT Center, 6th Floor
Masaba Road, Upper Hill

P.O. Box: 24203-00100, Nairobi, Kenya

Tel: +254 794 582 700

Email: info@pcf.go.ke

https://twitter.com/pcfkenya

Policyholders Compensation Fund -Kenya