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Ghana Education Decentralization Project (GEDP)

Draft Accounting and Audit Guidelines for National Teaching Council

April 2012

GEDP

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Draft Accounting and Audit Guidelines for National Teaching Council

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DISCLAIMER

The author's views expressed in this report do not necessarily reflect the views of the United States Agency for International Development or the United States Government

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List of Abbreviations

CAGD	Controller and Accountant General Department
BOG	Bank of Ghana
GOG	Government of Ghana
LPO	Local Purchase Orders
MOFEP	Ministry of Finance and Economic Planning
NC	National Coordinator
RFQ	Request for Quotation
MDA	Ministries, Departments and Agencies
NTC	National Teaching Council
MoE	Ministry of Education
GES	Ghana Education Service

1.0 INTRODUCTION

The National Teaching Council will operate fully within the existing legal and regulatory framework for public financial management and administration.

Among other legal and regulatory frameworks, accounting procedures are to be in line with the:

- Financial Administration Act, 2003, Act 654
- Financial Administration Regulation, LI 1802
- Public Procurement Act, 2003, Act 663
- Internal Audit Agency Act, 2003 Act 658
- Financial Memorandum for Ministries, Departments and Agencies

1.1 Purpose of Manual

This National Teaching Council Accounting and Audit Manual (referred to as the manual) has been prepared to document the internal accounting procedures for the National Teaching Council. Its purpose is to ensure that assets are safeguarded, financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship.

All personnel with a role in the management of the National Teaching Council fiscal operations are expected to uphold the policies in this manual. It is the intention of Governing Council that this Accounting and Audit Manual serves as our commitment to proper, accurate financial management and reporting. All directorates, departments and sections are expected to follow the prescribed financial management procedures by Financial Administration Act, 2003, Act 654, Financial Administration Regulation, LI 1802 and Financial Memoranda for Ministries, Departments and Agencies. Where relevant, forms for the National Teaching Council have been designed to help account for funds and to meet reporting requirements.

The National Teaching Council shall operate at the national level in Accra and operate through implementing agencies as approved by the Governing Council, ensuring consistency of all financial transactions and recordings is paramount.

1.2 Stakeholders of the National Teaching Council Accounting and Audit Manual

The major users of this manual includes the below listed Institutions and officials:

- Governing Council (Management, Accounts Office, Internal Audit, All Employees)
- Strategic Partners
- Relevant Ministries, Departments and Agencies (Ministry of Local Government and Rural Development, Ministry of Finance and Economic Planning and Ministry of Education)
- Auditor General
- External Auditors

1.3 Needs of Stakeholders of the Manual

Management and employees of the National Teaching Council shall be guided and directed by the manual in their accounting transactions, procedures and report.

For the Auditor General, Strategic Partners and External Auditors it will help in assuring that procedures therein are adhered to.

1.4 Changes to the Accounting and Audit Manual

The manual should be under periodic review to reflect the changing circumstances and financial information needs of the National Teaching Council, Ministry of Education and other relevant Ministries, Departments, and Agencies.

The Executive Directors of the National Teaching Council are expected to submit recommendations for such changes to the Governing Council to approve.

1.5 Financial Year

The financial year of the National Teaching Council shall be the same as that of the Government of Ghana (i.e. from January to December).

1.6 Mandate of the Director - Administration and Finance

To direct and provide leadership through technical and managerial expertise with respect to administration, finance and general services (including Information Technology, gender budgeting and auditing, procurement and transport) for the National Teaching Council as outlined in the mandate of the Governing Council.

1.7 Duties of the Director - Administration and Finance

The duties of the Director – Administration and Finance are listed below:

- Ensure the availability, effective and efficient management of resources to support the activities of the Governing Council
- Provide input for the development of policy proposals for strategic human resource management
- Responsible for the development and management of Information and Communication Technology infrastructure for the Governing Council
- Ensure the preparation of annual budgets, work-plans and strategic plans are completed and are gender sensitive
- Design and maintain internal control systems for the procurement of goods and services in accordance with the relevant procurement law and other regulations
- Develop guidelines for determining the human resource requirements and training needs
- Perform any other duties that may be assigned from time to time by the Executive Director

2.0 THE ACCOUNTING SYSTEM

2.1 General Structure

Objectives

The Accounting System seeks to:

a. Provide structured system for recording financial transactions in such a manner as to comply with legal and other statutory requirements.

b. Provide suitable information to management for day-to-day management of the National Teaching Council.

c. Assist in planning both for short-term and long-term.

d. Establish internal control measures to safeguard assets of the National Teaching Council and ensure the completeness, accuracy and reliability of the records.

Basic Elements

The Accounting System consists of the following primary elements:

a. Transaction data from source documents such as invoices, travelling and transport claim, store issue vouchers, etc.

b. Processing of input data into a form suitable for storage and retrieval for computation, analysis and summaries.

c. Storage device for holding data for long period, example ledgers, backup and pen drives, Fixed Asset Register, etc.

d. Reports and listing of data held in storage manipulated according to specific rules.

2.2 Accounting Policies

Basis of Accounts

a. The National Teaching Council shall maintain its transactions using the modified cash basis of accounting.

b. Historical Cost: The Accounts are prepared under historical cost.

c. Receipts: Receipts are recognised when released by Ministry of Finance and Economic Planning and the Ministry of Education.

d. Capital Expenditure: Capital Expenditure is expensed on acquisition and recognised as investment expense.

e. Inventory: Materials purchased for use at the National Teaching Council are expensed when paid for. Unused stocks are therefore not capitalised.

2.3 Receipts

Objective

To ensure that all receipts and other amounts due to the National Teaching Council are completely and accurately recorded and accounted for.

Sources of Funds

Sources of funds include:

a. Government of Ghana
b. Others (where applicable)
    - Donor Support
    - Sale of items.
    - Sale of tender forms.

Receipt Recognition

Amounts released by the Treasury and receipt from donors (where applicable) form the basis for receipt recognition.

2.4 Expenditure

Objective:

To ensure that:

a. Expenditures made are for the benefit of the mandate setting up the National Teaching Council.
b. Payments are authorised and related to approved expenditures.
c. The transactions are completely and accurately recorded.

Expenditures

Expenditures and payments are grouped into:

a. Personal Emoluments – Basic salary and allowances.
b. Administrative Expenses – Such as utilities, office cleaning, office consumables, printing and publication, travel and transport, maintenance.
c. Service Expenses - Training and conference costs travel and transport cost on monitoring and consultancy fees.
d. Investment Expenses - Such as plant and equipment, furniture and vehicles.

3.0 RECEIPTS

3.1 Government of Ghana Receipts

Request for funds for administrative purposes is done monthly based on approved budget.

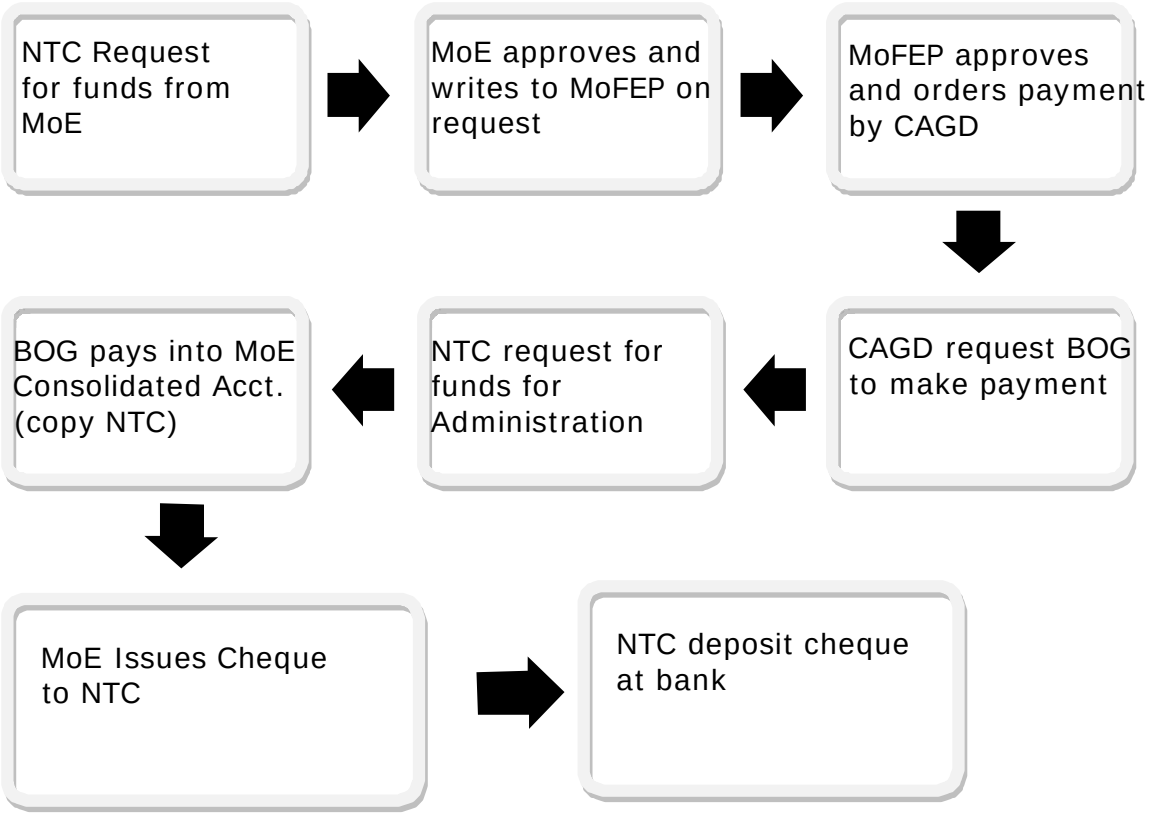
The required procedure to be followed by the National Teaching Council to access Government of Ghana funds for administrative and investment purposes are outlined below.

General Procedures (Requesting for Administration Fund)

1. Quarterly request for funds by National Teaching Council writing to the Ministry of Education.
2. Ministry of Education writes to Ministry of Finance and Economic Planning requesting for funds for the National Teaching Council.
3. Ministry of Finance and Economic Planning responds by asking Controller and Accountant General to make payment. Copies of this letter are forwarded to Ministry of Education and the National Teaching Council.
4. Controller and Accountant General request that the Bank of Ghana makes payment to Ministry of Education.
5. Release of funds by Bank of Ghana into Ministry of Education/National Teaching Council Consolidated Accounts.
6. The National Teaching Council write to the Ministry of Education requesting for payment into their local accounts (for administrative and investments purposes).
7. Ministry of Education issues a cheque for payment.
8. National Teaching Council deposit cheque at bank.

General Procedure and Flow of Funds (Administration and Investment)

The following diagram depicts the general procedure and flow of funds.



3.2 Data Capture

Pay-in-slip is the source of receipt of funds.

Treatment of Pay-in-Slip

a. Captured in cashbook.

b. Filing of photocopy of cheque and supporting documents.

Responsibility and roles

Task	Responsibility	Frequency
Deposit	Accountant/Delegate	Weekly or less as needed
Application for funds	Executive Director	Monthly

3.3 Reports on Receipts

Reporting on receipts and revenue shall follow the general guidelines indicated below:

Report	Responsibility	Frequency
Revenue Receipts	Accountant	Monthly
Reconciliation of Receipt	Accountant	Monthly
Bank Reconciliation	Accountant	Monthly
Analysis of Receipt by source	Accountant	Monthly

4.0 PAYMENTS

4.1 Policy

The Executive Director shall be solely responsible for applying for release of funds. All cheques shall be signed by the Director (Administration and Finance) and the Executive Director or in accordance with signing authorisation approved by the Governing Council.

All payments should be supported by relevant documentation such as Invoices, Bills, Purchase Orders, etc.

Deputy Director (Finance) shall certify the payment for procurement by imprest.

4.2 General Payments

General Payment Procedures

1. Accountant raises memo through the Deputy Director (Finance) to the Executive Director. Attached to memo should be Invoices, Purchase Orders and other relevant documents.
2. Deputy Director (Finance) certify (minutes) memo to indicate request in line with budget allocation
3. Approval is given by the Executive Director.
4. Accountant prepares, sign and forward Payment Vouchers to Internal Auditor.
5. Internal Auditor certify memo and attachment by Stamping and Signing.
6. Accountant prepares cheque and forward with relevant attachment Executive Director
7. Executive Director and Director (Administration and Finance) signs cheque.
8. Accountant issues cheque.

4.3 Payroll - Salaries/Allowances

1. Deputy Director (Finance) prepares payroll input including salaries, allowances, transfer letters, starters, leavers, schedules, tax, and bank advice
2. Director (Administration and Finance) review and signs.
3. Executive Director approves for submission to Ministry of Education
4. Ministry of Education submit consolidated payroll information to Controller and Accountant General Department for processing and payment
5. Controller and Accountant General Department prepares payroll from input data and submit payslip to Ministry of Education
6. Ministry of Education submit payslips to the National Teaching Council for review and distribution to employees.
7. Controller and Accountant General Department /Bank of Ghana makes payments directly into employee's bank accounts.

4.4 Fuel

- Fuel coupons are to be used for only official vehicles.
- Issuing of coupons should be based on mileage.
- All requests for coupons should be made through the Deputy Director (Finance)
- Vehicles are to be given a specified amount of coupons each week.

5.0 PETTY CASH

5.1 Definition of Petty Cash

Petty cash is an imprest fund that is used only for expenditure of an incidental nature. An imprest fund is a fund established for a fixed amount that is replenished in the exact amount expended from it.

5.2 Policy

- Petty Cash imprest limit is **GH¢500.00** (Five Hundred Ghana Cedis only). The Governing Council shall review the imprest limit periodically upon the recommendation of the Executive Director.
- The Administration and Finance Directorate shall be responsible for the proper safeguarding of petty cash monies for the National Teaching Council.
- The petty cash custodian/handler (usually an Accountant), under the supervision of the Deputy Director (Finance), is personally responsible for the cash, which was specifically issued to them. Therefore, access to the fund must be limited to the custodian.
- The disbursement from petty cash funds must be properly documented and for a valid business purpose for the National Teaching Council.
- Petty cash fund must be kept separately from all other funds.

5.3 Purpose of Petty Cash

The petty cash fund is established in the National Teaching Council to improve the efficiency of operations. These funds are available to purchase minor items when it would be otherwise impractical to purchase items through the usual procurement methods.

5.4 Restrictions on Use

The petty cash fund cannot be used to:

1. Purchase goods currently covered by the National Teaching Council negotiated contract.
2. Pay personal services that will be considered either wages or independent contract payments.
3. Pay travel expenditures, except for local travel.
4. Make personal loans or salary advances.

5.5 Maintaining the Fund

The cash should be kept in a locked drawer or cabinet with the key in the custodian's possession. A Petty Cash Receipt Form must be used to document the disbursement of cash, adhering to the following:

a. The form must be supported by original receipts.
b. For reimbursement of business meals (i.e. Refreshment meetings and workshops) the names of the individuals in attendance, the meeting's purpose, date and place of meeting must be clearly stated on the Petty Cash Form.
c. The individual receiving the payment must sign the Petty Cash Receipt Form to acknowledge the receipt of cash.
d. An Honour Certificate should be used for goods procured without receipt.

The receipts, plus cash on hand, should equal the amount of the fund at all times. The fund is subject to audit at any time without prior notice.

5.6 Petty Cash Procedures

The following are petty cash procedures:

1. A memorandum justifying the need for a petty cash imprest fund for purchase should be issued by the relevant department.
2. If approved by the Administration and Finance department, a Payment Authorisation Form is attached to the Request Memo and forwarded to the Deputy Director (Finance).
3. The Deputy Director (Finance) recommends approval to the Director (Administration and Finance).
4. Approval by the Director (Administration and Finance).
5. Cheque is issued to the Petty Cash Holder.

5.7 Reimbursement Procedures

To reimburse a purchaser – the custodian of petty cash needs to:

1. a. Verify that the National Teaching Council required the purchase.

   b. That it was a proper petty cash fund purchase.

   c. That the National Teaching Council actually received the purchase.
2. Secure proper receipt or itemized sales ticket marked “Paid” from vendor. If these documents are not available, use the “Honour Certificate for Goods and Services Procured without Receipt Form”.
3. Reimburse the purchaser from the fund.

6.0 ACCOUNTING FOR FIXED ASSETS

6.1 Fixed Assets

Objective

- To control the acquisition and disposal of fixed assets and ensure their security and proper use.
- To ensure that fixed assets are properly accounted for.

Responsibility

The Director (Administration and Finance) is responsible for the complete and correct recording of details on fixed assets.

Acquisition

Acquisition of fixed assets may be through annual budgets of the National Teaching Council or through donations. The purchasing procedure is as described under Procurement Act, Procurement Manual, and relevant procurement guidelines.

Cost

The cost of an asset is the total expenditure incurred to bring the item to its present location and condition, which comprise of the purchase price (per invoice) and any directly attributable cost.

Marking of Assets

On receipt, the asset should be given a unique identification mark with indelible ink/paint. The marking should be alphanumeric to show the following initials of the National Teaching Council:

- Section/Department;
- Asset Class;
- Location; and
- Serial Number

Fixed Assets Register

A Fixed Assets Register is kept to facilitate monitoring and control of assets in use and the following particulars provided:

- Description
- Marks
- Supplier
- Location
- Cost
- Depreciation rate
- Remarks

Disposal

An asset may be disposed off after the proper authority has been sought. Disposal may be by scrap, sale, write off or destruction. Disposals shall be properly recorded in the accounting system and fixed asset register as required.

7.0 INTERNAL AUDIT MANDATE AND POLICIES

The Internal Audit Charter defines the mandate of the Internal Audit Units in the Ministries, Departments and Agencies and the responsibilities imposed on the Audit function by legal framework of Internal Audit Agency Act, 2003(Act 658) and the Local Government System.

Section 16(1) of the internal Audit Agency Act, 2003 (Act 658), provides that each Ministry, Department and Agency shall have an Internal Audit Unit which shall constitute part of the Ministries, Departments and Agency. The responsibilities of the Internal Audit Unit are provided in Act 658. This internal audit manual has been developed in line with Internal Audit Manual for Ministries, Departments and Agencies in conformity with Act 658 and requirements of the Professional Practice Framework issued by the Institute of Internal Auditors.

The Internal Audit Unit as an independent appraisal function to examine and evaluate the financial and operational activities of the National Teaching Council. The Internal Audit Unit also keeps a check on compliance of rules, regulations, systems, policies, and procedures prescribed by the National Teaching Council and / or by regulatory authorities. It is an important and integral part of the control system of the National Teaching Council, which ensures that necessary controls are in place in financial and operational activities of the National Teaching Council. Internal Audit, with objectivity, directly provides to the top management analysis, appraisal, observations, and recommendations concerning the activities it reviews.

7.1 Scope of the Internal Audit Unit

The scope of the Internal Audit Unit's work is to determine whether the National Teaching Council network of risk management, control and governance processes, as designed and presented by Management, is adequate and functioning in a manner to ensure that:

- Risks are appropriately identified and managed
- Interaction with the various governance groups occur as needed
- Significant financial, managerial and operating information is accurate, reliable and timely
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Resources are acquired economically, used efficiently and adequately protected
- Programmes, plans and objectives are achieved
- The direct and indirect impact of programmes, plans and objectives on all gender groups is considered
- Quality and continuous improvement are fostered in the National Teaching Council and are recognised and addressed appropriately.
- Accounting procedures are effective.
- Opportunities for improving management control, and the National Teaching Council image may be identified during audits and communicated to the appropriate level of management.

Accountability

The Internal Audit Unit of the Ministry, Department and Agency shall be accountable to the Ministry, Department and Agency. The Internal Audit Unit shall:

- Provide annually an assessment on the adequacy and effectiveness of the National Teaching Council processes for controlling its activities and managing its risks in the areas set forth under scope of Internal Audit Unit's annual plan.
- Audit and validate monthly financial statements submitted to the Minister of Education, the Controller and Accountant-General and the Auditor-General.

- Report significant issues related to the processes for controlling the activities of the National Teaching Council and its affiliates, where applicable, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of the Internal Audit Unit's resources
- Co-ordinate with and provide oversight of the other control and monitoring functions (risk management, compliance, security, ethics, gender mainstreaming, environmental, external audit).

Responsibility

The primary objective of Internal Audit Unit's function in the National Teaching Council is to assist the Management in the effective discharge of their responsibilities. In order to carry out this responsibility, the Internal Audit Unit shall:

- Develop a three-year strategic plan, discuss it with management and present it to the Governing Council for its review and approval.
- Develop an annual audit plan and submit the plan to Management for review.
- Implement the annual audit plan, as approved, including, and as appropriate, any special tasks or projects requested by the Management of the National Teaching Council.
- Maintain professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of the audit function in the National Teaching Council.
- Keep abreast of relevant best practice and new developments affecting their work and in matters affecting [the National Teaching Council] activities.
- Respond to the National Teaching Council changing needs, and strive for continuous improvement and maintain integrity in carrying out their activities.
- Issue reports to management summarising results of audit activities.
- Assist in the investigation of significant suspected fraudulent activities within the National Teaching Council and notify management of the results.

Authority

The Unit has the authority to audit all parts of the National Teaching Council and shall have complete access to any of the records, physical properties, and personnel relevant to the performance of an audit. Documents and information given to auditors will be handled as prudently as they would be by those employees normally accountable for them.

The Internal Audit Unit is authorised to:

- Have unrestricted access to all Units within the National Teaching Council and access to the records, property and personnel of the National Teaching Council
- Allocate resources, set audit frequencies, select auditable subjects, determine scope of audit work and apply the techniques required to accomplish audit objectives
- Obtain the necessary assistance of personnel in Units of the National Teaching Council where they perform audits, as well as other specialised services from within or outside the National Teaching Council

Principles

Internal auditors for the National Teaching Council are expected to apply and uphold the following principles:

- Integrity

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

- Objectivity

  Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments

- Confidentiality

  Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

- Competency

  Internal auditors apply the knowledge, skills, and experience needed in the performance of internal auditing services.

ANNEX 1

Honour Certificate for Goods and Services Procured Without Receipt by National Teaching Council

NAME:_____

I hereby declare on my honour that I have received the sum of:_____

_____

_____ (GH¢.....)

in respect of:_____

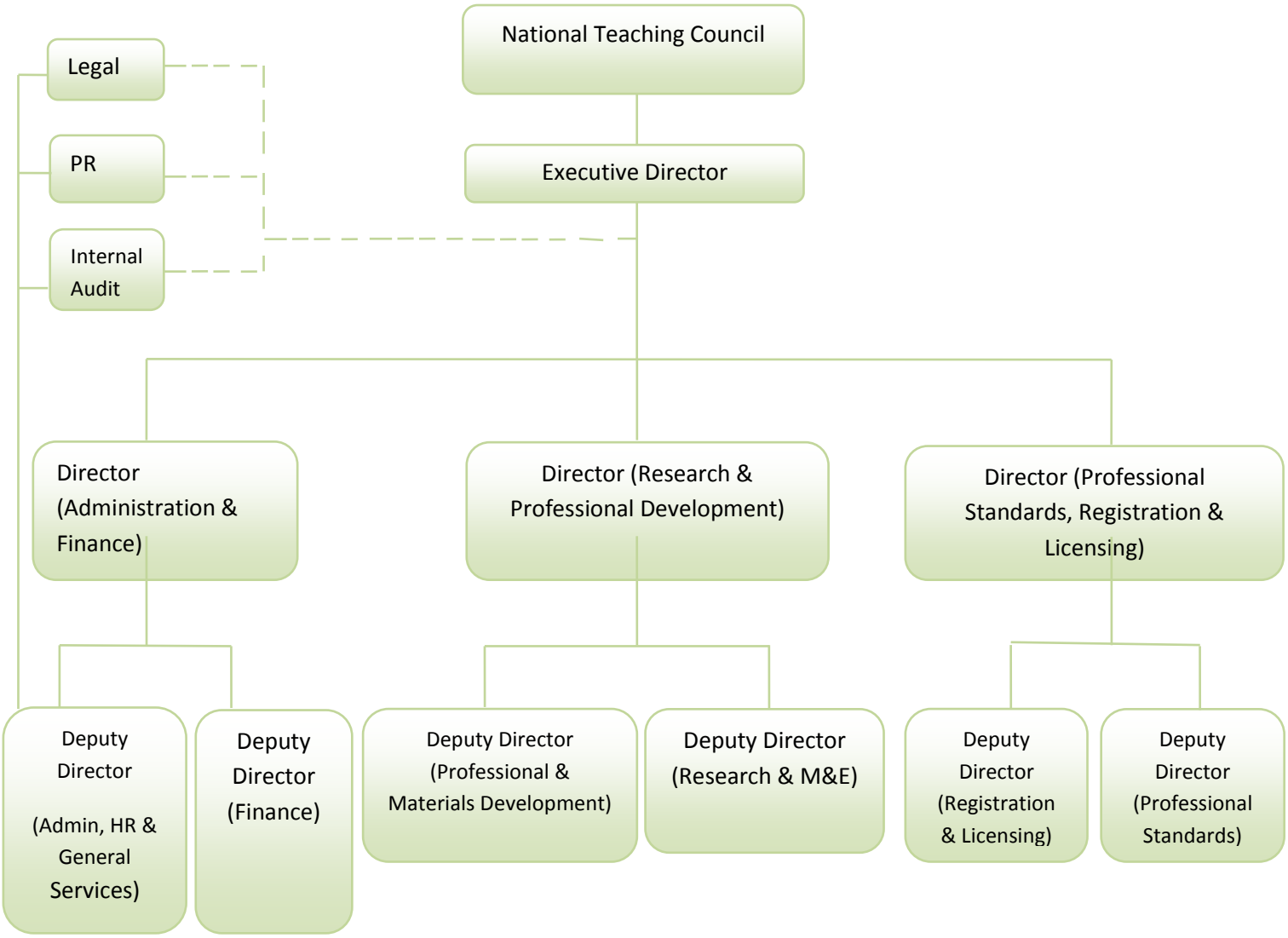
_____

_____

_____

I certify that the payment was made in the interest of the National Teaching Council and that no receipts were obtained. I make this declaration in good faith and shall be solely responsible should any statement herein turn out to be false.

Recipient Name_____ Approved By_____

Date:_____ Date:_____

ANNEX 2
Proposed structure of the National Teaching Council