ADDIS ABABA UNIVERSITY
BUSINESS PROCESS RE-ENGINEERING (BPR)
AS-IS REPORT

Project Funds Administration
Business Process Re-engineering Team

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1. INTRODUCTION

The team for reengineering research fund administration started its tasks with a discussion on the TOR and trying to exactly understand the assignment. The TOR given by the university presidency was “project management” but was changed to “project fund administration” after our first and last meeting with our process owner the late Dr. Demmusu. The team realized that there are multiple donor-funded projects run by the university. It was, however, agreed to emphasize on administration of research funds. The team in fact took a while discussing to understand the assignments, its boundary and scope before proceeding. The attempt made to meet the process owner after the first meeting was not successful and a communication gap was created until we could meet lately with the representative.

Understanding that BPR is an essential tool that is meant to radically change the present functions and processes that could be hindrance to the achievement of the vision, mission, objectives, goals, and values of our university’s strategic plan we briefly discussed on the strategic plan to develop strategic purpose for the re-engineering mission. After identifying the procedures that are involved in the process, the team agreed on the methodology to be followed and discussed on the contents of the study.

2. SCOPE AND LIMITATION

This study includes the research fund administration encompassing the financial administration and purchasing services of the university. Administration of other projects and funds are not included in the study.

3. GENERAL OBJECTIVE

The general objective is to improve the project funds administration process of the university in line with the university strategy to promote efficiency and effectiveness in research and its overall activities while promoting transparency, accountability and optimum management of the resources.

4. SPECIFIC OBJECTIVES

- ✓ to study and document the main procedures involved and the level of customer pain (dissatisfaction) in project fund administration
- ✓ to design and implement effective and efficient finance system
- ✓ to design and implement effective and efficient purchase system

5. METHODOLOGY

The "as-is" process is meant for the team and university community to feel the pains that the present fund administration is creating in its complete and comprehensive sense. We had to interview researchers including the research directorate to feel the pain of the foremost customers. We also had interviews with the service providers i.e. to understand the process and their feelings. We then collected relevant documents, recorded procedural steps involved under each functional area necessary to administer the funds, and developed flow diagram to show flow of documents, and series of authorizations. We tried to identify the disconnects, the redundant rubber stampings, the time gap between transactions and problems with automation for future considerations.

6. END TO END PROCESS DEFINITION

The project fund administration starts after the grant data sheet is authorized for operating with the project and ends with the preparation and submission of financial statements.

7. INPUT

Desired financial and administrative services by researchers and/or project owners

8. OUTPUT

Provision of services within acceptable time limit or efficient delivery of service

9. OUTCOME

Satisfaction of the client with the service and motivational effect on the researcher / project owner

10. PROCESS MAPPING

The team tried to capture procedures involved in project funds administration. There are several types of projects run by the university as part of its teaching-learning and research activity for which funds are either obtained from international donors or local sources (mainly government grant).

Project funded from international donors are generally categorized as research project or capacity building projects.

Research projects funded by international donors are given emphasis for reasons already mentioned in the introductory part. Procedures of administering the research funds are applicable to all others except in few specific cases.

The project funds administration process starts outside the finance department with the signing of grant data sheets I and II by the office of VPGSR and the approval of VPBD. The process, however, involve several activities performed in the Department of Finance and Purchasing.

Regarding the financial administration, project funds are operated at both the central finance department and faculty accounts sections. Accounts are, however, first opened at the center and funds are transferred to faculty accounts offices.

In the central finance department the project funds administration is assigned desks within the special funds operation for opening and maintenance of ledger accounts. Transactions involving project funds, however, move through most of the sections in the office. Therefore, it should not be understood that all accounting and finance issues are accomplished at these desks. Details of the procedure are given in tables 2.1 to 2. 7 below.

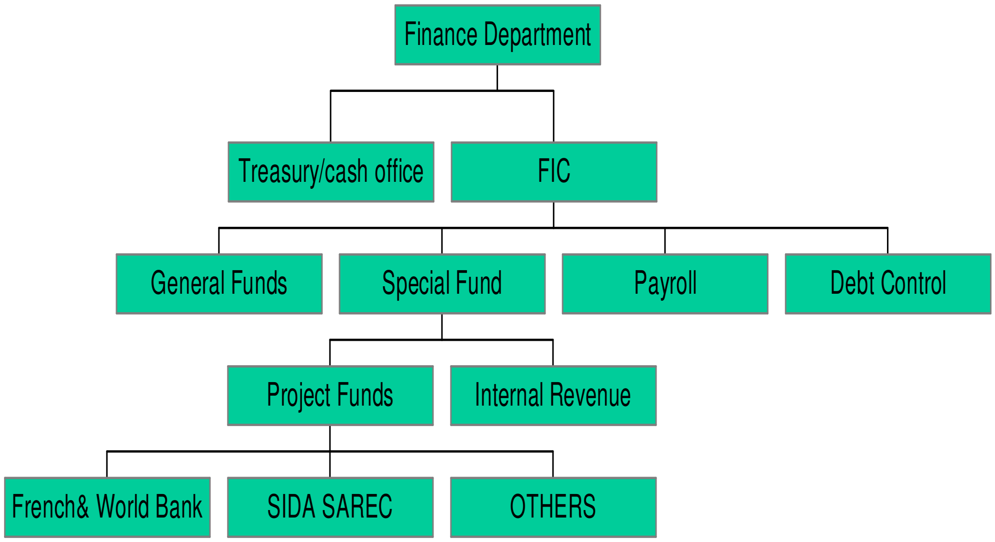

Fig.1 Current working organizational chart for Finance department (Main campus)

As seen from the chart, there are three specialized desks serving customers for:

a) French & Word bank (IDG, DIF) funded projects

b) SIDA-SAREC, and

c) All other project funds.

With respect to bank accounts, four separate bank accounts are maintained as follows:

a. For SIDA-SAREC funds at NBE

b. For WORLD BANK funded projects at CBE

c. For FRENCH funded at CBE

d. One pool account for all other projects at CBE

However, at the time of transfer from donor to the university all funds are collected through one Non-Transferable foreign currency bank account (NT).

Regarding purchase of goods and services for projects from the project funds, the researcher in the field or through the regular purchasing procedure by the purchasing department. The purchasing department is currently organized in three sections on the main campus, namely local purchase section for all domestic procurements, foreign purchase section for all international purchases, and purchases for graduate program expansion and outsourced purchase administration. There is no separate section or desk to handle purchases for project purposes.

The project funds administration process is, therefore, mapped under the following headings.

- Authorization and Openings of Project Ledger Account

- Operation of funds
    - Collection of Cash /recording of incoming money for the project
    - Approval and payment of purchase and travel advance
    - Settlements of advances account clearance
    - Purchase of good and services from the fund accounts
        - Local Purchase
        - Foreign Purchase
        - Payment for goods and services
- Reporting on the status of account to fund providers

A) DISCUSSION ON THE NATURE OF PROCESSES

10.1 Authorizations and Ledger Account Opening

Projects are initiated mainly at faculty or institute level, and screened for funding by the office of VPGSR. Once the project is approved and funds are secured, the researcher/ project leader signs a contract/memorandum of understanding for the implementation of the project. Budget breakdown and items of expenditure may be included in the contract forming guidelines for operation of the funds. Grant data sheets are signed by the relevant Dean/ Institute Director or supervisor of the project leader, as the case may be, to authorize opening of ledger accounts for the project.

The sub- process/activity/ of ledger account opening involves 15 sequences of steps with a total time estimate of about 28 days. This time estimate is on average since in cases where certain formulations are not fulfilled, or due to busy schedule in the office of signatures of the various forms, it is possible to assume that over delays may cause the time to be significantly more than the time stated here.

The researcher/ project leader may be required to follow-up cases for the completion of the steps (Table 2-1)

10.2 Collection of Cash/ Recording of Income

Once the account is opened in the name of the project the next step is to record the funds obtained in the ledger accounts as income. This, however, requires that bank accounts be identified and donors be instructed to transfer the fund to the university bank account, collect bank credit advice when funds arrive, and sort the credit advice by project.

Sometimes these procedures are not straightforward, bank account numbers are given on request of researchers or any person requesting. Therefore, funds may be transferred to the bank account of the University prior to the opening of ledger accounts for these projects. This may result in keeping the credit advice in temporary file for indefinite time until the project for which funds are obtained is identified.

If the project for which the fund is obtained is identified, the next step is to record the cash in the project account as income. Where the project is executed at faculty level outside the main campus, the finance office will issue cash transfers to the faculty bank accounts and notification of the transfer to the faculty. The procedure involves approval of payments from the main university account to the faculty account. University overhead and, if applicable, the amount necessary for foreign transactions will be withheld from the sum. This sub process is estimated to take about 104 hours or 13 eight-hour working days. Table 2.2 shows the steps in the procedure, flow of documents and chains of authorizations involved in the sub process.

10.3 Purchases and Travel Advance

Project implementation often requires field trip (for most research projects). Travelers/researchers are required to carry cash with them to cover field expenses in two forms. One is the per diem for the food and lodging expense of the traveler while the other is for the goods or services necessary in the field. Two separate forms must be filled in and get approval of relevant authorities to obtain the amount required. If the travel is approved the second step is to process payment of advance to the traveler. The traveler in effect is a debtor to the university until the expenditures in the field are accounted for in accordance with the government expenditure control requirements. This sub process ends with final issuance of paycheck to the traveler for the expenditure (Table 2.3 shows the details). The total time estimate until the check is issued is about 34 hours and 45 minutes or over four 8-hour working days. The Finance Office requires that the traveler should fill in the request forms at least three working days in advance. The traveler is expected to go to the bank for cashing after the check is issued.

10.4 Settlement of the advance/ Account clearance

After completion of field trip the researcher/ traveler is required to account for the expenses incurred and payments made by presenting travel expense report form and evidence for all other expenditures including supporting documents, where necessary. If all the evidence presented is accepted, the expenses are recorded as expense of the project and the researcher is relieved from the indebtedness for the amount of the expenditure.

If the amount of advance is more than the amount of expenses, the researcher /traveler is required to return the cash. The researcher/ traveler may also claim for reimbursement by presenting evidence of expenses over the advance amount subject to the approval of higher authorities, of such expenses. The procedures are described in Table 2.4. This procedure seems short and direct but policies and procedures for the verification of documents impose numerous requirements that most researchers of no finance or accounting background do not understand. A list containing 21 policy requirements for expenditure approval is issued from receivables/ debt control section of FIC to all researchers when they receive the advance money. Non-fulfillment of anyone of the requirements my result in rejection of the documents presented which may be cause for delay for the next field trip or halting of the project activity. While it is estimated to take about 11 days for this sub process to be completed, there are cases where the issue is not settled even after several months or even a year where documentary evidences is not properly presented.

10.5 The purchasing procedures

Execution of the project necessarily involves purchase of goods and services. The procurement may be either from foreign source or local source. The team has tried to compile the procurement procedure of the University which is based on the requirements of the procurement policy and procedures of the Federal Government. Numerous of complicated procedures are involved in the process of procurement, which perhaps requires a separate consideration. Since the fund administration would be incomplete without considering this process the team has tried to map the procedure for both local and foreign purchases. The university is recently exercising outsourcing of the activity but the team has found out that so far this is limited to government budgetary allocation and project funds are administered in the usual manner. A few project funds (especially from the World Bank) are separately handled since they allow their own procedure rather than the Ethiopian government standard. Some capacity building project fund procurement for (graduate program expansion) is also handled in a separate department. Yet the procedures followed are the same.

The purchasing procedures seem the most frustrating part due to the time lag between the requisition and acquisition of the items for the services required. The procedure time estimate shows a time lag of about 47 days for limited tender purchase, and up to 218 days for open tender. For foreign purchase, it was difficult to take time estimate but then the purchasing department informed the team that it may take from 6 months to one year for delivery. Procedural requirements of the purchasing activity are listed in table 2.5.

10.6 Reporting of the status of accounts

Donors require reporting on the status of the fund they provide. Release of the next round of funds depends mainly on the report. However, both the users of the service (the customers) and providers recognize this is the weakest point. Account balances are rarely accurately and timely reported. This is the reflection of the weakness in the entire procedure of accounting, absence of using information technology and poorly trained human resource.

A summary description of the sub-process with the time estimate is presented in table 2.0 below. The time estimates given are based on judgments and are not to be taken for granted as accurate since there is no standard time allotment on Activity Based Cost (ABC) system. For the majority of the cases, however, time estimate is based on normal flow of transaction, while there are possibilities of undue delays because of busy schedules or unforeseen circumstances or misplacement of documents and the like.

B) TABULAR PRESENTATION OF PROCESSES

Table 10-1 Opening of Ledger Account

No.	Person performing task	Activity	Dept. /section in which task is performed	Estimated time/time lag
1	Researcher/ project owner	Fill in Grant data sheet I in triplicate	Academic department / faculty / research institute	1 hour
3	Same	Submit grant data sheet I with copy of research proposal (approved) to the Dean/ Research inst. Director for approval	Faculty/ Research institute	3 days
4	Same	Get approval of Dean/ research institute director		1 day
5	Same	Take/send the approved grant data sheet I to the office of the Director for Research and publications for further approval	Office of VPGSR	4 1/2 day
6		Grant data sheet II is prepared by office of DRP		
		Grant data sheet I and II are signed by the VPGSR		
7		Grant data sheet I and II are forwarded to the office of VPBD for further approval (handled by messengers)		
8		The VPBD approves Grant data sheet I, II by signing on both in the space provided		3 days
9		Grant data sheet I and II are returned back to the office of the research director after signature of the VPBD (handled by messengers)		1 day
10		Grant data sheet I and II + copy of project proposal or memorandum of understanding + covering letter from RPD(latter optional) are forwarded to the finance office or directly to the project funds account section of finance (handled by messengers)		2 days
11	Project funds leader	Identify (sort) by the source of funds and further by department	Project funds account section	
12	Project funds leader	Open ledger account	Project funds account section	9 days
13	Project funds leader	Prepare letter in copies to inform the principal investigator (PI) account number.	Project funds account section	3 days
14	Messenger	A messenger will distribute the copies of the letter as follows: - Original to PI - First copy to the office of VPGSR -research director - Second copy faculty/college finance office, as case may be - last copy file (**can take a weeks, misplacement is possible**)	Project funds account section	1 day
15		File the supporting documents and copy of account number notification letter	Project funds account section	End

Table 10-2 Collection of cash from the bank

No.	Person performing task	Activity	Dept. /section in which task is performed	Estimated time/time lag
1	Researcher/PI	Researcher/PI requests for bank account Number	Accounts	
	Clerk	Clerk in the project accounts section provides a bank address form that shows Account number, swift code, name of beneficiary and bank to which funds are to be transferred	Accounts	4 hrs
2		Credit advice collected from bank by collection clerk / cashier	Cash office	8 hrs

		Verify the credit advice
		Is the source and project for which funds are transferred known?
		• If yes, was account already opened for the project?
		  o If yes, ask if the funds transferred are only for one project or several projects in one?
		  o If the funds were for single project ask for budget allocation of funds (if not already attached)
		  o If the funds are for several projects from the same funding source, allocate the funds according to the project agreement, ask for budget allocation,
		• If no account was opened yet (no grant data sheet was sent), ask researcher to initiate to get the grant data sheet I and II, attach budget allocation		

3		Deduct university overhead		
4	Voucher clerk	Prepare bank deposit voucher		
		Is fund operated at Faculty/college Finance office?		32 hrs
		Yes, prepare payment voucher for transfer of funds to the faculty/college bank account, simultaneously		
5		Submit documents to pre-auditor		
6		Auditor verifies the documents		40 hrs
7		Auditor passes the documents over to the numbering clerk		
8		The voucher clerk assigns a voucher number and transfers the documents to manually recording clerk		8 hrs
9		The manual records keeper records the voucher number and amount in a register, and transfers the documents to the computer encoder		4 hrs
10		The encoder enters the amount on the computer		4 hrs
11		Documents are returned to manual records keeper		?
12		If the projects for which funds are received is not known, put the credit advice in a temporary file until researcher or project owner claims the advice		8 hrs

10-3 Purchase and Travel advance for researchers/Field work

No.	Person performing task	Activity	Dept. /section	Estimated time/time lag
1		The researcher or PI collects Travel advance and/or purchase requisition forms from accounts section or faculty financed office		Start 30 min.
2		The Researcher /PI fills in the form specifying the number of days, (departure and date of coming back), items to be purchased, services for which payment is needed in the field	Faculty/institute	30 min
3	PI/Dean/Director	The researcher gets signature of PI, Or if PI her/himself signature of the Dean or Institute director	Faculty/institute	8 1/2 hrs
4	Researcher	The signed forms are submitted to the receivables section, FIC	Finance office	
5	Receivables section clerk	Advance verification: Is there prior advance in the name of the researcher not yet cleared? • Yes return the advance forms to the researcher • No, register advance by establishing receivables in the name of the researcher	Receivables section FIC	
6	Receivables section clerk	Give back the forms to the researcher, after putting initial for establishment of receivables		4 hrs
7		The researcher submits forms to the project funds team		
8		The project funds team leader clears the budget: Is there adequate balance in the account of the researcher for the requested amount and purpose? • no, return the forms to the researcher • yes, prepare payment voucher		20 min
9		Submit the voucher and supporting documents to pre-audit (for checking of accuracy, policy issues, budget line etc) Acceptable? The auditor puts initial for approval Not acceptable back to voucher preparation		4 hrs
10		Audited vouchers are submitted to head of FIC for approval		5 min
11		Head of FIC approves the vouchers by signing on the voucher		4 hrs
12		The documents will go back to the project funds section for encoding / voucher number is given		5 min
13		The vouchers are forwarded to the cash office for preparation of pay-check		
14		The cash office (check preparation section) prepares check		6 hrs
15		Checks are submitted to the authorized signatories for signature: • Is the amount Birr 1-150,000 Head of FIC, and Finance Manger (FM) First and second signatories, respectively • If 150,001-500,000, FM and Director for planning, Budget and Finance (DPBF), first and second signatories • If 500,001 and above, DPBF+ VPBD or President first and second signatories • Check along with supporting documents (voucher, purchase requisitions, travel advance forms), should be routed around the offices by office messenger		

16		Signatories sign the check		6 1/2 hrs
17		Signed checks will be returned to the check office		4 hrs
18		Checks will be recorded in cash book/register in the check section		5 min
19		(Issuance of the check) The researcher will receive checks by signing on the register.		5 min
20		The vouchers will be marked “paid” and transferred to achieves for file		-

Table 10-4 Settlement of advance /account clearance

No.	Person performing task	Activity	Dept. /section	Estimated time/time lag
1	Researcher	Researcher submits receipts and other relevant documents to PI/ Dean/director for preliminary approval	Receivables section/ Accounts	1 1/2 day
2		Approved documents will be forwarded to receivables/debt control section		1 1/2 day
3		The researcher will be given a slip as evidence handing over documents		5 day
4		The receivables debt control section will verify the documents		1 day

5		Documents acceptable:
		• No, return to the researcher/ hold for justification
		• Yes, check amount of expenditure is equal to advance
		  o Yes, clear the debt, issue slip to researcher for clearance, and forward the documents to the project accounts section
		  o No, is amount of expense below or above advance?
		    ▪ Below issue slip for the difference to cash office for collection of refunds from researcher
		    ▪ Searcher pays the difference brings cash receipts
		    ▪ Clearance, and forward the documents to the project accounts section
		  o If amount is above the advance,
		    ▪ Clear for the advance amount
		    ▪ Ask for justification for excess, ask searcher to fill in advance form for the excess amount get approval of the PI, or Dean/Director,
		    ▪ Prepare payment voucher
		    ▪ Get approvals (as above)
		    ▪ Prepare check
		    ▪ Issue check
				2 days

Table 10-5 Purchase Process

I. Initiation Sub-Process

Step	Activity	Responsibility	Estimated time
1	User Office Secretary completes PR and routes to the requesting unit head	User Dept	Start
2	User Office head approve the PR and routes to the Budget Center Head	User Dept	
3	Budget Center Head approves the purchase and routes PR to Budget Control for budget clearance.	Dean/Director/PI	
4	Check the authenticity of request approval, there is a sufficient budget for the account. o If ok, committed for a purchase and give the user to send to the purchase dep't secretary to initiate purchase process. o If not, return back to the user department without making a budget commitment.	Budget controller, Accounts	
5	Registers the PR and routes to the Purchasing Head	Purchasing Secretary	7 .50 min
6	Decide the type of purchase and assign to different sections as follows: **Is it international bid?** o Yes, foreign purchase. o No, **is it locally available**, ▪ Yes, local purchase ▪ No, foreign purchase	Purchasing Head	7 .50 min
7	**Determine the type of purchase based on amounts as follows** ➢ IS the amount<40,000? o Yes, Pro forma Purchase. ▪ is it <5,000? • Yes, Processed by purchase dep't (**A**) • No, processed by tender committee (**B**) o No, is it <250,000? ▪ Yes, limited Tender (**C**) ▪ No, Open tender (**D**).	Purchasing Head	
8	Clerk assigns Follow up number and routes it to Local Purchase or foreign purchase section	Purchasing Clerk	7 .50 min
Follow the **PURCHASE PROCESSES** shown below by letters **A, B, C** and **D**			

II. Purchase Processes

A. Local Purchase Process, Pro forma Purchase <5,000

Step	Activity	Responsibility	Estimated time
Begin From Initiation Sub-Process (8 steps)			
1	Local Purchase head assigns purchase Requisition to Purchaser	Local Purchase head	30 Min.
2	Purchaser collects sealed Proforma at least from 3 different suppliers and passes them to Local Purchasing Head	Purchaser	720 Min
3	Open Sealed Proformas and sign on them	Local Purchasing Head & Purchasing Head	35 Min
4	Local Purchasing Head passes opened PFIs to secretary	Local Purchasing Head passes	
5	Secretary types & prepares price comparison and recommendations and passes it to Local Purchasing Head	Secretary	20 Min
6	Local Purchasing head signs on the price comparison & recommendations & passes it to Purchasing Head	Local Purchasing Head passes	45 Min
7	Purchasing Head signs and routes to A/Finance Officer for counter-signature	Purchasing Head	7 Min
8	A/Finance Office signs and routes to Purchasing Secretary	Finance Office	120 Min
9	Secretary prepares Purchase Order and routes to Purchasing Head for signature	Secretary	6 Min
10	Purchasing Head reviews & signs PO and passes it to Concerned Authority for counter-signature	Purchasing Head	6 Min
11	Secretary passes it to Local Purchasing	Secretary	10 Min
12	Local Purchasing head passes it to Purchaser	Local Purchasing head	15 Min
13	Purchaser collects goods on credit by forwarding Original PO to supplier	Purchaser	120 Min
14	Follow-up	L. Purchaser, Purchasing head	Min
15	Goods will be delivered to Property & Stores against signature on the on copy of PO and a delivery note is given to a supplier	Supplier	
16	Fill Goods Issuance form and deliver the item to the requesting Unit	Property administration	360 Min
17	Fill Original Receiving Report		
18	Local Purchasing head collects Original Receiving Report, passes it to Accounts and closes the file	Local Purchasing head	
Total			**3.16 Days**
Follow **PAYMENT PROCESS**			

B. Local Purchase Process, Pro forma Purchase b/n 5,000-40,000

Step	Activity	Responsibility	Estimated time
Begin From Initiation Sub-Process(8 steps)			
1	Local Purchase head assigns purchase Requisition to Purchaser	Local Purchase head	30 Min.
2	Purchaser collects sealed Proformas at least from 3 different suppliers and passes them to Local Purchasing Head	Purchaser	720 Min.
3	Local Purchasing Head passes sealed Proforma Invoices to Tender Committee	Local Purchasing Head	
4	Tender Committee verifies and makes financial evaluation and overall evaluation and forwards its recommendation to VPBD	Tender Committee	1200 Min.
5	VPBD approves and routes to Tender Committee	VPBD	
6	Tender Committee completes Document handover form and hands over Approved minutes and other documents to Local Purchaser	Tender Committee	
7	Secretary prepares Purchase Order and routes to Purchasing Head for signature	Secretary	6 Min.
8	Purchasing Head reviews & signs PO and passes it to Concerned Dean/Finance Officers for counter-signature	Purchasing Head	6 Min.
9	Deans/Finance Officers sign and route to Purchasing Secretary		30 Min.
10	Secretary passes it to Local Purchasing	Secretary	10 Min.
11	Local Purchasing passes it to Purchaser	Local Purchasing	15 Min.
12	Purchaser collects goods on credit by forwarding Original PO to supplier	Purchaser	120 Min.
13	Follow-up		
14	Goods will be delivered to Property & Stores against signature on the on copy of PO and a delivery note is given to a supplier.	Property & Stores	
15	Fill Goods Issuance form and deliver the item to the requesting Unit	Property & Stores	360 Min.
16	Fill Original Receiving Report		
17	Local Purchasing head collects Original Receiving Report, passes it to Accounts and closes the file	Local Purchasing head	
Total			**5 Days**
Follow **PAYMENT PROCESS**			

C. Local Purchase with Limited Tender (40,000-250,000)

Step	Activity	Responsibility	Estimated time
Begin From Initiation Sub-Process(8 steps)			
1	Local Purchasing Secretary types Item specification and covering letter and passes to Local Purchasing Head	Secretary	60 Min.
2	Local Purchase head reviews, approves and gets duplicated and bound the Bid Document and passes to Purchasing Head	Local Purchase head	30Min.
3	Purchasing Head signs and passes to Local Purchasing Head	Purchasing Head	
4	Purchaser distributes bid documents to selected suppliers	Purchaser	9600 Min.
5	Local Purchaser prepares tender boxes	Local Purchaser	6 min
6	Local Purchaser registers bidders	Local Purchaser	6 Min.
7	Local Purchasing head communicates to Tender Committee	Local Purchasing head	30 Min.

8	Tender Committee seals box	Tender Committee	10 Min.
9	Tender Committee Opens bid	Tender Committee	90 Min.
10	Tender Committee forwards bids to Users or Technical Team when required	Tender Committee	
11	Technical Team makes techical evaluation and forwards its recommendation to Tender Committee	Technical Team	1440 Min.
12	Tender Committee routes financial bids to purchasing for price comparison	Tender Committee	15 Min.
13	Purchasing head makes price comparison and routes it to Tender Committee	Purchasing head	
14	Tender Committee verifies and makes financial evaluation and overall evaluation and forwards its recommendation to VPBD	Tender Committee	1440 Min.
15	VPBD approves and routes to Tender Committee	VPBD	
16	Tender Committee completes Document handover form and hands over Approved minutes and other documents to Local Purchaser	Tender Committee	
17	Local Purchasing head prepares, initials and passes letter of award to Purchasing head	Local Purchasing head	15 Min.
18	Purchasing head signs and releases the letter to supplier or for fax	Purchasing head	8 Min.
19	Purchasing Secretary prepares contract and routes it to Local Purchasing Head	Secretary	15 Min.
20	Secretary prepares PO and forwards it to Purchasing head for signature	Secretary	45 Min.
21	Purchasing Head signs PO, reviews contract and routes PO and Contract to Local Purchaser	Purchasing Head	25 Min.
22	Local Purchasing Head sends PO and Contract to supplier	Local Purchasing Head	
23	Local Purchasing head Secures signed contact, CPO cheque/Performance Bond and order confirmation from the supplier and routes signed contract to Purchasing head	Local Purchasing head	
24	Purchasing Head signs contract, releases to supplier		2400 Min.
25	Staff verifies completeness of the document and checks whether the contract is in conformity with the banking regulation of the country	Staff	45 Min.
26	If specification of goods, prices, manufacturer's name and address as well as approximate weight and/or volume are not specified, Staff e-mails or faxes to supplier	Staff	45 Min.
27	Local Purchaser submits CPO/Bid Bond to be released to supplier to Purchasing head for Signature	Local Purchaser	20 Min.
28	Local Purchaser prepares letter to finance office to release bid bond and routes to Local Purchasing head	Local Purchaser	15
29	Purchasing Head signs and releases CPO/Bid Bond	Purchasing Head	7 Min.
30	Local Purchaser sends signed contract to supplier	Local Purchaser	35 Min.
31	Follow-up		
32	Goods will be delivered to Property & Stores against signature on the Delivery Note (stock Items)		1440 Min.
33	Goods will be delivered to Property & Stores against signature on the Delivery Note (Non-stock Items) and a delivery note is given to a supplier.	Supplier	

34	Fill Goods Issuance form and deliver the item to the requesting Unit		5280 Min.
35	Fill Original Receiving Report		360 Min.
36	Local Purchasing head collects Original Receiving Report, passes it to Accounts and closes the file	Local Purchasing head	
			46.88 Days
Follow **PAYMENT PROCESS**			

D. Local Purchase with Open Tender (>250,000)

Step	Activity	Responsibility	Estimated time
Begin From Initiation Sub-Process(8 steps)			
1	Local Purchaser drafts Bid Document and Covering letter and passes to Secretary for typing	Local Purchaser	22 .50 min
2	Secretary types and routes it to L. Purchase	Secretary	37 .50 min
3	L. Purchase initials and passes to Purchasing Head	Local Purchaser	7 .50 min
4	Purchasing Head initials and passes it to VPBD	Purchasing Head	7 .50 min
5	VPBD signs and routes it to MOFED/Mo Infrastructure	VPBD	360 min
6	President Office receives MoFED approval and routes it to VPBD	President Office	960 min
7	VPBD routes it to Purchasing Dept. Head	VPBD	360 min
8	Purchasing Head routes it to L. Purchaser	Purchasing Head	7 .50 min
9	L. Purchasing routes corrected documents to Purchasing Head	L. Purchasing	360 min
10	Purchasing Head checks documents and routes Tender Notice to Purchaser for advertising cost estimate and bid documents for binding	Purchasing Head	150 min
11	L. Purchaser duplicates and binds bid documents	L. Purchaser	150 min
12	Purchaser collects cost estimate	Purchaser	150 min
13	Secretary prepares PR for advertising cost amount and routes it to F. Purchaser	Secretary	12 .50 min
14	L. Purchaser signs the PR and routes to Purchasing Head	L. Purchaser	7 .50 min
15	Purchasing Head approves and routes to Secretary	Purchasing Head	7 .50 min
16	Secretary assigns number, stamps and routes it to budget control for budget clearance	Secretary	12 .50 min
17	Budget Accountant clears budget and routes to Purchasing	Accounts Office	25 min
18	Purchasing Head instructs Secretary to prepare PO for advertising	Purchasing Head	7.50 min
19	Secretary prepares PO	Secretary	12 .50 min
20	Purchasing Head signs PO and routes to VPBD	Purchasing Head	7 .50 min
21	VPBD approves PO and routes to Purchasing Head	VPBD	150 min
22	Purchasing Head routes PO to Purchaser	Purchasing Head	7 .50 min
23	Purchasing Secretary sells bid documents (working days only)	Secretary	21600 min
24	L. Purchaser prepares Tender boxes	L. Purchaser	12 .50 min
25	L. Purchaser registers bidders	L. Purchaser	
26	Tender Committee seals box	Tender Committee	17 .50 min
27	Tender Committee opens bid	Tender Committee	150 min
28	Tender Committee forward bids to users or Technical Team when	Technical Team	17 .50

	required		min
29	Technical Team makes technical evaluation and forward its recommendations to Tender Committee	Technical Team	12800 min
30	Tender Committee routes financial bids to Purchasing for price comparison	Technical Team	15 min
31	Purchasing makes price comparison and routes it to Tender Committee	Purchasing	2160 min
32	Tender Committee makes financial evaluation and overall evaluation and forwards its recommendations to VPBD	Tender Committee	6480 min
33	VPBD approves and routes to Tender Committee	VPBD	
34	Tender Committee hands over approved minutes and other documents to L. Purchaser	Tender Committee	
35	L. Purchaser instructs Secretary to prepare covering letter to MoFED/MoI	L. Purchaser	7 .50 min
36	Secretary prepares letter and routes it to L. Purchaser	Secretary	12 .50 min
37	L. Purchaser initials and passes it to Purchasing Head	L. Purchaser	7 .50 min
38	Purchasing Head initials and signs letter and sends it to VPBD	Purchasing Head	7 .50 min
39	VPBD signs and routes it to MoFED/MOI	VPBD	360 min
40	President Office receives MoFED approval routes it to VPBD	President Office	55200 min
41	Purchasing Head routes it to L. Purchasing	Purchasing Head	7 .50 min
42	L. Purchaser incorporates MoFED comments, prepare contract and routes it to Purchasing Head	L. Purchaser	45 min
43	Purchasing Head routes Contract to Legal Service	Purchasing Head	25 min
44	Purchasing receives legal opinion from Legal Service	Purchasing	560 min
45	Purchasing Head routes commented Contract to L. Purchase	Purchasing Head	7.5 min
46	L. Purchaser prepares final Contract and routes to Secretary	L. Purchaser	7 .50 min
47	L. Purchaser prepares PO and award letter, initials and forwards to Purchasing Head for signature	L. Purchaser	45 min
48	Purchasing Head signs and forwards to VPBD	Purchasing Head	7.5 min
49	VPBD signs and routes to Purchasing Secretary	VPBD	360 min
50	Purchasing Secretary routes to L. Purchaser	Secretary	7 .50 min
51	L. Purchaser sends award letter, PO and Contract to supplier	L. Purchaser	36000 min
52	Purchasing Secures signed Contract and Order confirmation from the supplier and routes signed Contract to VPBD (Courier handling assumed)	Purchasing	3120 min
53	VPBD signs the Contract and routes to Purchasing	VPBD	360 min
54	Purchasing Head routes documents to L. Purchaser	Purchasing Head	7 .50 min
55	Staff verifies completeness of the document and checks whether the contract is in conformity with the banking regulation of the country	Purchasing Staff	45 min
56	If specification of goods, prices, manufacturer's name and address as well as approximate weight and/or volume are not specified, Staff e-mails or faxes to supplier	Purchasing Staff	20 min
57	Local Purchaser submits CPO to Local Purchasing head for counter signature	Local Purchaser	
58	Local Purchaser prepares letter to finance office to release bid bond and routes to Local Purchasing head	Local Purchaser	15 min
59	Local Purchasing Head signs and releases CPO	Local Purchasing Head	7 min
60	Local Purchaser sends signed contract to supplier and collects CPO/Performance Bond from Suupliers	Local Purchaser	35 min
61	Follow-up		

62	Goods will be delivered to Property & Stores against signature on the Delivery Note (stock Items)	Property & Stores	960 min
63	Goods will be delivered to Property & Stores against signature on the Delivery Note (Non-stock Items)		5280 min
64	Fill Goods Issuance form and deliver the item to the requesting Unit		
65	Fill Original Receiving Report		
66	Local Purchasing collects Original Receiving Report, passes it to Accounts and closes the file	Local Purchasing	60 min
	TOTAL		**218.24 DAYS**
	Follow **PAYMENT PROCESS**		

C. Foreign Purchase: Restrictive Tender (Pro-forma) with CAD, Full and taxable, Ship (Rail)

Step	Activity	Responsibility
	Begin From Initiation Sub-Process(8 steps)	
1	Foreign Purchaser drafts RFQ preparation with list of recommended suppliers and routes to Secretary	Foreign Purchaser
2	Secretary types and routes it to F Purchase	Secretary
3	F Purchase initials and passes to Purchasing Head	Foreign Purchaser
4	Purchasing Head approves recommended suppliers, signs RFQ and routes to F Purchaser	Purchasing Head
5	F Purchaser sends RFQ to fax office for fax	Purchasing Head
6	Fax Office faxes RFQ	Fax Office
7	Purchasing head collects Pro-forma Invoices	Purchasing head
8	Purchasing drafts covering letter to Tender committee and routes to Secretary	Purchasing drafts
9	Purchasing Secretary types and forwards to Purchasing head	Secretary
10	Purchasing head signs and routes letter with Pro-forma Invoices to Tender Committee	Purchasing head
11	Tender Committee opens Invoices	Tender Committee
12	Tender Committee forward bids to Users or Technical Team when required	Tender Committee
13	Technical Team makes technical evaluation and forward its recommendation to Tender Committee	Technical Team
14	Tender Committee routes financial bids to purchasing for price comparison	Tender Committee
15	Purchasing makes price comparison and routes it to Tender Committee	Purchasing
16	Tender Committee makes financial evaluation and overall evaluation and forwards its recommendation to VPBD	Tender Committee
17	VPBD approves and routes to Tender Committee	VPBD
18	Tender Committee hands over Approved minutes and other documents to F Purchaser	Tender Committee
19	F Purchaser prepares PO and award letter, initials and forwards to Secretary	Purchasing head
20	Secretary types and routes to F Purchaser	Secretary
21	F Purchaser initials and forwards to Purchasing head for signature	Foreign Purchaser
22	Purchasing Head signs and forwards to VPBD	Purchasing Head
23	VPBD signs and routes to Purchasing Secretary	VPBD
24	Purchasing Secretary routes to F Purchaser	Secretary
25	F Purchaser sends award letter and copy of PO to supplier and keeps Original for later use to get CBE's Permit to go ahead with	Foreign Purchaser

	CAD shipment.	
26	Purchasing Secures order confirmation from the supplier	
27	Purchasing Head routes documents to Foreign Purchaser	Purchasing Head
28	Foreign Purchaser verifies completeness of the document and checks whether the documents are in conformity with the banking regulation of the country	Foreign Purchaser
29	If specification of goods, prices, manufacturer's name and address as well as approximate weight and/or volume are not specified, the Purchaser prepares draft request letter to the supplier and pass it to the Purchasing Head for verification	Purchaser
30	Purchasing Head passes it to a secretary for typing	Purchasing Head
31	Typed request routed to the Purchaser for initialization	Purchaser
32	The F Purchaser routes it to the Purchasing head for signature	F. Purchaser
33	Purchasing head signs and releases the letter to supplier or for fax	Purchasing head
34	Foreign purchaser collects fresh pro-forma invoice and performance bond	Foreign purchaser
35	Foreign purchaser submits Fresh pro-forma invoice (PFI) and collects NBE Clearance	Foreign purchaser
36	Foreign Purchaser submits Original PO to CBE to get Permit to go ahead with CAD shipment.	Foreign Purchaser
37	Foreign Purchaser Complete Insurance application and routes to Purchasing head for approval	Foreign Purchaser
38	Purchasing head approves and routes to F Purchaser	Purchasing head
39	F Purchaser submits insurance application	Foreign Purchaser
40	Foreign Purchaser collects temporary Insurance Policy	Foreign Purchaser
41	F Purchaser drafts application for Import Advice Note Application, IAN and routes to Secretary	Foreign Purchaser
42	Secretary types IANA and routes to F Purchaser	Secretary
43	Foreign Purchaser initials and forwards to the head for further initialization	Foreign Purchaser
44	Purchasing Head initials and passes it to VPBD	Purchasing Head
45	VPBD approves and routes it to Purchasing head	VPBD
46	F Purchaser collects the approved application for IAN and PSI fee exemption letter	Foreign Purchaser
47	Foreign Purchaser submits Import Advice Note Application and PSI fee exemption letter along with PFI to SGS Liaison Office and gets IAN	Foreign Purchaser
48	F Purchaser collects the Import Advice Note (IAN) from SGS	Foreign Purchaser
49	Foreign Purchaser drafts fax message to inform SGS IAN reference number and routes to Secretary.	Foreign Purchaser
50	Secretary types and routes to F Purchaser	Secretary
51	F Purchaser initials and forwards to Purchasing head for signature	Foreign Purchaser
52	Purchasing Head signs and returns to F. Purchaser	Purchasing Head
53	F. Purchase sends fax to fax office	Foreign Purchaser
54	Fax Office faxes the message	Fax Office
55	Supplier ships the goods on CAD basis and submits original shipping documents(Final Invoice (3 copies chamberized and 1 copy with SGS seal), original Bill of Lading, Packinglist, Certificate of Origin, Freight Invoice(if goods are shipped on prepaid basis) to its advising bank and sends copy of shipping documents to Purchasing Division	Supplier
56	Agent collects IBC Advice from CBE bearing the value to be paid, reference number, item description, bankers name and supplier and hands over to Foreign Purchaser.	Agent

57	F Purchaser drafts covering letter to Finance Department	Foreign Purchaser
58	Secretary types and routes it to F Purchaser	Secretary
59	F Purchaser initials and passes it to Purchasing Head	Foreign Purchaser
60	Purchasing Head signs and passes it to F Purchaser	
61	F Purchaser routes IBC Advice, PR, PO, Contract, Minutes, Insurance Certificate, copy of Final Invoice, Packinglist, Certifictae of Origin,, Freight Invoice PFI, application for IAN, Exemption letter, CBE approved Original PO and NBE clearance with covering letter to Finance Department	Foreign Purchaser
62	Finance Department routes documents to "Payment Agent"	Finance Department
63	Agent submits the CBE approved Original **PO** along with Pro-forma Invoice, Insurance document, IANA, and PSI exemption letter IBC Advice, Insurance Certificate, copy of Final Invoice, Packinglist, Certifictae of Origin,, Freight Invoice, CBE approved Original PO, Import Permit signed by University Authorities and NBE clearance with covering letter to CBE	Agent
64	Agent checks the IBC (Inwards Bills for Collection), completes Foreign Exchange Application for Import and routes to Secretary	Agent
65	Secretary types and routes to Agent	Secretary
66	Agent checks and routes to Finance Department Head	Agent
67	Finance Department Head signs and routes to Agent	Finance Head
68	Agent submits the foreign exchange permit, approved PO, and the authorization letter to CBE	Agent
69	Agent collects the foreign exchange permit (Customs copy) and the payment (Debit) advice along with original shipping documents	Agent
70	Agent forwards copy of Permit Customs Copy and the payment (Debit) advice along with original shipping documents (with endorsed Airway Bill/Bill of Laing by CBE) to F Purchaser	Agent
71	Agent collects the **Approved Purchase Order** from the CBE	Agent
72	Agent forwards copy of approved PO to F Purchaser	Agent
73	F Purchaser prepares and faxes message to the supplier	Foreign Purchaser
74	Secretary types and forwards to F Purchaser	Secretary
75	F Purchaser checks, initials and passes to Purchasing Head	Foreign Purchaser
76	Purchasing Head signs and forwards to F Purchaser	Purchasing Head
77	F Purchaser forwards to fax office	Foreign Purchaser
78	Fax office faxes messages	Fax office
79	Agent collects the IBC (Inwards Bills for Collection) from CBE	Agent
80	F Purchaser collects report advice notice (RAN) from SGS	Foreign Purchaser
81	F Purchaser checks the RAN against the shipping documents and IAN application	Foreign Purchaser
82	F Purchaser will assign copy AWB/B-L to transitor if freight is to be paid on "collect basis"	Transitor
83	The transitor will obtain freight charges from EAL/ESL and fill in Advance request form	Transitor
84	Transitor completes advance form and routes to secretary	Transitor
85	F Purchaser prepares draft advance request letter to Finance Department	Foreign Purchaser
86	Secretary types Advance Request and forwards to the transitor	Secretary
87	Transitor signs Advance form	Transitor
88	Secretary types Advance Request Letter and routes to Purchasing Head	Secretary
89	Purchasing head signs letter and forwards to Transitor	Purchasing head
90	Transitor forwards letter and advance form to Finance head	Transitor
91	The transitor will collect the cheque and effect payment of freight charge to EAL/ESL	Transitor

92	F Purchaser gets the RAN signed and stamped by Purchasing head and returns to SGS office by attaching the copy of Bill of Lading/AWB and Commercial Invoice.	Foreign Purchaser
93	F Purchaser gets CRF collection form signed by Purchasing Head	Foreign Purchaser
94	F Purchaser checks the issuance of Clean Report of Findings (CRF) at SGS office and collect it	Foreign Purchaser
95	Agent collects original shipping documents and one original settlement advice (receipt from the CBE)	Agent
96	Agent passes original shipping documents including chamberized commercial inoice, packing list, certification of origin, settlement advice (copy), Delivery order to F Purchaser	Agent
97	F Purchaser collects the stamped settlement advice and passes all relevant documents (Chamber zed Invoice (3), EAL endorsed AWB/ BL, Certificate of Origin, packing list, settlement advice, permit-customs copy, CRF and Insurance Policy and Debit Note with appropriate number of copies) to transitor	Foreign Purchaser
98	F Purchaser completes document handover form	Foreign Purchaser
99	Transitor signs document handover form and collect documents	Transitor
100	The transitor will check and receive the documents.	Transitor
101	The transitor will sort the documents to be submitted to customs and retain other copies	Transitor
102	Transitor locates shipment (materials and packages)	Transitor
103	F Purchaser drafts application for authorities	Foreign Purchaser
104	Secretary types and routes to F Purchaser	Secretary
105	F Purchaser checks and routes to Purchasing head	Foreign Purchaser
106	Purchasing head signs and routes to Secretary	Purchasing head
107	Transitor collects letter and submits to authority	Transitor
108	Trasitor gets authority expert inspect shipment	Transitor
109	Transitor gets permission stamp on the back of Invoice	Transitor
110	Transitor completes Clearing Agency Agreement	Transitor
111	The transitor will submit the documents to Maritime and Transit Service Enterprise (MTSE)	Transitor
112	Transitor secures Operation Number from MTSE on AWB/Declaration	Transitor
113	F Purchaser drafts Application for Insurance Survey	Foreign Purchaser
114	Secretary types and routes to F Purchaser	Secretary
115	F Purchaser checks and routes to Purchasing head	Foreign Purchaser
116	Purchasing head signs and routes to Secretary	Purchasing head
117	Transitor collects letter (Application for Insurance Survey) and submits to EIC	Transitor
118	Trasitor gets Insurance expert inspect shipment	Transitor
119	Transitor gets Insurance Survey Report	Transitor
120	Transitor gets Assessors and package examiners assigned	Transitor
121	Transitor gets packages examined	Transitor
122	Transitor follows up	Transitor
123	Transitor collects Tax Assessment Notice from MTSE & routes to F Purchaser	Transitor
124	F Purchaser drafts Duties Letter and routes to Secretary	Foreign Purchaser
125	Secretary types and routes to F Purchaser	Secretary
126	F Purchaser checks, initials and routes to Purchasing head	Foreign Purchaser
127	Purchasing head, checks, initials and routes to VPBD	Purchasing head
128	VPBD signs and routes to Purchasing Secreatry	VPBD
129	Secretary routes Duties Letter to F Purchaser	Secretary
130	F Purchaser routes D Letter to Transitor	Foreign Purchaser
131	Transitor copies Tax Assessment Notice and submits to Inland Revenue (Airport Desk/Kaliti Desk)	Transitor

132	Transitor gets Original Tax Assessment Notice stamped	Transitor
133	Transitor submits Stamped Assessment Notice to Customs	Transitor
134	Transitor follows up	Transitor
135	Transitor collect final customs declaration & documents such as copy of AWB/B-L from Customs	Transitor
136	Transitor gets documents copied	Transitor
137	Transitor gets gate-pass from Customs	Transitor
138	Transitor collects Storage assessments using copied declaration and AWB/B-L	Transitor
139	Transitor completes Payment Advance and routes to Secretary	Transitor
140	Secretary types Advance Request and forwards to the transitor	Secretary
141	Transitor signs Advance form	Transitor
142	Secretary types Advance Request Letter and routes to Purchasing Head	Secretary
143	Purchasing head signs letter and forwards to Transitor	Purchasing head
144	Transitor forwards letter and advance form to Finance head	Transitor
145	The transitor will collect the cheque and effect payment	Transitor
146	The transitor clear goods and loads goods by his own vehicles or if it is bulky request Transport and Communications for Heavy truck	Transitor
147	Goods will be delivered to Property and Stores against signature on the back of AWB/BL	
148	Stores checks goods in collaboration with technical office/User and then pass to the appropriate user	Stores
149	The store will issue Receiving Report and passes Original to Purchasing	store
150	Transistor collects declaration and landing certificate	Transistor

Table 2-6 Payment Process

Step	Activity	Responsibility	Estimated time (Hours)
1	Receive PR, PO, Invoice, goods receipt invoice documents for payment	Accounts Office	40
2	Prepare Payment Voucher (PV)	PV preparation clerk	8
3	Verify the documents and hand over for voucher numbering	Pre-Auditor	6
4	Approve the payment	Head, FIC	6.5
5	Provide a voucher number	Accountant for Numbering	0.50
6	Record the transaction on book register		2
7	Record PV in the computer	Accountant for recording on Computers	5
9	Record PV on the document handover book		3
10	Prepare check	Accounts Office	4
11	Check Signature	Check signatories (*)	6
12	Register check in check register	Accounts	4
13	Stamp on the back of the cheque and Issue check	Accounts	20

	to the payee		
14	Print 'PAID" on the Documents and hand over for verification	Record employee	5
15	Verify the documents	Record head	3
16	File the documents according to fund types and voucher number	Record employee	2
			14 days

Table 10-7 Reporting Process*

Step	Activity	Responsible unit
1	The researcher requests for getting an expenditure report for his project	Researcher
2	The finance head or accounts head routes the request to the concerned project fund team leader	Finance head or accounts head
3	The project fund team leader assigns an employee to prepare a report	Project fund team leader
4	The employee brings the project file and then checks the last date of reporting	Accountant
5	Then collects the financial data of the project	Accountant
6	Prepares the report.	Accountant
7	Then he submits the report to the team leader.	Accountant
8	The team leader signs on the report and forwards the report to the accounts head for approval	Project fund team leader
9	Head approves it, stamps on the report and submits it to the researcher/ sends to office of research director.	Accounts head

* This process is dependant on the life of the project, the number of projects in a source and the period coved in the report process. An expenditure report for new single project may be completed in a day, where as the preparation expenditure report, and closure of many projects of the same source may take up to 3 months.

C) WORK FLOW CHARTS FOR PROCESSES

11. CUSTOMERS OF THE PROCESS

Researchers (Academic staff, research students), departments, faculties, and research institutes

12. STAKEHOLDERS

Addis Ababa University, Ethiopian government, Donor agencies, Community at large

13. COLLABRATORS

Suppliers, banks, other organs of the university (human resource, motor pool …)

14. CUSTOMERS' DEMAND

Prompt one-stop shopping and quality service

15. PROBLEMS OF CUSTOMERS AND THE PROCESS, RULES AND ASSUMPTIONS

15.1. Problems of customers and the process

One of the tasks that the Team undertook to carry out as part of understanding the existing process of research fund administration of the University was to find out the extent of the pain felt by customers, principally researchers because of the inefficiency of the process. After holding discussions with researchers and service providers, the Team came up with the following indicators of the perpetual pain involved in research fund administration:

A) Pains Felt by Researchers

In order to use research funds, researchers have to pass through prolonged and painful experience for a number of reasons:

- The University fails to recognize that people are its main assets and that researchers contribute to the overall achievement of its goals.
- Much valuable time is often spent on petty fund administration issues and procedures rather than facilitating the research activity. For example, letters have to travel back and forth between the

Research Programme Office and the VPBD's office before a final approval is obtained to use a granted fund.

- Time is often wasted on completing redundant forms and getting signatures of officials.
- Documents are not filed properly, and frustrating delays are created when they are lost or misplaced.
- There is reluctance to communicate balances, or contradictory balances are released in the process of fund use.
- Too many funds are often administered in a single bank account, making it difficult to identify which fund is used for what project.
- Researchers do not know whom to contact in times of need, and they sometimes waste their time going to the wrong places because there is no clearly assigned personnel.
- There is lack of trust towards researchers; all the control mechanisms emanate from the presumption that a researcher may be dishonest.
- There is acute problem involved in traveling abroad and in purchasing in foreign currency.
- There are no financial incentives and hence there is often lack of motivation to engage in fruitful research
- Sometimes two bank accounts are assigned for a single fund. This practice, however, creates difficulties to explain to the donors the procedures or regulations that lead to the assigning of two accounts.

B) Pains From the Service Providers' Perspective

- Service providers understand and are dissatisfied that they are not serving both the researcher and AAU efficiently.
- They lack the capacity to provide the service efficiently. The remuneration system is low and encourages the employment of less qualified service providers.
- There is high staff turnover in the finance department as a result of which follow-up of funds, especially th perennial ones become complicated.
- There is lack of automation or empowerment by technological innovation.

The above pains and shortcomings are enhanced and aggravated by different negatively impacting factors:

- Policies and procedures are outdated. The processes remain largely service provider-oriented. The service does not go to the researcher; the researcher has to go from one office to the other in search of the service provider. There are also numerous non-value adding rubber-stamping activities, and those who are authorized to sign the forms are often very busy. In addition, there is lack of financial motivation policy that is suitable to encourage research. Per diem is haphazard and ranges from Birr 70 to Birr 1400 per day. In some cases it is decided by negotiation between the researchers and donors. The policy is not designed for the customer, i.e., the researcher. It mainly focuses on how to control any eventual deceit and for this reason a process may require too many signatures (approvals) and hence becomes lengthy, painful and counter-productive. This is because all such procedures seem to origin from mistrust towards customers. Moreover, procedures and policies should be designed in such a way as to facilitate, enhance and promote research works minimizing as much as possible the time/process required for any project fund administration.

- There is overall lack of capacity. With regard to human resources, there is shortage of competent staff. Special Fund is looked after mainly by contract staff, and because there is high staff turnover, new contract employees start afresh and valuable time is lost until they get the experience, by which time they have left office. Moreover, automation is not utilized and it is difficult to manually handle different processes and report systems required by different donors such as the World Bank, NUFU and others. There is also lack of proper software where computer is available. Lack of transport facility also poses serious limitations, so much so that researchers are asked to provide the facility.
- There is lack of autonomy and there is no clearly defined decentralization.
- There is lack of long-term research plans and corresponding transaction plans. Government-funded research in particular is governed by the fiscal year.
- The purchasing process is extremely slow and is a major hindrance to doing research. The process can take from six months to a year, which means that some research funds will expire even before the researcher embarks on the research proper.
- Activities are functionally organized. Different departments do different things and the activities are fragmented. This clearly puts researchers in a difficult situation, as they have to move from one department to another, often more than once or twice, to get things done.

As pointed out above, the University will find it difficult or impossible to realize its ideals as expressed in its strategic plan because of the inefficiency of the existing research fund administration and the pain resulting from it. It is therefore evident that there is a need to change the present system. This is to say that the existing system of research fund administration has to be entirely redesigned if the University is to realize its visions, missions and goals.

Moreover, as a result of the understanding gained regarding the existing system, the Team feels that the redesigning of the present research fund administration alone may not bring about the desired change. In other words, it is imperative that the entire finance and procurement system is changed and a radically new and efficient system is put in place. The Team also understands that the administration of other project funds follow the same process, once the research fund administration is redesigned.

Finally, the Team would like to forward its comments in connection with the working relationship between the Process Owner and the Team itself. The Team unfortunately suffered from loss of contact with the process owner because of the sad event encountered during most of this first phase of the assignment period. Moreover, the Team has not been able to secure the logistics necessary for it to carry out its assignment effectively. The Team, therefore, strongly looks forward for improved support and commitment to accomplish its task in the future and the gap be addressed.

15.2. Rules

Much of the rules governing funds administration are reflected in the approval of funds for travel, purchase advance and the clearance of the advances after expenditure reports are presented. Below are typical requirements of the debt control section of the finance office from the researchers.

Remember that you fulfill the following conditions when you come to get clearance for your travel and purchase advance! (Translation from the Amharic version)

1. "Travel Request authorization" form must be filled in and approved by the Dean/Director /department head, as the case may be, three days before any field trip. In case, where a field trip was accomplished before prior approval, retroactive request for per diem shall be approved by the VPBD
2. A field trip that requires over 30 days of stay in the field shall be requested in letters and get approval of higher **authority of the University for the Travel Advance to be processed. ?**
3. Travel advances and purchase advancers shall be cleared be cleared within one week after the return from the trip, by filling in a travel expense report form. If the reveler fails to do so the amount of advance will be deducted from her/ his salary up to 1/3 the monthly salary until the amount of advance is covered. Any request for clearance and refund for amount deducted from salary under the above condition shall be presented to the VPBD.
4. If the a person has stayed in a field for more than three days beyond the stipulated number of days in the travel advance form, justification shall be presented to the VPBD in writing before accounts are cleared
5. Where advances were taken in foreign currency, any refund of excess amount during account clearance shall also be in foreign currency
6. Purchase advances shall be used for purposes specified in the request form. Purchase may be cleared if made out of Addis Ababa, and the item purchased is not materially different from the items included in the advance purchase request form, and deemed in line with the project objectives,

7. Purchase of a good or service or group of items on one purchase order below a sum of birr 500 shall be made directly without collection of proforma invoices. Any such purchase involving then sum of birr 501 up to birr 3000 shall be done from a supplier that offers least price by comparing at least 3 proforma invoices from different suppliers. Any purchase involving a sum over Birr 3000 shall be decided on by a tender committee[1]. All purchase shall be from the suppliers in the list of Ministry of Finance.
8. A tax of 2% shall be withheld from purchase of goods over birr 10,000 and from any amount of purchase of service
9. If fuel is purchased within Addis Ababa city administration the invoice shall be approved by the university Transport and Garage to be accepted for clearance
10. Any salary or overtime payment in Addis Ababa shall be effected by the finance office of the university; any such payment made out of Addis Ababa, except wage payment for labor service (porters, loading/ unloading etc) and security guard, shall be effected after getting letter of evidence on the monthly salary of the payee produced in the month in which the work is performed, or evidence for unemployment produced or renewed within the last six months prior to the date of the engagement. (This is for tax deduction purpose, and this evidences must be attached to the payroll or any receipt signed by the payee for clearance, see No 12 below).
11. All documents presented as evidence for account clearance shall be original.
12. All salary or overtime payments shall be added on top of the person's salary and appropriate tax rate is applied for withholding of taxes.
13. Payments for overtime and salary shall be effected on the basis of prior contract signed between the employee and the employer and approved by head of department/ section.
14. Payment of per diem from a purchase advance cannot be effected for a person who traveled from Addis Ababa. However, if per diem payment is necessary is for assistants who are employed in the field
15. All documents presented as an evidence of expenditure are acceptable only if they are prepared in Amharic or English languages, otherwise they are translation from legally authorized/ licensed translation office shall be submitted together **(the researcher is required to pay translation fee and present translation for languages other than Amharic and English when cash receipt vouchers or other documents are produced in the local working languages of some regional states)**
16. Where printed receipts or invoices cannot be obtained for payments made in the field the researcher is required to prepare special form to effect payments and obtain signature of the payee on the form. The form shall show the following:
    a. Address of payee
    b. Purpose of payments
    c. Amount of payment in figures and words
    d. Name and signature of the payee
    e. Date of payment

    (the researcher is expected to design the form himself/herself)
17. Where goods are purchased from purchase advance, to ascertain that the goods were used for the intended purpose, receiving reports shall be filled in, singed and attached to documents presented for account clearance.
18. All invoices, expenditure reports or other evidences presented for money advanced for research and other field trips need to be get approval of the section head (immediate supervisor of the researcher) for appropriateness and correctness. (**But this does not mean that the documents are approved as accepted evidence of payments)**

[1] This condition is based on directives of the ministry of finance 1997. There is new directive issued in 2005. It is not yet updated in the university documents. Travelers are still advised to fulfill these conditions for account clearance.

19. No additional sum shall be advanced to the same person who did not yet clear the prior advances
20. If advances are not cleared within the time limit stipulated in the purchase or travel advance form (the duty of researcher), amount of advance will be deducted from the salary of the employee without further notice.
21. When a receipt presented includes VAT or is a VAT receipt, it will be accepted only if an evidence of VAT registration of the payee (VAT certificate) is attached. (**that means the researcher has to ask the payee to give him /her copy of the VAT registration certificate in addition to the regular cash receipt; the purpose of this requirement is not clear as far as VAT registration number is indicated in the cash receipt**)

15.3. Assumptions

- Multiple layers of review and approval produce greater accountability and control
- Division of labor leads to efficiency
- Customers are not dependable on optimal resource utilization

16. PERFORMANCE BASELINE

Table 2-0 ***Summary of Estimated processing times. (See the appendix for details of each)***

SN	Activity	Steps	Processing Time (Days)
1	*Opening a ledger account*	15	23
2	*Collection of cash from the bank*	12	13.5
3	*Purchase and travel advance (From request to issuance of cheque)*	20	5
4	*Settlement of advance /account clearance*	5	11
5	*Local purchase Process -Proforma (<5,000)*	26	6
	Local purchase Process Proforma (5,000-40,000)	26	8
	Local purchase Process -limited Tender	42	50
	Local purchase Process -Open Tender	74	221
	Foreign purchase	150	180
6	*Payment Process*	16	14
7	*Reporting Process*	9	45

17. DISCUSSIONS AND CONCLUSIONS

It can be seen from the pains expressed and the weaknesses observed that the present research fund administration is a hindrance for AAU to be a pre-eminent African research university, as stated in its vision of the University.

Because of the poor, irregular and non-transparent reporting of research activities and fund use to all respective stakeholders, AAU could not secure legitimacy of institutional autonomy and may not generate enough financial resources to support major planned research activities. The University's research fund administration is inefficient, ineffective and is not supported by information and decision support systems.

The present research fund administration fails short of promoting AAU values and in fact encourages the opposite. As indicated in its strategic plan, the University upholds academic freedom as core value. The research fund administration, however, does not encourage integrity, professionalism, honesty and ethical conduct. In fact, it encourages dishonesty, and there is no reward and punishment system to promote the values. The system tends to create a researcher who is only concerned about gaining financial benefits and wants to exploit the loopholes in the system for this purpose.

The present research fund administration does not promote efficiency, optimal mobilization as well as efficient and equitable deployment of human and other academic assets. It lacks an efficient administrative system (including finance and purchasing), rigorous system of regular review and accountability, capacity to administer block grants and other financial resources, efficient utilization record of fund for research and a system of monitoring the utilization of research fund.

The AAU Strategic Plan of January 2008 is the Promised Land or the New World. However, it is believed that the present system of project funds administration lacks the desired capacity responsiveness, flexibility and customer focus to exploit the opportunities and face the challenges. It therefore seems that AAU is unlikely to reach the Promised Land if it continues exercising the existing system of research fund administration.

ANNEXES

Sample Documents Reviewed for Estimating Transaction Processing Times

I. Summary

S.N	Activity	Time
1	Local Purchase through Open Tender	7 months
2	Honorarium Payment (Direct payment)	16 days
3	Par time payment	1 month
4	Purchase Advance For Research (request to issuance of cheque)	1 month
5	Advance Clearance-	3 months
6	Payment For Consultancy	1 month &21 days

II. List of Sample Documents Reviewed

1. PV-2224/99: local Purchase through Open Tender (Br.250, 099.82)

Requisition	-
Purchase Requisition approved	7/3/99
Purchase Order issued	2/6/99
Goods Receiving Report	15/10/99
Payment voucher (PV) prepared	18/10/99
Pre-audit made	18/10/99
Approval by FIC head	18/10/99
PAID	19/10/99
Time B/n request and Delivery	7 months

2. PV-2196/99: Honorarium Payment

Request for payment from Health Science Reform	7/10/99
PV Prep.	17/10/99
Pre-audit	17/10/99
Approval by FIC head	17/10/99
Approval by Cash Control	17/10/99
PAID	26/10/99
Time B/n request and Payment	16 days

3. PV-1692/99: Par time payment for consultancy at AAU March Project.

Payment prepared and approved by Section head.	17/7/99
Letter of instruction for payment to finance office from section	4/8/99 (EC)
Payment approval, HR	4/8/99
PV prepared	10/8/99
Pre-audit	10/8/99
Payment approval by FIC head	10/8/99
Payment approval by cash Control head	10/8/99
Payment	17/8/99
Time B/n request and Payment	1 month

4. PV-1620//95: Payment of Purchase Advance to a Researcher

Request	14/9/95
PR/approval	21/9/95
Budget Clearance	21/9/95
Advance Verification at Faculty	21/9/95
PV Preparation	21/9/95
Pre-audit	21/9/95
Approval by FIC head	22/9/95
Approval by Cash Control	22/9/95
PAID	15/9/95
Time B/n request and Payment/delivery	1 month

5. JV-186/96: Advance Clearance

Travel Expense report submitted	24/10/95
Clearance issued	4/2/96
Time B/n request and Payment/delivery	3 months

6. PV-1889/99: Money Transfer form main campus finance office to FBE finance office for a project

Request	3/9/99
Budget Clear.	8/9/99
PV Prep.	8/8/99
Pre-audit	8/8/99
Approval by FIC head	8/8/99
Approval by Cash Control	8/8/99
PAID	11/9/99
Time B/n request and Payment/delivery	8 days

7. PV-1799/99: Payment For Consultancy

Request for Payment	21/3/07
Budget Clear.	10/08/99
PV Prep.	26/8/99
Pre-audit	26/8/99
Approval by FIC head	26/8/99
Approval by Cash Control	26/8/99
PAID	10/05/07
Time B/n request and Payment/delivery	1 month &21 days