



KENYA FOREST SERVICE

DOCUMENT TITLE: ACCOUNTS
PAYABLE

REF NO:KFS-FAD-AP-001

ISSUE NO: 2

REVISION NO: 1

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ISSUE HISTORY

ISSUE	DESCRIPTION OF CHANGE	PROCESS OWNER	EFFECTIVE DATE
1	None, no change has been done	Chief Accountant	10 th June 2010
2	Changes Done to conform to ISO 9001:2015 standard	Chief Accountant	31 st May 2018

REFERENCED DOCUMENTS

S/NO	REF	TITLE
1	QPM	KFS Quality Policy Manual
2	PM	KFS Procedure Manual
3		KFS Service Charter
4		KFS Strategic Plan 2017 - 2022
5	KFS/FAD/FM/001	KFS Finance & Accounting Manual
6	PFM	Public Finance Management Act (2012)
7	IFRS	International Financial Reporting Standard
8	IPSAS	International Public Sector Accounting Standards
9	FCMA	Forests Conservation & Management Act (2016)
10	PPADA	Public Procurement and Asset Disposal Act (2015)
11		Government Financial Regulations & Circulars

COPY HOLDERS

1	Chief Conservator of Forests
2	Senior Management Team
3	HOC's
4	EC's
5	Road Superintendents
6	Kenya Forestry College
7	Regional Commandants
8	Project Managers
9	KFS Building Unit
10	All KFS Finance & Accounting Staff

PREPARED BY: Manager, Finance & Accounting

APPROVED BY: CCF



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RECORDS/ANNEXES

REC. NO	REC. TITLE
1	FMS AP Module Manual
2	Vouchers Movement Register
3	Payables Ageing Report
4	Approved memo register/invoices
5	Government payment guideline & Circulars
6	KFS payment guidelines & Circulars
7	Payables work instructions
8	Payment Vouchers
9	KFS Creditors policy

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1. TERMS AND DEFINITION

TERM	DEFINITION(S)
KFS	Kenya Forest Service
KPI	Key Performance Indicators
CSF	Critical Success Factor
CCF	Chief Conservator of Forests
IPSAS	International Public Sector Accounting Standards
IFRS	International Financial Reporting Standards
FMS	Financial Management System
FAD	Finance and Accounts Department
AIE	Authority to Incur Expenditure
AP	Accounts Payable
FO	Financial Order
LPO	Local Purchase Order
LSO	Local Service Order
GRN	Goods Received Note
PV	Payment Voucher
PAYE	Pay As You Earn
NSSF	National Social Security Fund
NHIF	National Hospital Insurance Fund

2. SCOPE

These procedures cover the standard operating guidelines that shall be adhered to in processing all KFS payments

3. PURPOSE

The purpose of these procedures is to ensure uniformity, efficiency and consistency in processing payments and shall be adhered to by all staff.

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4. OBJECTIVE

NB: Refer to the performance contract.

CSF	KPI	TARGET(S)	DUE

5. RESPONSIBILITY AND AUTHORITY

5.1. Chief Conservator of Forests

5.1.1. Overall responsibility in management of payments

5.1.2. Approval of expenditures and payments

5.2. Senior Manager Finance & Administration

5.2.1. Overall direction & Policy formulation

5.3. Manager, Finance and Accounting

5.3.1. Provides overall direction in the section,

5.3.2. Facilitate the section in performance of its duties,

5.3.3. Authorize expenditures and payments,

5.3.4. Authorize reports from the section,

5.3.5. Capacity building of staff in the section,

5.3.6. Overall supervision of staff in the section.

5.4. Chief Accountant

5.4.1. Authorize expenditures and payments,

5.4.2. Cash flow and liquidity management,

5.4.3. Reviews and advises on payables' reports,

5.4.4. Liaise with Human Resource department on payroll processing,

5.4.5. Supervision of the section functions.

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5.5. Senior Accountant

- 5.5.1. Advices on appropriate account code,
- 5.5.2. Authorize expenditures and payments,
- 5.5.3. Manage creditors,
- 5.5.4. Preparation of management reports under the section
- 5.5.5. Co-ordinates audits for the section,
- 5.5.6. Supervision of staff in the section

5.6. Accountant

- 5.6.1. Receive payment requests/invoices and reviews them for completeness
- 5.6.2. Ensure adherence to payment procedures
- 5.6.3. Facilitate audits in the section
- 5.6.4. Reconcile suppliers accounts
- 5.6.5. Ensures maintenance of proper payables' records
- 5.6.6. Prepare reports under the section
- 5.6.7. Verify and validate data captured in the FMS
- 5.6.8. Supervision of staff in the section

6. RESOURCES, INPUTS AND OUTPUTS

6.1. Resources


- 6.1.1. Finances
- 6.1.2. Personnel
- 6.1.3. Infrastructure

6.2. Inputs

- 6.2.1. Supplier Invoices

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6.2.2. Approved Memos

6.3. Outputs

6.3.1. Payment Vouchers

6.3.2. Surrender Vouchers

7. CRITERIA OF MEASUREMENT

NB: Refer to Performance progress reports

8. RISK AND OPPORTUNITIES

NB: Refer to the Service's Risk register

9. EVALUATION OF PROCESS

NB: Refer to the Monitoring and Evaluation Reports


10. DETAILS OF PROCEDURE

10.1. The Payment Process

Payment procedures shall be guided by the KFS Finance and Accounting Manual, the PFM act and any other laws, guidelines and circulars. On receiving payment requests/invoices, the accountant shall verify that all the supporting documents are in order and initiate the payment process. This process shall flow as follows:

- i. All the documents (invoices, memos) shall be recorded in the incoming document register,
- ii. Details of payments shall then be captured in the FMS,
- iii. The accountant shall then verify accuracy and completeness of the information so captured and validate the payment in the FMS,
- iv. Payment voucher shall then be printed and recorded in the payment voucher movement register. A register for each source of funding shall always accompany payment vouchers as they circulate for approval. On signing the payment voucher the signatory shall also sign the movement register and indicate the date and time thereof. The register shall capture the following information:

- Date of the PV

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- The PV number
 - The Payee details
 - Amount of the PV
 - Signature, date and time when the PV is received and signed in the designated offices
 - Any other information so required
- v. The printed payment voucher (FO 20) shall then be circulated for certification by the user, examination, approval by AIE holder and authorization by Finance,
- vi. The fully approved payment voucher shall then be forwarded to cash office for payment,
- vii. For payments in the field offices, the accountant shall prepare a payment voucher after verification of the supporting documents which shall be approved by an AIE holder,
- viii. Complete payment vouchers shall then be forwarded to headquarters for examination and authorization.

10.2. Types of Payments

- a) Non-staff payments
- b) Staff payments

10.2.1. Non-staff Payments

These are payments made to non-staff parties. They include the following:

- i. Payment for supply of goods and/or services
- ii. Payroll deduction payments

10.2.1.1. Payment for supply of goods and/or services

All payments to third parties shall be done via cheque/EFT/RTGS. The accountant shall ensure that all supporting documents are in order before initiating the payment. These payments shall be supported by:

- i. Approved purchase requisition from user department.
- ii. At least 3 quotations

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- iii. Professional opinion by the Principal Supply Chain Officer,
- iv. Opening and Evaluation of quotes by committee members
- v. Procurement Minutes,
- vi. LPO/LSO
- vii. Delivery note
- viii. GRN
- ix. Inspection and Acceptance Committee certification (for goods worth Ksh. 100,000 and above)
- x. Original Invoice
- xi. Any other document that may be deemed necessary as stipulated by government regulations, guidelines and circulars, the PPAD act 2015 and other KFS guidelines issued from time to time

For all contracted technical and professional services the accountant shall ensure that the following documents are attached to the payment request:

- i. Approved Contract
- ii. Request for payment from the contractor detailing the work done to date and amount requested; this shall adhere to contract terms
- iii. Certificate by the Head of Infrastructure detailing the stage of completion and a computation of amounts due to the contractor (for construction contracts)
- iv. For consultancy contracts; certificate/report from the user detailing stage of completion of the contract shall be attached
- v. Approval of the payment request by the Accounting Officer
- vi. For any subsequent payments, a copy of the previous payment voucher(s) and part completion certificate(s) shall be attached to track the payments
- vii. For the final payment, certificate of completion from the inspection and acceptance committee shall be attached
- viii. Any other document that may be deemed necessary as stipulated by government regulations, guidelines and circulars, the PPAD act 2015 and other KFS guidelines issued from time to time.

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For Direct payments for utilities e.g. electricity bills, water bills and telephone bills etc., the accountant shall verify that;

- i. The Administration office have verified and certified the bill.
- ii. A copy of the previous month's payment voucher is attached for bills with balance brought forward.

10.2.1.2. Payroll Deduction Payments

These are direct payments deducted through the payroll paid to third parties. They include; PAYE, NSSF, NHIF, Commercial Bank deductions, Sacco deductions, Welfare deductions, and other payroll deductions. The accountant shall ensure;

- i. All payments for payroll deductions shall be supported by the payroll by-product authorized by Manager, Human Resource and Administration and approved by Manager, Finance and Accounting
- ii. Such payments shall be printed on FO 21 and circulated for examination and authorization by Finance.

10.2.2. Staff Payments


These are direct payments made to staff. Such payments are reimbursements for expenditure undertaken by staff authorized by the Accounting Officer

All payments to staff shall be done via cheque or any electronic mode. In specific circumstances, the Accounting Officer may authorize cash payment to staff.

10.2.2.1. Payroll Processing

On receipt of approved payroll from Manager, Finance and Accounting, the accountant shall;

- i. Inspect it for completeness and initiate the processing of payment voucher (FO 21) in the FMS both for the Net Pay and third party deductions,
- ii. List the voucher in the payment voucher register and circulate it for examination and authorization by Manager, Finance and Accounting then to cash office for payment,
- iii. Ensure that the net pay payment voucher is forwarded to cash office before the 25th of each month and deductions forwarded by the 5th of the following month,

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- iv. Ensure that any salary to be paid outside the payroll is accompanied by the employee personal file with an approved memo attached detailing the reason for paying outside the payroll,
- v. Ensure that any payment for returned salaries is supported by an official receipt and bank advice as evidence of returned pay.

10.2.2.2. Payment of Casual Wages

Payment to casuals shall adhere to the government guidelines and regulations on casual wages.

- i. On receiving payment request the accountant shall ensure that the following supporting documents are attached;
 - a. Complete and certified muster roll;
 - b. Complete and approved FO 79 form capturing the following details;
 - Name
 - ID number
 - Number of days
 - Daily rates
 - Total amount
 - Signature
 - c. Copies of the appointment letters and copies of certificates for skilled casuals;
 - d. All statutory deductions have been accurately captured;
 - e. Any other document as required
- ii. The accountant shall follow the normal payment process. (FO 20 shall be used for net pay and FO 21 for the deductions)

10.3. Examination

10.3.1. Examination of Payment vouchers

- i. The accountant shall ensure payment vouchers are examined to verify that:

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- The payment so prepared is in accordance with the laid down procedures.
 - All supporting documents are attached and are at face value genuine
 - The amounts in the payment voucher are as per the approved invoice/payment request
 - The correct accounts have been charged
 - The payment request, purchase requisition and LSO/LPO/contract have been approved by the AIE holder and authorized by the Manager, Finance and Accounting,
 - The name of the payee is correct.
 - Any other document deemed necessary is attached
- ii. The examination officer then signs the payment voucher and the register and forwards to AIE holder for approval.
- iii. Payment vouchers that do not meet requirements shall be rejected and returned to accounts payables with comments for further actions

10.3.2.Examination of LPO/LSO's

- i. The accountant shall receive LPO's/LSO's from the Supply Chain Department and examine them to verify that:
- The source document or requisition is approved.
 - Accounts charged are correct
 - Approved requisition from the user is attached.
 - Quotations and minutes of the opening and evaluation committees are attached and complete
 - The tender documents and minutes have been approved by the CCF
 - A professional opinion by the principal SCM is attached and complete and any other requirement as stipulated in government and KFS regulations and guidelines
- ii. The officer shall then sign the LPO/LSO. Any LPO/LSO's that do not meet requirements shall be rejected and returned to SCM with comments for further actions.

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10.4. Approval Limits

The ultimate authority to incur expenditure solely rests with the Accounting Officer. The accounting officer may from time to time delegate such authority to designated Officers. These designates so appointed shall have authority to approve payments/expenditure as per the limits conferred to them by the accounting officer

Amount limits (KES)	Authorisation	Approval
Below 500,000	Accountant	Other AIE Holders
500,000 – 1,000,000	Senior Accountant/ Chief Accountant	Accounting Officer
Above 1,000,000	Manager – Finance/ Senior Manager – Finance	

Table 6.1: Approval limits for Payment Vouchers


Note: For projects, the project accountant shall affix the project accountant's stamp and sign on the face of the payment voucher.

Note 1: After the accountant receives an invoice/memo it shall be forwarded for processing within **ONE** hour

Note 2: The invoice/memo so forwarded shall be captured in the FMS within **TWO** hours,

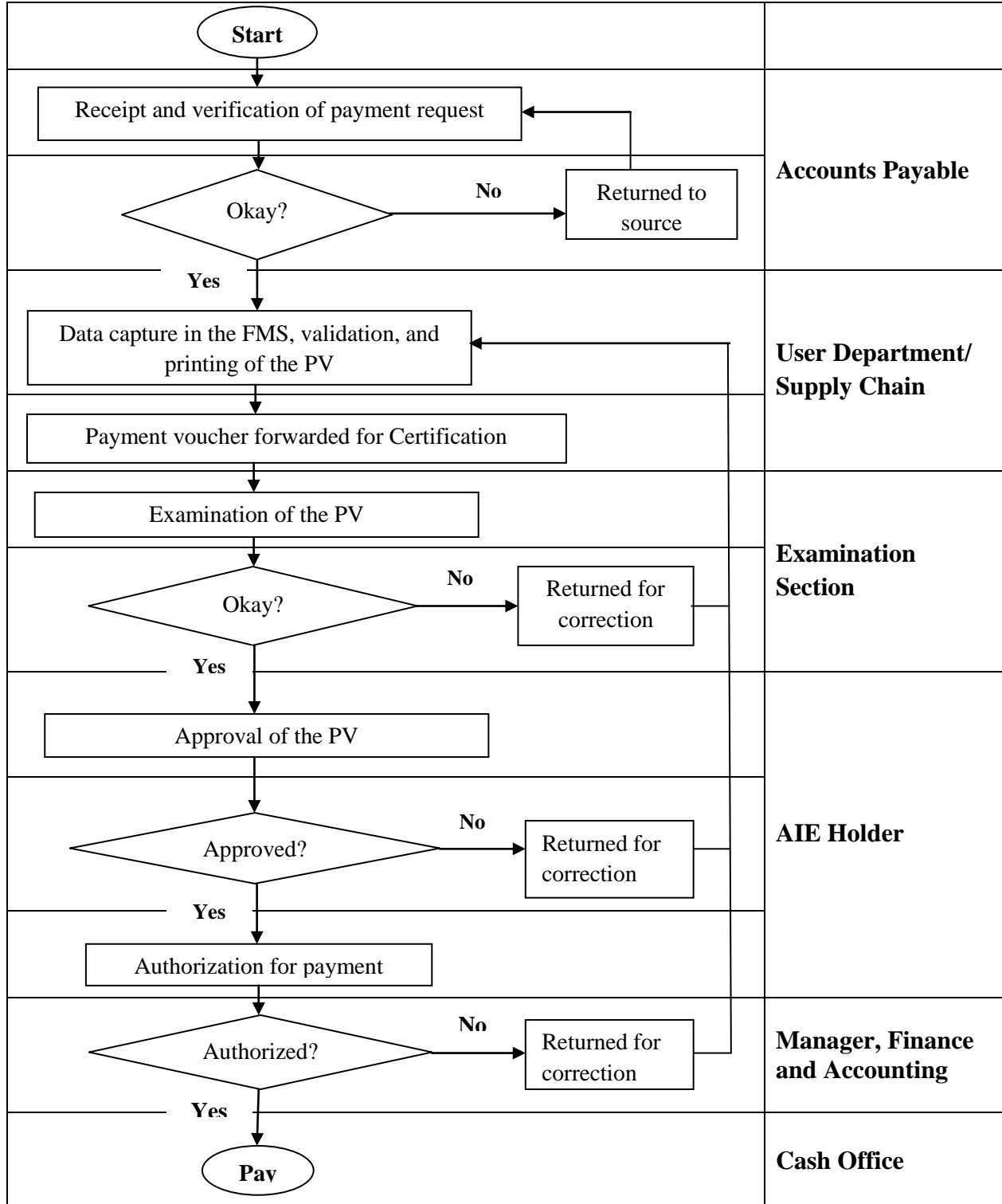
Note 3: The payment voucher shall be printed, recorded in the register and forwarded to examination within **ONE** hour.

Note 4: Within an hour the payment voucher shall be examined and forwarded to the AIE for approval.

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11. PROCESS FLOW CHART



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