

AGA KHAN UNIVERSITY

Guidelines, Policies and Procedures

Policy Name	Other Advances Policy
Policy Number	AKU-K/FIN/PL - 014
Approved by	Chief Financial Officer
Date of Approval	4th November 2022
Contact Office	Office of the University Registrar

1. Purpose:

1.1. The institution shall provide reasonable funds as advance for official purposes to faculty and staff for purchase of goods and service which normally Purchasing and Supply Chain Management (PSCM) don't support due to nature of goods and services or for the purpose of urgency or staff of PSCM staff need funds for procurement.

2. Scope:

2.1. The policy is applicable to all units of The Aga Khan University Kenya (AKU-K). The word AKU-K is herein referred to as the "Institution".

3. Responsibility:

3.1. A request for an advance must be approved by an authorized personnel as per financial authority matrix defined in Financial Authorization and Delegation Policy.

3.2. Finance Department must ensure that advance request is supported by proper documentation mentioned below for each advance category.

3.3. Relevant user departments are responsible for ensuring goods/services associated with the advance payment are satisfactorily received and shall be responsible for the technical approval of relevant department (i.e., Facility Management Division, Information Technology Department etc.

3.4. Mode of requesting advance payment must be followed by concern user departments as per defined process of this policy.

3.5. Finance Department will prepare advance schedule on Monthly basis to reflect unsettled advances.

3.6. Finance Department will send an information memo on monthly basis to the relevant department soliciting comments and update on outstanding cases.

4. **Terms and Definitions:**

- 4.1. **“Advance”** refers funds advanced to faculty/staff to undertake activities or procure goods which require financial outlay on behalf of the institution.

5. **Process / Procedure:**

5.1. **Observations and limitations**

- 5.1.1. Normally, advances are given to employees of the Purchase Department for cash purchases or for certain payment to suppliers.
- 5.1.2. In some cases, especially those relating to purchase services such as for entertainment, advances may be provided to other faculty or staff where immediate payment is necessary.
- 5.1.3. Advances shall be utilized only for the purpose for which this has been given.
- 5.1.4. All requests for advances must be approved by an authorized person as defined in the Authority Matrix.
- 5.1.5. The limits for purchase of goods defined in the Cash Disbursement Policy of the organization must be respected.

5.2. **Procedure for advance**

- 5.2.1. Advances up to petty cash limit (other than for travel) should be requested on the Petty Cash Advance Slip (PCAS) approved by the person authorized in Authority Matrix and be submitted to Finance Department at least three working days before the funds are required.
- 5.2.2. Request for advances exceeding petty cash limit, other than for travel, must be made on the "Advance Request Slip" (ARS) or on the Release of Payment (ROP) and sent to the Finance Department at least seven working days before the funds are required. The ARS/ROP should be approved by the relevant authorized person as defined in the Authority Matrix and must be backed up by a duly completed Purchase Requisition/Service Requisition form as necessary.
- 5.2.3. Advances up to petty cash limit should be accounted for within three days of receipt of advance. A reminder notice shall be sent for submission of details immediately up on default. If no response is received, request for additional advance would not be entertained until the entire advance is recovered from the salary of the individual.
- 5.2.4. Advances above petty cash limit must be account for within one month of receipts of advance. If the advance is not adjusted within the stipulated period, a reminder will be sent to the individual requesting that details be submitted within one week of the reminder; a copy of which will be sent to the head of the department.

- 5.2.5. If the advance is outstanding for more than 60 days without the reasonable cause it can be adjusted from salary subject to approval of Head of Finance. No further requests for advance will not be entertained till the earlier advance is adjusted/recovered.
- 5.2.6. Extension in period of adjustment or applicability of the above subsection shall require the consent of the Divisional Head and the approval by the Director Finance.
- 5.2.7. Claims for reimbursement or adjustment of advances should be completed on an "Expense Claim form" (ECF). The form contains columns for providing brief description of each item, the amount and budget code to which the expense is to be charged. If any advance has been taken previously, it should be deducted from the expenses incurred and the net sum due to/from the institution or paid back/claimed, as the case may be. The form should be approved by the authorized person as defined in the "Authority Matrix", before submission to the Finance Department for processing and payment/adjustments.
- 5.2.8. All claims must be submitted along with supporting documents wherever necessary.
- 5.2.9. Unutilized advances must be deposited immediately with the Finance Department Cash/Banking Section. This factor must be evidenced on the Expense Claim Form (ECF) by attaching a photocopy of the receipt.
- 5.2.10. Employee shall not be entitled to a second advance until the earlier advance has been adjusted. This procedure may, however, be relaxed in certain situation at the discretion of the Head of Finance. In case of ongoing activities of grants, this procedure may be relaxed as well.

6. **Review of Policy**

- 6.1. This policy document shall be reviewed every three year or as required.

7. **Reference(s):**

- 7.1. N/A

8. **Annexures:**

- 8.1. N/A