# TABLE OF CONTENTS

## A. GENERAL

<table>
<thead>
<tr>
<th>POLICY NO</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Introduction</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Enforcement Date</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Definitions</td>
<td>7</td>
</tr>
</tbody>
</table>

## B. POLICY

### ACCOUNTS SECTION

<table>
<thead>
<tr>
<th>POLICY NO</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Accounting Systems Procedures</td>
<td>9-11</td>
</tr>
<tr>
<td></td>
<td>- Accounting System</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Preparation of Accounts</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Accounts and Audit</td>
<td>12-14</td>
</tr>
</tbody>
</table>

### COLLECTION MANAGEMENT SECTION

<table>
<thead>
<tr>
<th>POLICY NO</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cash Management</td>
<td>16-20</td>
</tr>
<tr>
<td>2.</td>
<td>Collection of Debts</td>
<td>21-24</td>
</tr>
<tr>
<td></td>
<td>Student Debtors</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Staff Debtors</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tenancy Debtors</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Uncollectible Accounts</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Procedure to solicit funds and sponsorship from public</td>
<td>25-27</td>
</tr>
<tr>
<td>4.</td>
<td>Venue rental and discount rate</td>
<td>28-29</td>
</tr>
<tr>
<td>5.</td>
<td>Rental for Sports Complex Facilities</td>
<td>30</td>
</tr>
</tbody>
</table>
6. Rental for Media Advertising..........................................................31

**BUDGET SECTION**

<table>
<thead>
<tr>
<th>POLICY NO</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Budget</td>
<td>33-35</td>
</tr>
<tr>
<td>2.</td>
<td>Variance</td>
<td>36-37</td>
</tr>
</tbody>
</table>

**PAYMENTS SECTION**

<table>
<thead>
<tr>
<th>POLICY NO</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Petty Cash Fund</td>
<td>41-46</td>
</tr>
<tr>
<td>2.</td>
<td>Authorization and Approval of Expenditures</td>
<td>47-55</td>
</tr>
<tr>
<td>3.</td>
<td>Invoice Verification and Creditors System</td>
<td>56-57</td>
</tr>
<tr>
<td>4.</td>
<td>Payment Procedure</td>
<td>58-60</td>
</tr>
<tr>
<td>5.</td>
<td>Scholarship for Study Leave and Sabbatical Leave Payment</td>
<td>61</td>
</tr>
<tr>
<td>6.</td>
<td>Payment for Part Time Lecturers</td>
<td>62</td>
</tr>
<tr>
<td>7.</td>
<td>Honorarium to Internal Examiners of PhD and External Examiners of Master by Research</td>
<td>63</td>
</tr>
<tr>
<td>8.</td>
<td>Gifts</td>
<td>64</td>
</tr>
<tr>
<td>9.</td>
<td>Procedure on cash advancement</td>
<td>65-68</td>
</tr>
</tbody>
</table>

**RESEARCH SECTION**

<table>
<thead>
<tr>
<th>POLICY NO</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Procedure on Research Payment</td>
<td>70-71</td>
</tr>
</tbody>
</table>

**PAYROLL & STAFF BENEFIT SECTION**

<table>
<thead>
<tr>
<th>POLICY NO</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Payroll Procedure</td>
<td>73-75</td>
</tr>
<tr>
<td>2.</td>
<td>Travelling Claims</td>
<td>76</td>
</tr>
</tbody>
</table>
3. Financing Schemes to Employees

**TRUST ACCOUNTS SECTION**

<table>
<thead>
<tr>
<th>POLICY NO</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Trust Account</td>
<td>79-85</td>
</tr>
</tbody>
</table>

**INVESTMENT & FINANCING SECTION**

<table>
<thead>
<tr>
<th>POLICY NO</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Investment</td>
<td>87-88</td>
</tr>
<tr>
<td>2.</td>
<td>Short Term Funds</td>
<td>89-90</td>
</tr>
<tr>
<td>3.</td>
<td>Long Term Funds</td>
<td>91-93</td>
</tr>
<tr>
<td>4.</td>
<td>Cost of Capital</td>
<td>94</td>
</tr>
<tr>
<td>5.</td>
<td>Capital Project Reviews</td>
<td>95-96</td>
</tr>
</tbody>
</table>

**STUDENT RELATED MATTERS SECTION**

<table>
<thead>
<tr>
<th>POLICY NO</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Amount due from Students</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Fee Payment Policy</td>
<td>100-101</td>
</tr>
<tr>
<td>3.</td>
<td>Fee Refund Policy</td>
<td>102-103</td>
</tr>
<tr>
<td>4.</td>
<td>Tuition Fee for IIUM Staff Dependant for undergraduate and Postgraduate and Special tuition fees rate for SBU/Centers staff pursuing study in IIUM</td>
<td>104-105</td>
</tr>
<tr>
<td>5.</td>
<td>Student Activities Payment Procedure</td>
<td>106-108</td>
</tr>
<tr>
<td></td>
<td>a. Food and Refreshment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Prizes/Souvenirs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. Transportation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d. Stationary/Printing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>e. Meal allowance/Accommodation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>f. Sports Facilities</td>
<td></td>
</tr>
</tbody>
</table>
g. Publicity Expenses
h. General

6. Administrative Fee on various Academic Related Activities
7. Discount of Fees to Senior Citizens for Postgraduates Programmes
8. Student Activities Collection
9. Advancement for Student Activity

<table>
<thead>
<tr>
<th>ASSET MANAGEMENT SECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>POLICY NO</strong></td>
</tr>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
</tr>
<tr>
<td>4.</td>
</tr>
<tr>
<td>5.</td>
</tr>
<tr>
<td>6.</td>
</tr>
<tr>
<td>7.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>POLICY NO</strong></td>
</tr>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
</tbody>
</table>
A. INTRODUCTION

The following financial manual is intended to provide an overview of the financial policies and procedures for the International Islamic University Malaysia, which shall be referred to as “IIUM” or “the University“ throughout this manual.

This manual shall document the financial operations of the University. Its primary purpose is to formalize financial policies and procedures for the University community and to document internal controls.

The contents of this manual were approved by the IIUM Board of Governors. All staff and students are bound by the policies herein, and any deviation from the established policy is prohibited.

B. ENFORCEMENT DATE

These Financial Policies and Procedures take effect from 27th July 1990 and the amendments thereto from 12th July 2012.

If a policy is added or modifies subsequent to this date, the effective date of the new/revised policy will be indicated in the upper right hand corner following the policy heading.
C. DEFINITIONS

“The Board” means the Board of Governors of the University.

“University” means the International Islamic University Malaysia as constituted and established under Section 5A of the Universities and University Colleges (Amendment) Act, 1983.

“Rector” means the Rector of the University who is appointed under Article 21 of the IIUM Constitution.

“The Standing Finance Committee” means the committee to regulate, control and manage the finances of the University.

“The Tender Committee” means the Committee to approve the tender of the University.

“Executive Director of Finance” means the Head of the Finance Division who is accountable to the Rector for managing the accounting and financial affairs of the University.

“Ministry of Finance” means the Ministry of Finance of Malaysia, the Host Government.

“Finance Officer” means an officer who is responsible for making collections, maintaining accounts, making disbursement and disposal of the University’s assets and suppliers.

“Management” means the Rector, Deputy Rectors, Executive Director of Finance and Executive Director of Management Services Division.

“Cost centre” means every Kulliyyah, Department, School, Institute, Centre and Unit of the University.
ACCOUNTS SECTION
1.0 OBJECTIVE

The purpose of this policy is to describe the details of accounting system procedures and preparation of accounts of IIUM.

2.0 POLICY STATEMENT

It is the University policy that the integrity of its assets be maintained. Employees responsible for keeping books of account and records on a transaction basis shall not have custodial responsibility for assets.

To ensure compliance, no employee shall have sole control over a business transaction involving the receipt or disposition of an asset without the express consent of the Approving Authority. Where practical, records analysis and report preparation shall be the responsibility of at least two people.

ACCOUNTING SYSTEM

1. It is the responsibility of the Executive Director of Finance to ensure an accounting system and internal control system is implemented to avoid losses due to theft or fraud.

2. The University’s accounts together with the subsidiary company’s accounts must be prepared as soon as possible (not later than 6 months after the end of financial year) and an annual Financial Statement must be prepared according to the format and containing information as instructed by the Board from time to time.
3. The audited Financial Statements must be submitted to the relevant bodies as required under the Government’s regulations.

**PREPARATION OF ACCOUNTS**

In preparing the accounts and financial statements, the University must consider the followings:

1. **Accounting Policies**
   
   The University is to implement an accounting policy based on an accrual basis. However, treatment of Government grant and donations through IIUM Endowment is based on cash basis.

2. **Accounting Period**
   
   The accounting period used is 12 months ending 31\textsuperscript{st} December each year.

3. **International Accounting Standards**
   
   The University follows all the accounting standards issued by the Malaysian Accounting Standard Board (MASB) and International Accounting Standards (IAS) from time to time.

4. **Income Recognition**
   
   Income of the University is realized based on an accrual basis. However, treatment of Government grant and donations through IIUM Endowment is based on cash basis.

5. **Provisions and Write-offs**
   
   Sufficient provisions must be made for all inactive debtors. Write-offs can only be made with approval authority as per *Policy No.2 under Collection Management Section* to write off the bad debts.
6. Consolidation for Group Accounts
   All accounts of subsidiary companies will be consolidated and be reported under Group Accounts of the University’s Financial Statements.

7. Record Keeping
   All financial records must be kept for 7 years and forward Disposal Document Approval for approval of Executive Finance Director before they can be disposed off.

The Executive Director of Finance is responsible to ensure a reporting system is implemented for information and reference of the University’s Authorities.
1.0 OBJECTIVE

The purpose of this policy is to describe the details of accounts and audit of IIUM.

2.0 POLICY STATEMENT

The Accounts of the University shall be kept by the Rector and examined by the Board of Governors in the manner prescribed by the University’s constitution and described below.

ACCOUNTS, AUDIT, OTHER POWER AND DUTIES ACCOUNTS

Article 82 (1) The University shall cause proper and true accounts to be kept:

a) of the sums of money received and expended by the University and the manner in respect of which such receipts and expenditure incurred.

b) of the assets and liabilities of the University, and

c) of all matters necessary for showing the true and fair financial state of the University.

Article 82 (2) The auditor shall be appointed in accordance with the Act

a) The accounts of the University shall be audited annually by Auditors under sub article 2 (a).
c) The audited accounts, with any observation made thereon by the auditors, shall be presented to the Board for approval at the Annual General Meeting.

Article 85 (2) The books of accounts shall be kept at the registered office of the University.

Article 83 The Standing Finance Committee shall circulate to members of the Board the University for the Board’s approval before being tabled at the Annual General Meeting of the University.

Article 83 A copy of the audited accounts referred to in Article 82 shall be sent to each Member of the Board not less than 21 days before the Annual General Meeting.

Article 85 Notwithstanding Article 92 the Board shall

(a) be responsible for proper accounting and other records to be kept and shall distribute copies of audited accounts and other documents as required by the Act

(b) from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounting and other records of the University shall be open to inspection by members (not being Board Members)
(c) Have any right of inspecting any account or book or paper of the University except as conferred by the Act or authorised by the Board or by the University in the General Meeting.

(d) From time to time in accordance with the Act cause to be prepared and laid before the University in the General Meeting such income and expenditure, balance sheets and report as are referred to in the Article.

The preparation of accounts shall be in accordance with Malaysian Accounting Standard (MASB) and International Accounting Standard (IAS) and accepted by the International Auditing Guidelines. The Accounting Policy shall be determined by the Board of Governors.
COLLECTION MANAGEMENT
SECTION
1.0 OBJECTIVE

The purpose of this policy is to describe the cash management system of IIUM.

2.0 POLICY STATEMENT

It is the University’s policy to develop sufficient internal and external sources of funds to take advantage of opportunities as well as to maintain a satisfactory level of liquid assets. The development of such sources provides the means for more effective decisions.

The Finance Division is responsible for ensuring that Management is kept informed as to their current and prospective cash positions. The Finance Division will develop cash budgets to determine cash needs and distinguish between temporary, short-term and permanent, long-term requirements.

All other University cash balances shall be consolidated into a single pool as quickly and efficiently as possible.

The objectives of centralizing the University cash balance are:

- Increase profitable investment opportunities
- Obtain a higher return on funds invested
- Improve cash control
- Maintain less staff for cash management
- Reduce banking costs and bank accounts
- Provide better cash forecasts
Cash Management at Kulliyyah/Departments/Divisions/Colleges Level (Cash Collection Centres)

RECEIPTS

1. Approval Authority
   The Centres that necessitate cash collection shall get approval from the Executive Finance Director as follows:
   (i) Approval for the Centres to collect cash
   (ii) Approval for the specific personnel who are entrusted to handle cash collection
   It is the responsibility of the Finance Division to keep the approval given to the collection centres.
   The Finance Officers are responsible for receipts of monies. Any delegation to other officers must be made in writing.

2. Record

   Features of manual receipt
   1. Printed in sequence numbers
   2. Contains payee’s name and if student, to include matric number
   3. Carbon copy/stub clearly written
   4. Certified by authorized personnel
   5. Damaged receipt to be retained for verification

2.0 Collections will be recorded via receipts issued by Centre and kept in custody at the Centre.

2.1 Official receipts must be issued immediately at the time of transactions as proof of money received. As for non-cash collection received via postal or by courier, the receipts should be issued and sent on the same day. Official receipts must be preprinted with serial numbers (to remove already in features receipt). Specifics
receipts bearing the reference of Income Tax exemption under Section 44(6) must be issued to the donors for donation received.

2.2 Receipts book must be properly kept and can only be taken out after proper documentation and authorization is given by the assigned Finance Officer.

2.3 If an online receipting system is used, the receipt must be printed in a sequence numbering and portray the official logo and name of “International Islamic University Malaysia”. The online receipt must be printed together with its copy in which the later should be kept for reference.

2.4 No amendments can be made on receipts. Cancelled or damaged receipts cannot be destroyed but be kept for audit purposes.

2.5 Receipts must be signed by the Executive Finance Director or any other officer that has been assigned by the Executive Finance Director, but not by the officer who is preparing the receipts.

If an online receipting system is used, the Treasury Instruction No. 70(a) (i) provides an exemption to the above policy in the event the official receipts are issued by using an electronic receipting system. The online receipt must be printed together with its copy in which the later should be kept for reference.

2.6 A Statement of Daily Collection detailing the recipient’s name, amount and date received and cheque/document number must be recorded and the total amount must be reconciled with collections at the end of the day.

2.7 All receipts must be properly recorded to the appropriate account codes.
2.8 Invoices will be issued to all debtors including students for the use of the University facilities such as rental of hostel rooms, seminars/halls/workshops, equipment based on the approved rates.

2.9 The cost centres must ensure a notice informing the public to insist on official receipts for the payment they made is situated at the appropriate places.

2.10 Any receipts in the form of assets must be forwarded to the Rector for clearance.

3. Custody of unused receipts
   The authorized officer is responsible for the safekeeping of unused receipts. Any blank receipt which is no longer in used must be crossed as “Cancelled” with the receipt original and carbon copies are properly attached in a receipt book. The lost of receipts must be reported in writing to the Executive Finance Director.

4. Custody and deposit of collection
   4.1 For cash collections that reach RM 1,000.00 or one (1) week’s collection, whichever is less, are to be banked in within three (3) working days.

   4.2 All receipts through cheques (i.e. non-cash collections) must be credited to the bank within a week from the date of their receipt.

   4.3 Amounts collected and not banked in into the bank, must be kept in a safe/strong room with at least 2 persons in direct control of the amounts.

   4.4 Deposit Procedure

      i. The deposited amount must be crossed check against bank in slips. The customized bank in slip provided by Finance Division must be used for
deposit of collection unless the mode of payment requires the customers to bank in directly into the University’s bank account.

ii. There is a requirement to segregate bank in slips for cash and non-cash collections.

iii. All cheques must be crossed upon receipt. Receipts for foreign currency received can only be issued after the cheque/bank draft/telegraphic transfer is cleared by local banks and the exact amount in Malaysian Ringgit is known. If the cash collection received is in foreign currency, the amount needs to be converted first in Malaysian Ringgit and the currency conversion slip needs to be retained for audit purposes.

iv. Bank in slips must be retained and checked against bank account number, bank stamping and cash book.

v. The Statement of Daily Collection must be prepared to record the details of receipt issued for collection received for the day, description of receivable activities, account code and bank in slip number. The statement will be verified by an authorized officer. If online receipting system is used, it is requires the user to generate and print a copy of Receipt Total Collection Report (Misc and Tax Exempt) on a once in two week’s basis.

4.5 Any cash collected at collection centre cannot be used or expended for any purpose and no officer is allowed to borrow, advance or change the money received on behalf of the University.
1.0 OBJECTIVE

The purpose of this policy is to describe the systems of collection of debtors of IIUM.

2.0 POLICY STATEMENT

The Finance Division of the University is charged with the overall responsibility and action to be taken for the resolution of disputes concerning amounts due from debtors. This includes the collection and write-off of such amount. In carrying out these duties, other departments of the University may be called upon from time to time to provide assistance. However, the overall responsibility cannot be delegated to any other department.

The Finance Division responsibility includes establishment of adequate reserves for the doubtful debts. An amount can only be written off as uncollectable after all actions as set forth in this policy have been followed.

A. COLLECTION PROCEDURES

The procedures to be adhered are as follows:

1. Amount Due from Students

Students who have not paid in full the fees charged to them are considered Student Debtors. Student Debtor account requires the following actions:

1.1 Sponsored Student:

a) Invoices are sent to the respective student/sponsor.

b) Deduction being made upon receipt of scholarship.
1.2 **Unsponsored Student:**

a) As above.

b) To issue 1\textsuperscript{st} reminder if outstanding debt is 3 months due

c) To issue 2\textsuperscript{nd} reminder if debt is still outstanding after 3 months

d) If debt still unpaid within 1 month, to issue instruction to Administration and Records to hold transcript or to bar registration in the following semester

e) Student debtors who received the University’s financial loan, must during their final year, enter into an agreement with the University to undertake repayment loan on mutually agreeable terms after their graduation and employment.

f) If debts/loans are still unpaid after a year, the amount is transferred to Provision of Doubtful Debt Accounts and to recommend for write-off to the appropriate authority if the amount is still outstanding after 1 year.

2. **Staff Debtors**

Staff who benefit from the financing or scholarship by the University is considered Staff Debtors. The financing, in this instance, are the Staff Motor Vehicle Financing, Staff Housing Financing, Computer Financing and staff advancement.

a) Recovery of financing is made by way of Staff who are resigned or retired are required to settle all their loans in full before leaving the University.

b) The collection procedures are as follows:

i. University’s demand letter is issued immediately for staff who breaches contract

ii. If debtors fail to respond to the University’s letter within 1 month, a lawyer’s demand letter is issued and
if the debtor again fails to respond within the specified time, writ of summons will be issued.

iii. If debts are still unsettled after 1 year, the amount will be transferred to the Provision of Doubtful Debt Account. If it is still unsettled after a further 1 year, the amount will be recommended for write off to the appropriate authority.

3. **Tenancy Debtors**

Those who rent spaces in the University i.e. canteen, shop lots, halls / auditorium, lecture theatres, seminar rooms, sports facilities and hostel rooms (during vacation) are required to pay rents, the rates of which are as approved from time to time. Vendors / operators are required to sign tenancy agreements while invoices are sent for one-time rentals e.g. for halls & auditorium.

4. For tenancy debtors, the collection procedures are as follows:
   
i. 1\textsuperscript{st} reminder is sent after 2 months of unsettled debt / rent
   
ii. 2\textsuperscript{nd} reminder is sent on the 3\textsuperscript{rd} month of unsettled debt / rent
   
iii. lawyer’s demand letter is sent for debts outstanding after 3 months and writ of summon is issued if debtors fail to respond within a specific time
   
iv. If debts are still unsettled after 1 year, the amount will be transferred to Provision of Doubtful Debt Account. If it is still unsettled after a further 1 year, the amount will be recommended for write off to the appropriate authority.
B. UNCOLLECTABLE ACCOUNTS

For debts that have been determined as uncollectable, the following write-off procedures must be followed:

i) Exhaustive measures were taken to recover the debts.
ii) Expenses of recovery would exceed the amount of debt.
iii) A reasonable period since the debt had been incurred has passed.
iv) A report is to be sent to the following authority for write-off approval:

- Executive Finance Director up to RM10,000
- Rector RM10,001 to RM100,000
- The Standing Finance Committee above RM100,000
1.0 OBJECTIVE

The purpose of this policy is to describe the details procedure to solicit funds and sponsorship from public.

2.0 POLICY STATEMENT

It is the University intention to encourage and finance programs and activities organized by staff and students regardless whether they are conducted internally or externally, provided these activities have secured approval from the relevant University’s authorities prior to their implementation.

Some of the programs and activities would require additional fund in addition to the fund allocated by the University. Under normal circumstances, the additional fund is obtainable in the form of monetary and in kind from outside parties such as individuals and organizations from private and public sectors.

Nevertheless, the soliciting of fund and seeking of sponsorship activities from the public need to have certain underlying procedures that need to be strictly adhered to prior to their execution to prevent any intention of obtaining “personal gain” from the activities.

The solicitation letters of funds and sponsorships for different approved programs and activities must be authorized as follows:

<table>
<thead>
<tr>
<th>No</th>
<th>Program Organizer</th>
<th>Solicitation Letter’s Signatories</th>
</tr>
</thead>
</table>


<table>
<thead>
<tr>
<th></th>
<th>University</th>
<th>Rector and Deputy Rectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Kulliyyah/Centre/Division</td>
<td>Dean/ Executive Director/ Director</td>
</tr>
<tr>
<td>3</td>
<td>Student Societies / College – under Student Development Division./STAD</td>
<td>Director of Student Development Division./Director STAD.</td>
</tr>
<tr>
<td>4</td>
<td>Student Societies- under Kulliyyah/ Centre</td>
<td>Dean/ Director/ Deputy Dean Student Affairs</td>
</tr>
</tbody>
</table>

The soliciting of fund and seeking of sponsorship activities must not incorporate elements of coercion, suspicion, unwillingness or burden to any parties so that such activities would tarnish the good image of the University. In addition, the monetary amount of contribution and the frequency of contribution received from the public should also be taken into account as they may indirectly invite negative perceptions among the public.

During the process of soliciting of funds and sponsorships, the program organizers are strictly prohibited to direct such request of funds to individuals, companies, organizations or any parties that are in the process of bidding for the IIUM tenders, quotations and contracts.

A tax exemption receipt must be issued to the donors to acknowledge the receipt of funds and sponsorships. However, the issuance of the tax exemption receipt is restricted to monetary contribution only.

All donations and sponsorships for approved programs and activities must be in the form of crossed cheque/banker’s draft/postal order/money order made payable to “Finance Director International Islamic University Malaysia” which thereafter will be deposited into the University’s bank account. The amount received will be recorded in the respective cost centre’s trust fund accounts.

The donations and sponsorships received must be utilized solely for the approved programs and activities and it is the responsibility of the respective Kulliyyah’s/Centres/ Divisions to prepare a proper bookkeeping for the purpose of keeping track of cash inflow and cash outflow of the trust funds.
In order to ensure the good “Islamic” image of the University, the soliciting of fund and seeking of sponsorship activities must not be channeled to controversial companies and organizations such as gambling or liquor industries.
1.0 OBJECTIVE

The purpose of this policy is to describe the details of venue rental and discount rate procedure in IIUM.

2.0 POLICY STATEMENT

The IIUM under Facility Food and Services Department (FFSD) charged rental for venues to cater for electricity, air conditioning, man power and related cost such as maintenance of audio visual and banqueting equipment and security.

The university also gave discounts to the government related companies, charity events and IIUM staff. By time to time the University will do revision on current rental charges.

The reasons of revision on rental charges and discount are as follows:

a. The increase of electric and water tariff imposed by government

ii. Applicants using the name of IIUM staff for renting the venues, in order to get better discount

iii. The discount rate is quite high, ranging from 10% of Free of charge (FOC)

The following elements were considered in reviewing the rate:

- Utility consumptions
- Facilities – banquet facilities
- Equipments – Audio Visual and technician standby
- Manpower
- Maintenance of venues
- Cleaning services

The discount rates for venue rental as follows:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Discount Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IIUM Community and Alumni, IIUM SBU’s KUIAMB and IIUM Holding Subsidiary</strong></td>
<td>25%</td>
</tr>
<tr>
<td>Government agency</td>
<td>15%</td>
</tr>
</tbody>
</table>

**IIUM community includes spouse and biological family of staff and students.

Authority for discount approval as follows:

<table>
<thead>
<tr>
<th>Authority</th>
<th>Discount Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of Department FFSD</td>
<td>1-10%</td>
</tr>
<tr>
<td>Chairman FFSMC</td>
<td>Up to 30%</td>
</tr>
</tbody>
</table>
1.0 OBJECTIVE

The purpose of this policy is to describe the details of rental venue for sports complex in IIUM.

2.0 POLICY STATEMENT

The new rates for rental to utilize IIUM sports facilities will be based on comparison with other universities, local authorities and other sports venues.

A new system of booking where the user must booked according to the sessions. Each session will consist of two (2) hours. The main reason of introducing this session is to make sure the venue is more manageable and to monitor the time of programme.

Any revision of rental rates shall to be tabled to the Standing Finance Committee for approval for proper system on collection and internal control to avoid financial mismanagement.

The approved of venue rental fees as per Figure 1
1.0 OBJECTIVE

The purpose of this policy is to describe the details of rental for media advertising in IIUM.

2.0 POLICY STATEMENT

Rental rate for media advertising spaces at International Islamic University Malaysia (IIUM) is based on the following criteria:

- The approval on the advertisements visuals shall be based on the First Come First Serve Basis.
- The duration of the advertisement display shall be on a 3 month basis only.

The approved rate as per Figure 2
BUDGET SECTION
1.0 OBJECTIVE

The purpose of this policy is to describe the details of preparation of budget in IIUM.

2.0 POLICY STATEMENT

Each department of the University is required to prepare and submit an Annual Budget for approval. The budget process requires the review of the Budget Committee and approval of the Rector, after which, the budget will be presented by the Executive Finance Director to the Standing Finance Committee and the Board of Governors for approval.

A. PREPARATION OF BUDGET

There are 3 types of budget to be prepared:

i. Operating Budget

ii. Development Budget

iii. Research Budget

For the Operating Budget preparation, the University will follow the Government’s Modified Budgeting System. Departments are required to prepare the Executive Summary, Program’s Agreement, Membership Summary (Employee Statistics), Existing and New Policy, One-Off, Proposed Savings on Existing Expenditure, Proposed Budget, Justifications on New Posts and Exception Report. Expenditure must be itemized according to programs and activities. All budgets submitted shall be quantifiable and supported with norms and justifications. Specific criteria, rather than general statements are to be included in the budget.
The budget will also include both long and short-term forecasts. Annual forecasts will include student population, staff requirements and training, supplies and maintenance requirements, travelling both internal and external and fixed asset requirements.
For the Development Budget, preparation for a 5 year plan for the physical development of the University commensurating to the 5 years Malaysian Plan is required.
For the Research Budget, a short term research and a long term research budget are to be prepared.
Estimated income will be based from the forecasted fees collection and other income generation.
All proposed budgets will be tabled to the Budget Committee for finalization before forwarding to the Standing Finance Committee.

B. REPORTING

At the end of each month the Executive Finance Director shall issue a report to the Rector showing how actual results compared to the budget, along with an explanation of all variances in excess of budget.
In addition, Finance Division will issue following reports to the cost centre.
a) Monthly Budget Performance Report (to cost centre without Finance Representative)
b) Quarterly Budget Performance Report to all cost centre.

C. VIREMENT AND SUPPLEMENTARY

Any proposed virement from one item of expenditure to another or requirement for a supplementary budget must be forwarded to the Budget Committee for approval.

D. CONTROL ON ALLOCATIONS

Every department will be given an allocation for the financial year. The Head of Department is responsible to ensure that the expenditure incurred is reasonable and does not exceed the allocations provided.
Budget Performance Report is given monthly to each department to facilitate monitoring of expenditure by departments. Any discrepancies between the department records and the Performance Report must be clarified with the Finance Division.
1.0 OBJECTIVE

The purpose of this policy is to describe the variance reporting apply in IIUM.

2.0 POLICY STATEMENT

The Finance Division is responsible for the analysis and control of all University expenditure. University policy requires that significant variances be reported to the Rector.

A. REPORT SCHEDULE

A monthly performance report is required as follows:

1. Cost overrun to University’s budget of 5 percent or more.
2. Cost under run to total University’s budget of 10 percent or more.
3. At any time when any expenses line item varies more than 10 percent of budgeted quantum.

B. VARIANCE ANALYSIS

The Finance Director is required to undertake variance analyses on a consistent basis. Next figure shows a “Variance Analysis Checklist” which is to be used for this purpose.
VARIANCE ANALYSIS CHECKLIST

In preparing your variance report, the following issues should be considered in the analysis:

- What has it happened?
- Why has it happened?
- Is this the first time, or has it happened before?
- How long has this variance continued?
- Does it appear to be indicating a definite trend, or merely a one-time expense?
- Variance be reduced or eliminated?
- Does the problem appear to be beyond your control?
- How much (express as percent and monetary amount) of a variance do you calculate will result at year-end?

Variance analysis Checklist
1.0 OBJECTIVE

The purpose of this policy is to describe the financial ratios apply in IIUM.

2.0 POLICY STATEMENT

The Finance Division is responsible for developing financial data that enables management to assess the University’s performance with other Universities averages. Accordingly, ratio analysis shall be used to develop such data. Comparisons against the prior year’s ratios will be made by the Finance Division to include the followings:

A. Balance Sheet ratios showing the relationships among the various balance sheet items.
B. Operating ratios showing cost per student according to Kulliyyah’s.
C. Comparisons between items on the income and expenditure statement and items on the balance sheet.

Sources for University ratios to be used for comparison include universities, private sector, government and other relevant sources.

Next figure shows the ratios the University shall use to analyze and compare its performance to prior year’s result, and to other universities and market averages.
### Performance ratios:

1) **Operating Cost**
   
   \[
   \text{Operating Cost} = \frac{\text{Cost per student}}{\text{No. of Students}}
   \]

2) **Government Grant**
   
   \[
   \text{Government Grant} = \frac{\text{Grant per student}}{\text{No. of Students}}
   \]

3) **Net earnings**
   
   \[
   \text{Net earnings} = \frac{\text{Return on total capital}}{}
   \]

### Managing ratios:

4) **Current ratio**
   
   \[
   \text{Current Assets} = \frac{\text{Current ratio}}{\text{Current Liabilities}}
   \]

5) **Quick ratio**
   
   \[
   \text{Cash + receivable} = \frac{\text{Quick ratio}}{\text{Current liabilities}}
   \]

6) **Debt to equity ratio**
   
   \[
   \text{Long-term debt} = \frac{\text{Debt to equity ratio}}{\text{Net worth}}
   \]

### Profitability ratios:

5) **Return on capital**
   
   \[
   \text{Net earnings} = \frac{\text{Return on capital}}{\text{Total investment}}
   \]

*Standard ratios for analytical purposes*
PAYMENTS SECTION
1.0 OBJECTIVE

The purpose of this policy is to describe the details of petty cash fund of IIUM.

2.0 POLICY STATEMENT

The general disbursement policy of the University is to issue cheque for goods and services. However, to facilitate certain business transactions, expenditures under RM500.00 in a single invoice/receipt (with the exception of student medical expenses up to RM200.00) may be paid for or reimbursed out of petty cash.

The Centres that necessitate petty cash fund will require approval from the Executive Director of Finance as follows:

(iii) Approval for the Centres to have a petty cash fund
(iv) Approval for the specific personnel who are entrusted to handle petty cash

It is the responsibility of the Finance Division to keep the approval given to the centres.

A. CASH RECEIPTS

To ensure that payments are for valid official use, employees making petty cash expenditures shall obtain sales receipts whenever possible.

B. VOUCHERS

Petty cash payments will be accounted for via completion of a “Petty Cash Voucher”, signed by the employee receiving the money as reimbursement.
C. ADMINISTRATION

To control cash disbursements, the University has set up a “Petty Cash Imprests Fund”. The minimum total petty cash float is RM 1,000.00. However, the total float amount may vary among cost centers depending on the requirements.

Whenever cash is withdrawn from the fund, the cash receipt or the voucher must be placed in the fund. When the cash balance of the fund falls below the minimum as determined by University, the person responsible for the fund will turn in all receipts and vouchers and cheque/e-payment will be issued so that the fund can be brought up to the authorized cash balance. **Receipts and vouchers, along with cash on hand in the fund should always equal the authorized fund amount.**

When replenishment of the fund is required, the receipts and vouchers will be forwarded by the respective unit to the account payable department to recoup the petty cash fund.

**No purchases may be split into smaller purchases for the purpose of bypassing monetary limits.**

The Authority on Petty Cash Imprest is the Executive Finance Director.
**PETTY CASH PROCEDURES**

1. Petty Cash claim forms:
   i) Fill in by applicant in two copies (one copy shall be kept in the respective office one copy shall be kept by payment unit) and should be approved by authorized officer.

2. Approving Authority:
   i) Head of Department or representative (Group A Officer & above) – not exceeding RM500.00

3. Petty cash expenses allowable:
   i) All expenses not exceeding RM500.00 which are not included in central contracts.

4. Disbursement of petty cash:
   i) Attached the petty cash forms and relevant documents i.e. sales receipts, delivery order and etc. (sales receipts must be certified).
   ii) If sales receipts are not available, certification from authorized person has to be attached.

5. Recoupment of petty cash fund:
   i) Recoupment can only be made after 70% utilization and the reimbursement will be based on the amount stated in the petty cash report.
   ii) The petty cash report together with the forms and relevant receipts and should be sent to account payment unit for the reimbursement.
(For Medical Only)

1. Petty cash claim forms:
   i) Fill in by applicant in two copies (one copy shall be kept in the respective office one copy shall be kept by payment unit) and should be approved by authorized officer.

2. Approving Authority:
   i) Head of Department or representative (Group A Officer & above) – expenses not exceeding RM200.00

3. Petty cash expenses allowable:
   i) All receipts from panel clinic not exceeding RM200.00 only can be entertained. For amount exceeding RM200.00 normal payment procedure will be adopted.

4. Disbursement of petty cash:
   i) Attached the petty cash forms and relevant documents i.e. sales receipts, delivery order and etc. (sales receipts must be certified).

5. Recoupment of petty cash fund:
   i) Recoupment can only be made after 70% utilization and the reimbursement will be based on the amount stated in the petty cash report.
   ii) The petty cash report together with the forms and relevant receipts and should be sent to account payment unit for the reimbursement.

Please refer to the form and report attached.
PETTY CASH Application Form

| Date       | :________________________ |
| Applicant  | :________________________ |
| Amount     | : RM________________________ |
| Expended for | :________________________ |
| Requested by | :________________________ Signature / Rubber Stamp |
|            | (Name:________________________) |
| Approved by | :________________________ Signature / Rubber Stamp |
|            | (Name:________________________) |

**Additional/Refund**

| Amount     | : RM________________________ Total Amount : RM________________________ |
| Approved by | :________________________ Signature / Rubber Stamp |
|            | (Name:________________________) |
| Received Payment | :________________________ Signature / Rubber Stamp |
|            | (Name:________________________) |

45
Figure 2

<table>
<thead>
<tr>
<th>No.</th>
<th>Voucher No./ Cheque Number</th>
<th>Date</th>
<th>Received Payment</th>
<th>Description</th>
<th>Cash In</th>
<th>Cash Out</th>
<th>Total Cash Out</th>
<th>Petty Cash Float</th>
<th>Total Cash Out</th>
<th>Cash Disbursement</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Balance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Cash In / As per Account Code</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Prepared By:  
Checked By:  
Approved By:
1.0 OBJECTIVE

The purpose of this policy is to describe the authorization and approval of expenditure of IIUM.

2.0 POLICY STATEMENT

This policy sets monetary limitations on expenditures, which may be approved by University employees and establishes a uniform method for authorising approval of these expenditures. Expenditures amounts must be within the budget limits.

CHEQUES SIGNATORIES

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>NO</th>
<th>FINANCIAL LIMIT</th>
<th>AUTHORITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIGNING OF CHEQUES, BANK DRAFTS, TELEGRAPHIC TRANSFER</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GROUP A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Chairman of SFC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii. Rep from Treasury as member of SFC</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### GROUP B

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
</table>
| i | Deputy Rector  
     (Academic and Planning) |
| ii | Deputy Rector  
     (Research and Innovation) |
| iii | Deputy Rector  
     (Student Affairs) |

### GROUP C

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Executive Finance Director</td>
</tr>
<tr>
<td>ii</td>
<td>Finance Director</td>
</tr>
</tbody>
</table>
| iii | Senior Deputy Finance Director,  
     Finance Division |
| iv  | Deputy Finance Director,  
     Finance Division |
| v   | Senior Manager,  
     Finance Division |
| vi  | Dean, Centre for Foundation  
     Studies |
| vii | Director of Administration  
     Kuantan Campus |
| viii | Deputy Finance Director,  
      Kuantan Campus |
<p>| ix  | Campus Director, Kuantan Campus |</p>
<table>
<thead>
<tr>
<th></th>
<th>GROUP D</th>
<th>Approval on document related to transfer of funds, placement and withdrawal of fixed deposits</th>
<th>No Limit</th>
<th>Any two (2) signatories from Group A, B or C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Below RM100,000</td>
<td>Any two (2) from Group A, B, C or D</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Below RM500,000</td>
<td>Any two (2) from Group A, B or C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>RM500,000 and above</td>
<td>One (1) from Group A and one (1) from Group B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Approval on document related to transfer of funds, placement and withdrawal of fixed deposits</td>
<td>No Limit</td>
<td>Any two (2) signatories from Group A, B or C</td>
<td></td>
</tr>
</tbody>
</table>
# FINANCIAL LIMITS OF AUTHORITY

## PROCUREMENT AUTHORITY

<table>
<thead>
<tr>
<th>NO</th>
<th>ACTIVITY</th>
<th>FINANCIAL LIMIT</th>
<th>AUTHORITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Procurement</td>
<td>Up to RM 20,000</td>
<td>Head of Department equivalent to Dean/Director</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RM 20,001 – RM 200,000</td>
<td>Rector and Executive Director of Finance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RM 200,001 – RM 500,000</td>
<td>IIUM Quotation Committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RM 500,001 – RM 20 Million</td>
<td>Tender Board B chaired by Rector</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RM 20 Million – RM 30 Million</td>
<td>Tender Board A chaired by Chairman of SFC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Above RM 30 million</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>2</td>
<td>Selective Tender / Restricted Tender or Direct Negotiations</td>
<td>Up to RM 20,000</td>
<td>Head of Department equivalent to Dean/Director</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RM 20,001 – RM 200,000</td>
<td>Rector and Executive Finance Director</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RM 200,001 – RM 500,000</td>
<td>IIUM Quotation Committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Selected/Restricted Tender</td>
<td>Tender Board A chaired by Chairman of SFC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Direct Negotiations</td>
<td>Standing Finance Committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Above RM 30 million</td>
<td>The Ministry of Finance</td>
</tr>
<tr>
<td>3</td>
<td>Variations Orders for Goods and Services</td>
<td>The total contract sum after adding the variation order amount is still within the financial limit of the</td>
<td>Original approving authority</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>original approving authority</td>
<td>The total contract sum after adding the variation order amount exceeds the threshold amount of the original approving authority</td>
<td>The approving authority of the variation order will be based on the new contract sum</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The total contract sum after adding the variation order amount exceeds RM500,000</td>
<td>Standing Finance Committee</td>
<td></td>
</tr>
<tr>
<td>4 Variations Orders for Works</td>
<td>If the proposed variation/re-measurement (cumulative) is not exceeding RM500,000</td>
<td>A committee chaired by the Rector</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All other cases</td>
<td>Standing Finance Committee</td>
<td></td>
</tr>
<tr>
<td>5 Remeasurement of Provisional Sum for Works</td>
<td>If measurement sum does not exceed RM1 million</td>
<td>A committee chaired by Superintending Engineer (S.O’s Representative)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>If remeasurement sum exceeds RM1 million but does not exceed RM3 million</td>
<td>A committee to be chaired by the Superintending Officer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All other cases</td>
<td>Standing Finance Committee</td>
<td></td>
</tr>
<tr>
<td>6 Appointment of Consultants</td>
<td>Project Cost of physical development up to RM5 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost of study /research work up to RM500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost of surveyor work to RM500,000</td>
<td>IIUM Quotation Committee</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project Cost of physical development up to RM20 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost of study /research work up to</td>
<td>IIUM tender Board ‘B’</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Amount</td>
<td>Authority</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------------------</td>
<td>------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>RM2 million Cost of surveyor work to RM2 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Project Cost of physical development up to RM200 million</td>
<td></td>
<td>Standing Finance Committee</td>
</tr>
<tr>
<td>3</td>
<td>Cost of study /research work up to RM5 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Cost of surveyor work to RM5 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Signing of Lease Agreement</td>
<td>Up to RM100,000</td>
<td>Head of Department</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>Above RM100,000</td>
<td>Executive Finance Director</td>
</tr>
<tr>
<td>7</td>
<td>Signing of contract for tender of works and supplies</td>
<td>Above RM 500,000</td>
<td>Rector</td>
</tr>
<tr>
<td>8</td>
<td>Signing of contract for supplies and works based on quotation</td>
<td>Below RM500,000</td>
<td>Executive Finance Director</td>
</tr>
<tr>
<td>9</td>
<td>Signing of tender documents on development projects awarded to successful contractor</td>
<td>No Limit</td>
<td>Rector</td>
</tr>
<tr>
<td>10</td>
<td>Signing of any other forms of contract with direct financial implications</td>
<td>Up to RM100,000</td>
<td>Head of Department</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Above RM100,000</td>
<td>Executive Finance Director</td>
</tr>
<tr>
<td>11</td>
<td>Signing of consultancy</td>
<td>No Limit</td>
<td>Rector/Deputy Rector</td>
</tr>
<tr>
<td>Agreement</td>
<td>Up to RM100,000</td>
<td>Head of Department</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-----------------</td>
<td>------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>13 Signing of Rental Agreement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Signing of Canteen Agreement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Signing of Purchase Order</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 Signing Letter Acceptance of Tenders</td>
<td>No Limit</td>
<td>Deputy Rector/Executive Finance Director</td>
<td></td>
</tr>
</tbody>
</table>

**OTHER FINANCIAL LIMIT AUTHORITY**

<table>
<thead>
<tr>
<th>ACCOUNTS &amp; BUDGET</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Opening of Bank Accounts</td>
<td>No Limit</td>
<td>Standing Finance Committee</td>
</tr>
<tr>
<td>Closing of Bank Accounts</td>
<td>No Limit</td>
<td></td>
</tr>
<tr>
<td>2 Appointment/Termination of Investment Institution</td>
<td>No Limit</td>
<td>Investment Committee</td>
</tr>
<tr>
<td>3 Placement of Deposits, Renewal, Withdrawal, Transfers at Approved Institution</td>
<td>No Limit</td>
<td>Any two (2) of Group A,B, or C signatories</td>
</tr>
<tr>
<td>4 Virement from one item of</td>
<td>No Limit</td>
<td>Executive Finance Director</td>
</tr>
<tr>
<td></td>
<td>EXPENDITURE</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---------------------------------------------------------------------------</td>
<td>---</td>
</tr>
<tr>
<td>5</td>
<td>Virement from one capital expenditure to another item of capital expenditure</td>
<td>No Limit</td>
</tr>
<tr>
<td>6</td>
<td>Petty Cash Floats</td>
<td>Subject to approval by Finance Division</td>
</tr>
<tr>
<td>7</td>
<td>Petty Cash Claims</td>
<td>Up to RM500 in one single receipt</td>
</tr>
<tr>
<td>8</td>
<td>Overtime</td>
<td>Subject to Budget</td>
</tr>
<tr>
<td>9</td>
<td>Local Travel Claims</td>
<td>As per rules approved by SFC</td>
</tr>
<tr>
<td>10</td>
<td>Overseas Travel Claims</td>
<td>As per rules approved by SFC</td>
</tr>
<tr>
<td>11</td>
<td>Entertainment</td>
<td>Subject to Budget</td>
</tr>
<tr>
<td>12</td>
<td>Local Seminars &amp; Conferences</td>
<td>Subject to Budget</td>
</tr>
<tr>
<td>13</td>
<td>Overseas Seminars &amp; Conferences</td>
<td>Subject to Budget</td>
</tr>
<tr>
<td>14</td>
<td>Disposal of Assets</td>
<td>Up to RM1,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RM1,001-RM10,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RM 10,001-RM100,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Above RM100,000</td>
</tr>
<tr>
<td>No.</td>
<td>Benefit Type</td>
<td>Details</td>
</tr>
<tr>
<td>-----</td>
<td>--------------</td>
<td>---------</td>
</tr>
<tr>
<td>15</td>
<td>Staff Housing Financing</td>
<td>As per rules approved by SFC</td>
</tr>
<tr>
<td>16</td>
<td>Staff Vehicle Financing</td>
<td>As per rules approved by SFC</td>
</tr>
<tr>
<td>17</td>
<td>Staff Computer Financing</td>
<td>Maximum of RM5,000</td>
</tr>
<tr>
<td>18</td>
<td>Staff Scholarship</td>
<td>As per rules approved by Majlis</td>
</tr>
<tr>
<td>19</td>
<td>Student Financial Assistance (from Endowment Fund)</td>
<td>Subject to availability of Fund</td>
</tr>
<tr>
<td>20</td>
<td>Staff Salary Financial Assistance</td>
<td>Subject to staff repayment ability</td>
</tr>
<tr>
<td>21</td>
<td>Financial Loan / Assistance Agreement</td>
<td>Up to RM100,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Above RM100,000</td>
</tr>
</tbody>
</table>
1.0 OBJECTIVE

The purpose of this policy is to describe the invoice verification and creditor of IIUM.

2.0 POLICY STATEMENT

All invoices received by the University from its vendors shall be reviewed to verify that the charges are accurate, have been authorised, and are appropriate for payment. This ensures that the University pays only for goods and services that it has ordered and which have been satisfactorily delivered.

With the exception of petty cash items, all payments against properly rendered invoices shall be made by cheque/bank draft/e-payment. Supporting each cheque shall be a voucher indicating purpose, amount, account charged and authorization. Use of the voucher procedure protects the University by giving it evidence of the amount and to whom payment was made and serves as authorization for each cheque issued.

The responsible employee reviewing an invoice shall verify the followings:

- The goods were received in good working order
- The quantities were correct
- The prices charged were the amount agreed upon
- All totals were accurate
- The appropriate discount rates were shown

In accrual accounting, Invoices are accounted for; thereby a creditor system is to be maintained. Creditors control with its subsidiary account has to be updated on a monthly basis. At the end of
each month, an aging report of the creditor is prepared to enable Payment Supervisor to identify due date of invoices for payment.
1.0 OBJECTIVE

The purpose of this policy is to describe the payment process in IIUM.

2.0 POLICY STATEMENT

1. All disbursements must be within the allocation provided. The cheques signatories and authorization on payments are as accorded in Policy No 2 under Payments Section.

2. All payment officers must ensure that
   i. Payment voucher is prepared detailing the voucher number, date, creditor’s details, brief description on payment, amount and cheque number. The voucher is to be signed and approved by the appropriate officers.
   ii. The right account codes are used for the program/activity/project.
   iii. The right Fund e.g. Operating, Development, Research and Trust Funds are used for the expenditure.
   iv. There is still balance of allocation.
   v. Amount paid must tally with the creditor’s invoice, purchase order, delivery order or written instruction from the department, contract document or any other documents to support the payment.
   vi. Payment must be made within 14 days from the date of receiving perfect documents are received for goods and services. Utilities payment however, must be paid before the deadline as specified by the utilities companies.
   vii. Cheque prepared must be crossed ‘Accounts Payee Only’.
   viii. If payment is to be made to other than name in the voucher or invoice, the authority
approving such payment must be stated on the voucher and to be supported by letter of administration (LA) or Letter of Authorisation

ix. In the case of factoring of payment, the factoring agreement or contract signed between the factoring company and University must be attached to the payment voucher prior to approval.

3. Cheques
   i. All unused cheques must be kept in safe/strong room. Cancelled cheques shall be crossed ‘Cancelled’ to safeguard of cheque security.
   ii. Any cheques not drawn after the due date will be treated as cancelled and be readjusted to the relevant accounts.
   iii. All cheques issued by the University are valid for six (6) months. Any cheques not cashed after the six (6) month period will be treated as cancelled and will be readjusted by debiting the Cash Account and crediting the Unpresented Cheques Account. If there is a claim for the cancelled cheque, a new cheque will be issued and debited to the Unpresented Cheques Account.
   iv. The same treatment as per iii above applies for cheques cancelled due to “instruction to cancel payment”.
   v. Cheques must be signed by the approved signatories stated in Policy No 2 under Payment Section. If signatory machine is used, adequate security and internal control must be adopted.
   vi. If a cheque issued is missing or lost, a ‘stop payment’ order must be issued to the bank. If the bank has confirmed that the cheque is not yet cashed, cancellation of the cheque is to be made and a new cheque is issued to the creditor.

4. Fire Proof Safe / Strong Room
   a. A Fire Proof Safe or Strong room must have 2 separate keys and the combination number must be kept by 2 different officers.
   b. All cash, cheques, receipts and other important documents such as land titles, agreement must be kept in a fire proof safe / strong room. Collections in the form of cash / cheques / bank draft may be stored in the safe / strong room.
5. **Deposit**
   
a. The Finance Officer or authorized representative must maintain a deposit account and subsidiary accounts according to the type of deposits received. Subsidiary records must be reconciled by the end of the year.

b. Receipts must be issued to the payee and the payee is advised to keep the receipts for the reimbursement of money later.

c. If the payee requests a refund, the payment officer must be satisfied with the original receipt or letter of oath if the original receipt is lost and to ensure that there are is no doubt on claimed before refund can be made.

d. If the deposit is not claimed after 12 months from the date the deposit can be refunded, the amount is to be credited into the Unclaimed Money Account. If the deposit is still outstanding after one (1) year, the money is to be remitted to Registrar of Unclaimed Money as required under the Unclaimed Moneys Act (1965).
1.0 OBJECTIVE

The purpose of this policy is to describe the details of procedure on scholarship for study leave and sabbatical leave payment of IIUM.

2.0 POLICY STATEMENT

Prior to commitment of scholarship/sabbatical allowance, the Study Leave Unit, Management Services Division will advise the approving authority, the Staff Scholarship and Study Leave Board on the applications submitted. Scholarships are provided using either the University Fund or the SLAB Fund quota whichever is appropriate.

Upon notification of approval, the payment unit will prepare the scholarship/sabbatical allowance based on the rates approved by the University. Overseas payments may be made every 6 months through bank draft or telegraphic transfer while local payments may be made every 3 months. The Payment Unit shall also be informed on any extensions of period of study leave.

Payment unit shall keep records of the scholarship holders and all payments made throughout his/her study/sabbatical leave.
1.0 OBJECTIVE

The purpose of this policy is to describe the details of payment for part time lecturer of IIUM.

2.0 POLICY STATEMENT

Employment of part time lecturer has to be recommended by the Head of Department and appointment shall be made through the Management Services Division.

Entitlement

i) Rates for part time lecturers will be in accordance with the rates approved from time to time.

ii) Part time lecturers are ineligible to receive other benefits provided to permanent staff such as medical benefits, annual leave, housing facilities etc

Claims made by the part time staff/lecturers have to be approved by the respective Heads of Department after which the payment shall prepare payment accordingly.

The payment unit shall keep records of payment and at the end of each year shall prepare income statements to be submitted to the Inland Revenue Board.
1.0 OBJECTIVE

The purpose of this policy is to describe the payment of honorarium to internal examiners of PHD and external examiners of master by research.

2.0 POLICY STATEMENT

As part of the examination procedures, internal and external examiners are appointed to assess dissertations and theses at Master and Doctoral levels.

Rate for the examiner as follows:

<table>
<thead>
<tr>
<th>External Examiners</th>
<th>Local</th>
<th>RM 750</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overseas</td>
<td>USD 300</td>
</tr>
<tr>
<td>Local External Examiners</td>
<td></td>
<td>RM 500</td>
</tr>
<tr>
<td>IIUM Academic staff</td>
<td>Master</td>
<td>RM 400</td>
</tr>
<tr>
<td></td>
<td>Doctoral</td>
<td>RM 600</td>
</tr>
</tbody>
</table>
1.0 OBJECTIVE

The purpose of this policy is to describe the modes of payments for gratuities and gifts of the IIUM.

2.0 POLICY STATEMENT

No gift or division of money shall be made by or on behalf of the University to or among any of its officers and staff except by way of bonus, of prize, reward, honorarium or special grant or under any provident scheme or except by way of special conditions allowed by the Rules and Regulations made by the Board (Section 90 Memorandum and Article of Association).

In order to protect the financial integrity of the University, no employee may accept gratuities of any type from persons or firms who supply goods or services to the University. This includes tickets, passes, gifts, accommodations, entertainment, or anything of value.

Advertising items of an insignificant value, lunches and other similar business promotion areas of nominal value are not considered gratuities.

Employees shall report offers RM50 to their supervisors, should they occur. Failure to do so may be subject to disciplinary proceedings.

The University will be guided by the Prevailing Government Circulars pertaining to acceptance of gifts.
1.0 OBJECTIVE

The purpose of this policy is to describe the cash advancement procedure in IIUM.

2.0 POLICY STATEMENT

In general, all expenses should be paid through direct billing/invoicing by using cheque or electronic fund transfer (EFT). However, under certain circumstances, the University recognizes that employees may need cash advances which are prepared via cheque or EFT for preparation of official trips or official programs.

A. TYPES OF CASH ADVANCES

Travel Expenses

Policy

In general, employees traveling on official University-related business may receive a cash advance to cover reasonable business expenses to be incurred in the course of their travel. Advances will not normally be granted for airline tickets, accommodation or conferences fees or items that should be secured through standard acquisition procedures via purchase orders, check requests or procured via University designated travel agency. Securing hotel reservations may be done through a letter of undertaking from the University or via issuance of a purchase order. Payment for the hotel stay can be made by University cheque/EFT after travel has occurred subject to the IIUM financial policy and the relevant government circulars and instructions.
Advances are to be used for travel expenses that cannot be readily or most economically processed through normal purchasing/accounts payable procedures. Examples of these types of expenses include meals allowance and accommodation allowance provided the booking of accommodation could not be secured earlier. Other types of travel related expenditures such as transportation to/from an airport, taxi fares, parking, airport tax, laundry, tips, porterage, excess baggage, passport and visa, etc. will be reimbursed to the staff upon submission of the travel expense statement/report subject to the approved rates as stipulated under IIUM financial policy and the relevant government circulars and instructions.

It is important to note that any advances not cleared within 14 days upon completion of the travel will be collected through payroll deduction.

Request for Advance

Advances must be based on a reasonable estimate of the anticipated expenses and must be drawn within a reasonable period of time before the expenses are likely to be incurred. Requests for advances must be approved by the Dean/Director using request for advancement forms.

Cash advances for travel expenses are to be limited to employees who are unable to pay for accommodation, meals and other incidental travel expenses with their own funds and be reimbursed by the University upon completion of the trip with submission of a travel expense statement/report. Procedures are in place to prepay airfare, registration and accommodation to limit the need for cash advances.

Cash advances are not generally released earlier than five business days prior to the date needed (e.g. travel departure date).

Miscellaneous Expenses

Cash advances are to be issued for the purchase of goods and services for the University’s approved programs. Normally, the cash advances are given for certain expenses which cannot be
readily or most economically processed through normal purchasing/accounts payable procedures. Examples of these types of expenses include meal allowance to students and other official petty expenses.

Consultation with the Executive Finance Director or his representative is necessary for items not in the norms.

Requests for cash advances follow the same cycle as regular invoices; that is the cash advances will be made available to the staff within 14 days upon receiving of completed advancement request forms.

Each individual will be allowed to have a maximum aggregated cash advances totaling to RM20,000 (Ringgit Malaysia: Twenty Thousand Only) at any point of time. Any subsequent advances shall not be approved unless the prior advances have been cleared.

**It is important to note that any advances not cleared within 30 days upon completion of the program will be collected through payroll deduction.**

**B. CLEARING THE ADVANCE**

The employee must provide the University with detailed expense records substantiating the amount used of the advance. Dates, places, amounts, original itemized receipts, names of persons accompanying the employee and business purpose must be documented. Proper signature approval is required. This documentation plus all unspent or unsubstantiated advances must be returned to the administrative office of the respective faculties and departments within 14 days after completion of the trip and within 30 days after completion of the business event or program. Employees failing to return unused cash advances and/or proper substantiation within the above stipulated periods will be subject to payroll deduction. Employees with overdue outstanding advances are not eligible to receive additional advances for any other business purposes. The officer verifying the financial report will be held accountable for any issues presented during audit.
C. ADVANCES TO NON-EMPLOYEES

Advances of University funds will not be made to persons who are not currently affiliated with the University. Students and consultants are not considered affiliated with the University. Alternatively, an employee may choose to sign for an advance on behalf of a student or non-employee; however, the employee in doing so is fully responsible for the full amount of the advance and subject to the substantiation and collection procedures discussed in B above.
RESEARCH SECTION
1.0 OBJECTIVE

The purpose of this policy is to describe the procedure on research fund of IIUM.

2.0 POLICY STATEMENT

The establishment of research fund is granted to members of the academic staff to promote and coordinate the research activities and help them to conduct research work and other types of research that deems viable.

Approving Authority for research projects of budgets is under Research Board. The Research Board will determine on financial policies, rules and regulations on the research and publication activities of the University.

1. Approval Authority for research projects of budgets

   i) Up to RM20,000 (Endowment A&B)
      - Dean Research Management Centre
      - Campus Deputy Director, IIUM Kuantan

   ii) Up to RM5,000 (Endowment A)
      - Deputy Dean, Research Management Centre
2. Once a research project is approved, a copy of its approved budget must be sent to the Payment Unit which will disburse the total amount accorded.

3. The researcher will be required to submit periodic progress report that will be monitored by the Research Management Centre.
PAYROLL &
STAFF BENEFIT SECTION
1.0 OBJECTIVE

The purpose of this policy is to describe the details of payroll procedure of IIUM.

2.0 POLICY STATEMENT

Payroll – Staff remuneration procedure is a shared responsibility between the Finance Division and the Management Services Division.

Implementation

1. Each month, the Management Services Division (MSD) shall update payroll changes constituting both monetary and non-monetary changes. Non monetary changes include staff transfers and confirmation. The changes are to be updated 5 working days before the pay day to enable timely salary crediting.

2. Overtime claims and extra working hours work must first be approved by respective Heads of Department before submitting to the Payroll Unit to include in calculation of salary. Overtime and extra working hours work is calculated based on rates approved by the University to eligible employees.

3. Salary remittance advice made to each bank must be supported by a list of employees, their respective pay and account numbers.

4. Pay slips shall be made available online for staff once the salary is remitted by Payroll Unit.
5. Any omission occurring in the calculation of staff salary, the payment due will be made in the next regular pay.

6. At the end of each year, the Payroll Unit shall prepare an income statement of each employee and shall be made online for staff to fill in the required forms for submission to the Inland Revenue Board.

7. Salary payments
   a. Salary payment will be made according to approved salary schedule while for the part time staff payment will be on 15th of the following month.
   b. Statutory deductions will be lodged to the respective bodies according to the dates specified.
   c. For staff who resign, Income Tax Form CP22A Amended 12/89 must be prepared and sent to the Inland Revenue Board a month before the resignation date. The last month’s pay of the said staff must be retained by the University until his/her income tax is cleared.
   d. Salary deduction will only be made to meet statutory requirement such as EPF, SOCSO and Income Tax. Deductions other than these statutory requirements must be approved by the Executive Finance Director.
   e. The Payroll Unit may also use deduction facilities from recognized institutions such as ANGKASA to extend its services. At the end of each month, a statement listing particulars of employees and their payment must be submitted to the receiving institution together with the cheque or electronic fund transfer (EFT).
f. The Payroll Unit must maintain a register for all payments made through salary deduction to approved institutions on a monthly basis.
1.0 OBJECTIVE

The purpose of this policy is to describe the details of travelling claims of IIUM.

2.0 POLICY STATEMENT

All travelling claims must reach to Payroll Unit before 07th day of subsequent month.

Rates for travelling claims will be as approved from time to time.

Payroll Unit or Finance Unit cost centre may process the travelling claims via cheque/e-payment or via salary credited.
1.0 OBJECTIVE

The purpose of this policy is to provide the financing schemes that are offered to the employees of IIUM.

2.0 POLICY STATEMENT

The University shall manage and operate fringe benefits loans schemes for its employees. Benefits provided include:

i) Staff Motor Vehicle Financing Scheme

ii) Staff Housing Financing Scheme

iii) Staff Computer Financing Scheme

The operation of the schemes is subject to terms and conditions approved by the relevant authority of the University.

The related application forms that need to be filled by the application as attached.

The approving authorities for the above financing scheme are as follows:

i) Staff Motor Vehicle Financing Scheme - Executive Finance Director or Finance Director

ii) Staff Housing Financing Scheme - Chairman of SFC or Rector of IIUM

iii) Staff Computer Financing Scheme - Executive Finance Director or Finance Director
TRUSTS ACCOUNTS SECTION
1.0 OBJECTIVE

The purpose of this policy is to provide the overview of trust account of IIUM.

2.0 POLICY STATEMENT

Definition

i) Trust Account
All money and property that are received by the specific groups are subjected to the purpose of the trust and used according to the terms of the trust. The expenditure of the pooled money is based on the cash received.

ii) Trust Account Terms of Reference
This refers to the Terms of Reference for the Trust Account which is endorsed by the Board of Governors after being recommended by the Standing Finance Committee.

iii) Trustee Committee
The Committee that was formed for each Trust Account aims to monitor the implementation of activities under the mentioned Trust Account.

iv) Cost Centre (CC)
The CC is made up of the Academic, Institute, Centre etc. Head of the CR are the Dean, Director and those who are professionally related.

v) Finance Division
The Division that is responsible for financial matters of the PIHL/IPTA
vi) Monthly Report of Finance Division

The report will be issued each month by the Finance Division and will consist all transaction matters as accounted by the Finance Division for that particular month.

vii) Types of Trust Account

i. Research Trust Account
The account in the PIHL/IPTA financial system which was formed to deposit all money received for the purpose of research.

ii. Student Trust Account
The account in the PIHL/IPTA financial system which was formed to bank in all received money for the purpose of activities, welfare and student development.

iii. Faculty/CC Trust Account
The account in the PIHL/IPTA financial system which was formed to bank in all received money for the welfare of the PIHL/IPTA.

iv. Endowment Trust Account
The account in the PIHL/IPTA financial system which was formed to bank in all received money for the purpose of endowment.

v. Hostel Trust Account
The account in the PIHL finance system which was formed to keep all received money for the purpose of managing the hostels.

vi. Consultancy Trust Account
The account in PIHL finance system which was formed to keep all received money for the purpose of consultation.
vii. **Staff Loan Trust Account**
The account in the PIHL finance system formed to deposit all received money for the purpose of loaning to the staff.

viii. **Special Trust Account**
A Trust Account apart from the above-mentioned Trust Account that was approved by the Board of Governors after being recommended by the Standing Finance Committee.

viii) **Subsidiary Trust Account**
A small Trust Account formed under the type of Trust Account.

**Authority to Approve**
The authority to approve the establishment of the Trust Account is the Board of Governors.

**PROCEDURE IN MANAGING THE TRUST ACCOUNT**

**Establishment of Trust Account**

a) Application to establish the Trust Account can be submitted to the Finance Division with the inclusion of:

   i. official application letter recommended by the CC Head;
   ii. proposal of the Terms of Reference (including the proposal of Trustee); and
   iii. supporting documents include ‘Memorandum of Understanding’ (MoU)/ ‘Memorandum of Association’ (MoA/minutes of working papers and other relevant document.)

b) Completed documents will be sent to the Finance Division which acts as the overall Trust Account Secretariat for processing.
c) The Secretariat will send the documents to the Standing Finance Committee for endorsement before being approved by the Board of Governors.

Terms of Reference of Trust Account

a) Each type of Trust Account has its own Terms of Reference. The subsidiary Trust Account must use one Terms of Reference according to the type of trust account.

b) Contents of Terms of Reference of Trust Account among others are:

i. name of Trust Account
ii. purpose of Trust Account
iii. administrative Committee of Trust Account
iv. control of Trust Account
v. source of finance and use of money in the Trust Account
vi. closure of Trust Account and
vii. enforcement date of Trust Deed

c) The operational control of any Trust Account is subjected to the Trust Deed and other university guidelines that are enforced. However, should a sponsor state the terms and conditions of contribution in writing, the terms and conditions have to be adhered.

MANAGEMENT OF TRUST ACCOUNT

Adherence to Finance Procedures

a) The management of the Trust Account must always be subjected to the terms of the Terms of Reference, other finance procedures that are related and any directive letter issued by the University from time to time. However, should a sponsor states the terms and conditions in writing, the terms and condition must be adhered to.
b) The established Trust Account must be recorded as equity.

**Maintenance of Finance Records**

a) The Trust Account Committee and the operators of the Trust Account must maintain the financial records completely and orderly.

b) The Trust Deed and documents related to the operation of the Trust Account must be kept orderly and safely.

**Remittance Matters**

a) All remittance must be made under the name of PIHL/IPTA Treasurer.

b) All receipt must be submitted to the PIHL/IPTA Bursar with the complete documents for example, the letter from the CC or KCD sponsor to be deposited in the Trust Account as established and the official PIHL/IPTA receipt must be issued for each transaction.

c) Each receipt of the Trust Account must be recorded in the Trust Account Financial Record.

**Payment Matters**

a) Payment from the Trust Account allocation is only for projects/programmes/activities that are allowed by the Terms of Reference only.

b) All procedures regarding procurement in the Treasury Instruction, Circulars and rules related must be adhered to completely.
c) All payment matters must adhere wholly to the payment procedures in the Treasury Instruction, Circulars and financial rules that are related.

d) All payment information in the Trust Account financial record must be complete with reference numbers which are appropriate like numbers of vouchers, journals etc.

e) The officer who signed or approved vouchers must be satisfied that:

i. details of expenditure or activities are allowed in the related Terms of Reference;

ii. the expenditure is approved by the Committee or by any other mean as stated in the Terms of Reference;

iii. the expenditure adheres to the regulation on the condition acceptable to the sponsor or the prevailing rules or whatever is suitable according to the profession, qualification, and experience of the recipient of payment; and

iv. The account balance should be sufficient to cover the expenditure including encumbrance and will not cause any overdrawn.

f) If there are any purchases made but not stated in the Terms of Reference, an application must be made to the Administrative Committee of the Trust Account.

g) Should the Terms of Reference allows any trip overseas Guidelines, Circulars and/or any procedure that are enforced from time to time must be followed.
Yearly Report

The Yearly Report must be prepared by all trust accounts each year as a schedule to the Financial Statement of PIHL which is forwarded to the Auditor for auditing. The Trust Account Statement will be presented to the contributors at any time as the need arises.

Closure of Trust Account

a) The Trust Fund that has achieved the objectives of its establishment or is no longer required or is non-active will be closed.

b) Any balance in the Trust Account must be returned to the contributors as specified in the Agreement or Terms of Reference. Should the Agreement or the Terms of Reference does not specify the method of distribution, the balance of the Trust Account will be credited to the income of the PIHL/IPTA.
INVESTMENT SECTION
1.0 OBJECTIVE

The purpose of this policy is to describe the details of IIUM investments.

2.0 POLICY STATEMENT

1. It is the policy of the University to achieve maximum return from its investment. The University must reserve at least 3 months expenditure in liquid asset and any surplus may be put in investment. The Executive Finance Director may decide what amount in access of the reserve allocated to be put in investment except for portfolio investment, which has to be approved by the Standing Finance Committee.

2. Investment is made in the following matter:
   i) Fixed Deposits
   ii) short term money market dealings
   iii) investment in the Islamic Accounts and halal portfolios as determined by The Board of Syariah

3. Investment in portfolios is to be handled by professional investment manager.

4. All appointment of investment managers/portfolio managers and investment undertaken by the University must obtained approval from the University’s authority subject to stipulated terms and agreement.
5. All reports of investment must be tabled to the Standing Finance Committee on quarterly basis
1.0 OBJECTIVE

The purpose of this policy is to describe the details of short-term fund of IIUM.

2.0 POLICY STATEMENT

It is the University’s policy not to accumulated surplus cash. Surplus (excess) cash adds to costs by reducing the return on the University total assets. Accordingly, caution must be exercised so that the financing of current needs (short-term funds) is not made from long term sources.

PURPOSE OF SHORT-TERM FUNDS

The University requires a cash balance in an amount sufficient to enable it to:

1. Take advantage of trade discounts on invoices
2. Maintain its credit rating
3. Meet seasonal and peak needs
4. Cope with emergencies and unforeseen contingencies.

The University should maintain at least 3 months provision of cash to meet its obligations and the excess can be invested in short term investments.

Short-term funding (also called working capital) is generated internally from the University’s operations or from outside financial institutions, most frequently banks. The use of internally generated funds for short-term needs will be preferred method of funding.
A. **OPERATIONS FUNDING**

Funds generated internally are the most important source of working capital. All employees must understand that cash flow from operations, if not properly managed, could easily be absorbed into accounts receivable, inventory or other fixed assets thereby becoming unavailable for more productive use. Controlling receivable and inventory enables the University to invest its capital in more profitable activities.

Similarly, the amount of credit extended to students/staff also plays an important role in the cash flow process. Management dealing with credit decisions must consider, however, that a liberal credit policy puts the University to advantageous to University in attracting student enrolment. As far as possible the University should solicit alternative sponsorship for deserving International students. Conversely, when the University is acting as the purchaser of goods and services, securing liberal trade discounts and payment terms improves its cash flow.

B. **INSTITUTIONAL FUNDS**

The University will not use institutional funds for short-term purposes unless it is unable to generate cash internally from operations. When it is necessary to go external sources, funds will be sought through leasing from other financial institution which offers the most attractive rates.
1.0 OBJECTIVE

The purpose of this policy is to describe the details of commitment approval, long term fund of IIUM.

2.0 POLICY STATEMENT

Those funds that are required for one year or longer are considered and classified as “long-term Funds” by the University. Approval for committing the University to such borrowing is required from the Board.

Borrowing Power - The members of Board may borrow or raise funds from time to time for the purposes of the University or secure the payment such sums as they think fit, and may secure the repayment or payment of any such sums by mortgage or charge upon all or any of the property or assets of the University or by the issue of debentures (whether at par or at a discount or premium) or otherwise as they may think fit.

Long-term Funds shall be obtained only from approved sources; the Board of Governors shall approve all long-term funding.

The following source list is not in order of priority. The decision as to which source (or sources) to use in any financing shall be made at time of need by the Standing Committee.
FINANCING SOURCE LIST

A. INSTALLMENT FINANCING

This method amortises the debt over a fixed period of time. The financing source may be a bank, finance company, or the manufacturer of equipment or machinery. The lender holds title until the final instalment payment is made.

B. EQUIPMENT LEASING

There are two methods of leasing financing. In one, the University uses another University's equipment and pays a rental fee. In the other method, the University sells its equipment to the lessor and then leases it back for use over a specified period of time.

C. COMMERCIAL BANKS

This source of financing is most common. Loans generally run from one to eight years. Long term loans usually have more restrictions than short-term loans since the longer the time period, the greater the risk. A long-term loan agreement may require the company, as borrower, to:

1. Maintain a specified minimum working capital at all times.
2. Provide periodic financial statements of condition, with certification.
3. Agree to other conditions that the lender requires. (A common feature is an acceleration provision; whereby failure to make a payment as scheduled places the borrower in default and subject to a requirement to pay the entire outstanding balance immediately).
D. PENSION FUNDS AND INSURANCE COMPANIES

These sources are available for loans over extremely long periods, often not less than 10 or 20 years.

E. MORTGAGE BANK

This method sometimes permits the borrower to realise the appreciation value of property during the loan period by refinancing the original loan.

F. GOVERNMENT AGENCIES

In some areas, Federal and State Government agencies provide direct assistance to business through a variety of loan programs. It may be possible to secure local government assistance in communities desiring to attract firms to its area.
1.0 OBJECTIVE

The purpose of this policy is to describe the cost of capital of IIUM.

2.0 POLICY STATEMENT

The University’s management must know whether a rate of return on an investment project or from current operations is excellent, average or poor. Setting targets without some measurement standard or guideline is comparable to trying to navigate a ship without a compass. Therefore, the University policy requires the use of measurement standards base on its average cost of capital.

The Executive Finance Director shall be responsible for developing the University’s average cost of capital standards and for conferring with the Standing Finance Committee on the rate of return standards to ensure that returns from operations and all new investment are realistic in terms of the associated business and financial risks.
1.0 OBJECTIVE

The purpose of this policy is to describe the capital project reviews of IIUM.

2.0 POLICY STATEMENT

Capital expenditures represent a substantial long-term commitment of funds, and they are essential to the orderly growth and success of the University.

Therefore, university policy requires a careful management review of all proposed capital projects to ensure that proposed expenditures meet the long and short-term strategies. Every effort must be made to prepare realistic estimates of funding requirements.

It is also essential that completed projects, be subjected to a post completion audit and review by the Property Management Services of the Development Division and Finance Department. The form illustrated in Figure 4 contains the information needs for review of a completed capital project. It compares the estimated and actual costs of various items, such as purchases, non-recurring expenses, and total expenditures. Comments on significant cost differences must be specific and in sufficient details to assist management in improving performance on future projects.

Periodic reviews while projects are in process will be carried out to compare budget against actual results. Successful approaches should be identified and incorporated into reviews of other projects to improve project result.
Project Name: .........................................  Project No. .............................
Department: ........................................  Authorised by: ............................
Completed: ........................................

**Description of each item:**

<table>
<thead>
<tr>
<th>Approved/Estimated/Probable Cost (per original requests)</th>
<th>Actual Costs</th>
<th>Over/Under Estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously acquired assets (explain how valued)</td>
<td>RM ............</td>
<td>RM ....................</td>
</tr>
<tr>
<td>Purchase-Real estate and Equipment</td>
<td>RM ............</td>
<td>RM ....................</td>
</tr>
<tr>
<td>Non Recurring expenses</td>
<td>RM ............</td>
<td>RM ....................</td>
</tr>
<tr>
<td>Total expenditure (excluding lease commitments)</td>
<td>RM ............</td>
<td>RM ....................</td>
</tr>
<tr>
<td>Total lease commitments</td>
<td>RM ............</td>
<td>RM ....................</td>
</tr>
<tr>
<td>Investment commitment (excluding Working capital)</td>
<td>RM ............</td>
<td>RM ....................</td>
</tr>
<tr>
<td>Total expenditures and Commitments</td>
<td>RM ............</td>
<td>RM ....................</td>
</tr>
</tbody>
</table>

Comments on significant cost differences:

..............................................................................................................

Project Manager:
..............................................................................................................  Date: .............................
STUDENT RELATED MATTERS
SECTION
1.0 OBJECTIVE

The purpose of this policy is to describe the systems of collection of debtors of IIUM.

2.0 POLICY STATEMENT

The Finance Division of the University is charged with the overall responsibility and action to be taken for the resolution of disputes concerning amounts due from debtors. This includes the collection and write-off of such amount. In carrying out these duties, other departments of the University may be called upon from time to time to provide assistance. However, the overall responsibility cannot be delegated to any other department.

The Finance Division responsibility includes establishment of adequate reserves for the doubtful debts. An amount can only be written off as uncollectable after all actions as set forth in this policy have been followed.

COLLECTION PROCEDURES

The procedures to be adhered are as follows:

1. Amount Due from Students

   Students who have not paid in full the fees charged to them are considered Student Debtors Student Debtor account requires the following actions:

   1.0 Sponsored Student:

       a) Invoices are sent to the respective student/sponsor.

       b) Deduction being made upon receipt of scholarship.
1.1 **Unsponsored Student:**

a) As above.

b) To issue 1\textsuperscript{st} reminder if outstanding debt is 3 months due

c) To issue 2\textsuperscript{nd} reminder if debt is still outstanding after 3 months

d) If debt still unpaid within 1 month, to issue instruction to Administration and Records to hold transcript or to bar registration in the following semester

e) Student debtors who received the University’s financial loan, must during their final year, enter into an agreement with the University to undertake repayment loan on mutually agreeable terms after their graduation and employment.

f) If debts/loans are still unpaid after a year, the amount is transferred to Provision of Doubtful Debt Accounts and to recommend for write-off to the appropriate authority if the amount is still outstanding after 1 year.
1.0 OBJECTIVE

The purpose of this policy is to describe the fee payment of student debtors of IIUM.

2.0 POLICY STATEMENT

Student can make payment of fees either through sponsors or on his/her own. Student needs to pay at least one semester fee in accordance to the fee structure or the outstanding fees from previous semester.

1. Payment

Payment can be made by means of:

a. Money order, bank draft or cheque and should be made payable to ”Finance Director International Islamic University Malaysia”

b. Credit card/ debit card

c. Telegraphic transfer or bank in directly into the University’s account at any Bank Muamalat Malaysia Berhad branches at the following account number: 1407-000005-71-9

A copy of the bank-in slip should be forwarded to the Student Unit of Finance Division for recording of payment. If there is no submission, it is assumed no payment has been made.

2. Advance Payment
In the even the amount paid is more than the semester fee or the total outstanding, then the student has the following choices:

a. Request for refund (self-sponsored)

   Student must make a formal request to seek refund for the excess amount. The amount to be refunded should not exceed the credit balance in his ledger.

b. Request for refund (sponsored)

   In the event the amount is paid by sponsor, then the student has to seek the approval from his sponsor for refund. The sponsor must state the amount to be refunded.

c. Request for amount to be used for future semester

   Student can choose to utilize the excess amount to be set-off for future fee charging.
1.0 OBJECTIVE

The purpose of this policy is to describe the student fee refund.

2.0 POLICY STATEMENT

During a student period of study, the student can seek for refund of fee provided that the following requirements are met:

1. Type of fee that can be refunded:
   a. Tuition fee
   b. Recurrent academic fees
   c. Hostel fee

   Registration fee is non-refundable unless the student provides supporting evidence that he is not registered with the university.

2. Semester fee due and paid is not refundable except when student has completed his withdrawal/study leave and approved by the Academic and Records Division. The amount of refund is subject to the following circumstances:-
   a. 90% refund – From first day of semester up to first month
   b. 60% refund – From first month of semester up to the second month
   c. No refund – After second month of semester

3. Hostel fee refund can only be made if:
   a. Student is approved by the Student Affairs Division (for staying out of campus)
b. There is a change in category of room to a lesser room cost

4. Payment fee refund can only be made if:
   
a. Any refund will be paid to the student or sponsor. If a refund is paid to any other persons, an authorised letter from the student or sponsor is required.

b. The payment of refund shall be made within fourteen (14) days of the submission of request with complete documentation.
1.0 OBJECTIVE

The purpose of this policy is to describe the tuition fee for IIUM staff dependant (children/spouse) for undergraduate and Postgraduate and special tuition fees rate for SBU/Centers staff pursuing study in IIUM.

2.0 POLICY STATEMENT

The university proposed fees of 25% of international tuition fees instead of 50% of international tuition fees for international staff whose gross income range between RM 10,000.00 and above to reduce the vast differentiation in the fees payment between the staff in this category and the rest of the staff. (this however is not applicable to the children / spouse of the staff for MBBS and whose children/spouse are pursuing postgraduate courses)

The rate for other income range and for post graduates students as previously approved in the SFC Meeting 1/2000 on 25 January 2000 remains the same.

The staffs from SBU/Centers who pursues a higher degree in the University is given special rate of 75% of the ‘Malaysian rate’ in order to promote a long life learning culture.
The special rate will be automatically withdrawn if the staff leaves or is no longer serving the University, SBU/Centers.

However this is not applicable to university staff and those on secondment who leave the University upon compulsory retirement age (limited to the staff’s children who is still studying at the time of retirement).
1.0 OBJECTIVE

The purpose of this policy is to describe the details of student’s activities payment procedure.

2.0 POLICY STATEMENT

Allocation for student activities is part of operating grant and fee paid by the student. All activities should be approved by the Approving Authority that is classified as follows:

<table>
<thead>
<tr>
<th>Activities</th>
<th>Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activities above RM 20,000</td>
<td>Executive Finance Director and Rector</td>
</tr>
<tr>
<td>Activities up to RM10,001 to RM20,000</td>
<td>Dean / Director</td>
</tr>
<tr>
<td>Activities up to RM1,001 to RM10,000</td>
<td>Deputy Dean of Student Affairs / HOD</td>
</tr>
<tr>
<td>Activities below RM 1,000</td>
<td>Senior Officer / Assistant Directors / Principal of Colleges</td>
</tr>
</tbody>
</table>

Payment for student activities will be made by the student session and treated as outright grant. The payment voucher approver will ensure that all payments made are approved by the approving authority by attaching the letter of approval to the payment vouchers.
All budgets for the activities should follow the following suggested budget norms:

1. **FOOD AND REFRESHMENT**
   1.1 Rates for refreshment are allowed for approved student activities and programs and as approved by the University Authorities from time to time.

2. **PRIZES/SOUVENIRS**
   2.1 Rates permissible for prizes/souvenirs for sports, VIP/dignitaries from outside of IIUM and other events will be in accordance with the circular on rates approved by the University Authorities from time to time.

3. **TRANSPORTATION**
   3.1 Transport facilities for approved activities are allowed internally or arranged through the STADD Office.
   3.2 Otherwise for individual and group travel, fare for cheapest means of transport will be reimbursed.

4. **STATIONERY/PRINTING**
   4.1 Stationary for approved activities may be purchase by respective cost centre via procurement or reimbursement basis.
   4.2 Printing of files and others necessary pamphlet can be arranged by respective cost centre via procurement or reimbursement basis.

5. **MEAL ALLOWANCE AND ACCOMMODATION**
   5.1 For approved outstation activities, the students’ meal allowance for activities within and outside of Malaysia will be determined by the University Authorities from time to time.
   5.2 Individual rates for accommodation are allowable for outstation accommodation and will be determined by the University authorities.
6. **SPORTS FACILITIES**

6.1 The University has facilities for certain games. Renting of other facilities outside is permissible.

7. **PUBLICITY EXPENSES**

7.1 Publicity may be conducted by the respective cost centre. All the printing requirements for publicity to be done internally.

8. **GENERAL**

8.1 Students are encouraged to solicit alternative means of funding their activities. For such purposes, approving authority as per *Policy No.3: Procedure to Solicit Fund from Public under Cash Management Section* is necessary.

8.2 Students are not allowed to open bank accounts. All cheques will, as such, be deposited to the approved university bank account.

8.3 Excess of funds received for Para 8.1 will be utilized for the society’s future activities or shall be transferred to Student Khairat Fund as determined by the society.

Consultation with the Executive Finance Director or his representative is necessary for items not in the norms.
1.0 OBJECTIVE

The purpose of this policy is to describe the administrative fee on various academic related activities.

2.0 POLICY STATEMENT

The following are the basis for imposing the administrative fee on the students:

a) To educate the students

b) To encourage students using online resources

c) To reduce requests for unnecessary documents

d) To educate the student on importance of good planning and self-discipline

The following tables are the fee imposed on students for academic related activities:

<table>
<thead>
<tr>
<th>No.</th>
<th>Academic Activities</th>
<th>Fee Imposed (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Appeal for rechecking of answer script</td>
<td>50.00</td>
</tr>
<tr>
<td>2</td>
<td>Appeal for Leave of Absence</td>
<td>10.00</td>
</tr>
<tr>
<td>3</td>
<td>Course Withdrawal within period</td>
<td>300.00</td>
</tr>
<tr>
<td>4</td>
<td>Course Withdrawal after deadline</td>
<td>500.00</td>
</tr>
<tr>
<td>5</td>
<td>Partial Transcript</td>
<td>3.00</td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Fee</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>6</td>
<td>Full Transcript</td>
<td>3.00</td>
</tr>
<tr>
<td>7</td>
<td>Appeal for Readmission</td>
<td>150.00</td>
</tr>
<tr>
<td>8</td>
<td>Re-sit Examination</td>
<td>100.00</td>
</tr>
<tr>
<td>9</td>
<td>Special Examination (personal reason)</td>
<td>100.00</td>
</tr>
<tr>
<td>10</td>
<td>Failure to pre-register for courses</td>
<td>100.00</td>
</tr>
<tr>
<td>11</td>
<td>Late Registration</td>
<td>5.00 per day / Maximum RM50</td>
</tr>
<tr>
<td>12</td>
<td>Application for change of Programme</td>
<td>100.00</td>
</tr>
<tr>
<td>13</td>
<td>Second copy of Scroll</td>
<td>100.00</td>
</tr>
<tr>
<td>14</td>
<td>Second copy of Released Letter</td>
<td>5.00</td>
</tr>
<tr>
<td>15</td>
<td>Equivalent Letter</td>
<td>5.00</td>
</tr>
<tr>
<td>16</td>
<td>Certification Letter</td>
<td>1.00</td>
</tr>
<tr>
<td>17</td>
<td>Printing of online document (i.e. Examination Slip, Confirmation Slip, Result Slip)</td>
<td>1.00</td>
</tr>
<tr>
<td>18</td>
<td>Issuance of New Pin Number</td>
<td>3.00</td>
</tr>
<tr>
<td>19</td>
<td>‘Seal’ Sticker</td>
<td>0.40</td>
</tr>
<tr>
<td>20</td>
<td>Any Urgent Request for Letters / Transcript</td>
<td>25.00</td>
</tr>
<tr>
<td>21</td>
<td>Late Enrolment Fee</td>
<td>100.00</td>
</tr>
<tr>
<td>22</td>
<td>Deferment Fee for Post Graduate Students</td>
<td>International - RM 100.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local – RM50.00</td>
</tr>
<tr>
<td>23</td>
<td>Fee on Bridging Students Taking Qualifying Test</td>
<td>50.00</td>
</tr>
</tbody>
</table>
1.0 OBJECTIVE

The purpose of this policy is to describe the discount fees to senior citizens for postgraduate programmes.

2.0 POLICY STATEMENT

In order to promote senior citizens to take up life-long learning, the University Senate has approved the minimum admission requirement for senior citizens to take up postgraduate programmes.

20% discount of the current fee structure to be given to senior citizens who registered for postgraduate programme in the university with the requirement that he/she must be 56 years old and above.
1.0 OBJECTIVE

The purpose of this policy is to describe the details of student activities collection procedure.

2.0 POLICY STATEMENT

Collection Procedure

2.1 For student activity program conducted externally, the assigned staff need
   i) to seek authorization to collect cash.
   ii) request through on-line user access for the collection or request a manual receipt book subject to the occasion/program and to clearly justify the reasons.

2.2 Staffs that are authorized by Finance Division to collect cash must bank in the collection within 3 days regardless of whether it is conducted internally or externally. For student activity held externally, the cash collection must be banked in IIUM approved bank account. Staff is advised to secure the bank account number before departing for the external program.

2.3 In the event where staff finds difficulty to bank in the collection in normal bank operating account, he/she may bank in the collection at other IIUM bank account. The bank-in slips must be kept for future reference and reconciliation.
2.4 If manual receipt books are used, all the data from the manual receipt book needs to be transfer to online receipting system within three (3) working days after the event/program ended.

2.5 Deposit procedure and other related to cash management procedure shall follow the *Policy No. 1: Cash Management under Collection Management Section*
1.0 OBJECTIVE

The purpose of this policy is to describe the details of advancement student activities procedure.

2.0 POLICY STATEMENT

Usually student program advancement given is solely meant for student activity and has source of funding. Therefore any request for advancement for student activity program above RM3,000.00 will be charge as advancement.

Any expenses up to RM3,000.00 will be charged as direct expenses to the respective codes. However, for both processes, the staff is required to submit financial report within 30 days upon completion of the program.

All events or programs for student activity must have a proposal for that particular event and shall be signed and approved by the relevant authority. The proposal submitted must contain details of estimation of expenditure and estimation of expected source of funds.

Some student activity/program requires a contingency budget. A contingency allocation is allowed at a maximum of 5% of the total approved program budget. The contingency budget can be included in the advances taken to execute the activity/program.
For accompanying officers for students’ activity program, staff is should claim for meal allowance as per staff eligibility instead of paying meals under contingency budget /entertainment budget of the particular program.

Students are advised to engage university registered suppliers for their related purchases instead of cash payment to non-panel suppliers
ASSET
MANAGEMENT SECTION
1.0 OBJECTIVE

The purpose of this policy is to describe the details of acquisition of asset, inventory and supplies.

2.0 POLICY STATEMENT

Assets are economic resources. Anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered an asset.

Assets and Inventory will not be purchased unless approved in accordance with the University’s policies and procedures.

Purchases of Assets normally involved permanent commitment of large sum of money. They affect management’s plans concerning assets additions, replacements, and improvements for such things as buildings, machines, equipment, etc.

A. DEFINITION

ASSET

To qualify as asset, the asset must possess the following major characteristics:

1) Purchase above RM 3,000

Any individual item or set purchase above RM 3,000 is treated as a fixed asset if the economic (useful) life is over more than one accounting period.
2) Any procurement of IT asset shall be read together with IIUM ICT Policy

3) General

   a. Acquired for use in normal business operations and not for resale
   b. It is long term in nature
   c. Have useful lives extending beyond a year and are intended to be used on a continuing basis

**Purchased of Assets**

- Asset may be acquired through a purchase transaction, an exchange transaction and a trade-in transaction
- The cost of fixed assets would normally consist of two components:
  1. **Initial Cost**
     - The term ‘*initial cost*’ comprise of the’ *purchase price*’ and any ‘*directly attributable costs*’ of bringing the assets to working condition for its intended use.
  2. **Subsequent Expenditure on Assets**
     - Subsequent Expenditure on Assets should be capitalized only if they “….increase the future benefits from the existing assets beyond its previously assessed standard of performance”
     - Examples of what constitute “an increase (in) the future benefits” are:
       - An extension in the assets estimated useful life
       - An increase capacity
       - A substantial improvement in the quality of output
       - A reduction in the previously assessed operating costs
     - Expenditure on a major overhaul amounting RM5,000 and above, which increases the useful of life of the motor vehicle, would be considered as capital expenditure and therefore the item will be capitalized.
     - Expenditure for repairs, maintenance or replacement of component part, which merely
put the vehicle in the working condition and do not increase the future benefit should be treated as revenue expenditure and charged to operating cost as and when it is incurred

- Renovations and repairs of buildings and facilities, which will prolong the useful life of the asset and is worth RM50,000 and above, will be capitalized.

**Determination of Cost of Fixed Asset**

- Where the purchase price is not quoted or payable in cash or where there is some difficulty in determining the amount to be treated as cost of the fixed assets purchased, the ‘cash price equivalent’ of the purchase price would be relevant.

**INVENTORY**

To qualify as inventory, the asset must possess the following major characteristics:

1) Purchase above than RM500 but less than RM 3,000

   Any one item purchase above than RM500 but less than RM 3,000 and having an economic life of more than one year is termed as inventory.

2) Acquired for use in normal business operations and not for resale

3) It is long term in nature

4) Have useful lives extending beyond a year and are intended to be used on a continuing basis

5) It possesses physical substance

6) Any procurement of IT inventory shall be read together with IIUM ICT Policy

All expenditures on inventory should be charged directly to the appropriate expense accounts and will be written off as direct expenditures at the end of the year in the Income and Expenditure Statement
SUPPLIES

Supplies are defined as follows:

- Purchase of a single item below than RM500
- Purchases of an item or items which is meant for office consumption or administrative purposes
- Consumable items for a limited period of time
- Possess estimated useful lives of a maximum one year
- Do not possess the characteristics of fixed assets as stipulated above

All expenditures on Supplies should be charged directly to the appropriate expense accounts and will be written off as direct expenditures at the end of the year in the Income and Expenditure Statement
1.0 OBJECTIVE

The purpose of this policy is to describe the details of asset and inventory process of IIUM.

2.0 POLICY STATEMENT

The University’s financial policy requires each operating department to maintain an effective asset and inventory process. Guidelines are as follows:

1. The process design and accompanying procedures should be appropriate and been guided by government asset and inventory procedure.

2. The process shall provide the following fixed assets and inventory information and procedure:

a) Receiving
b) Registration
c) Asset Label
d) Usage, storage and inspection
e) Asset Safeguarding
f) Tracking Of Asset & Inventory
g) Maintenance
h) Disposal
i) Losses And Write-Off
3. Insurance

- Insurance is designed to protect the financial well-being of an individual, company or other entity in the case of unexpected loss.
- Insurance protect assets and helps in coping with the expense of damage or theft.
- Helps cover the cost of potential damages or injuries in case of an unforeseen accident or theft.

4. A receiving, inspecting, stocking, and update in the asset and inventory system shall be maintained by each cost centre.
1.0 OBJECTIVE

The purpose of this policy is to describe the details of assets disposal authority of IIUM.

2.0 POLICY STATEMENT

No property may be processed for disposal without approval. This policy statement provides for the approval steps that must be followed:

PROCEDURE

1. When University property has been classified as no longer useful, the assets so classified will be listed by the cost centre and apply for asset assessment.

2. Assessment of the asset’s usefulness must be made by a Committee consisting of the Technical representatives from relevant department, representatives from Asset Unit, representatives of Finance Division, representative from the cost centre and the report to be made to the Approving Authority as per Para 3 below.

3. The Asset Disposal Report will then be forward for approval. The approving authority as follows:

   * Head of User Department and Head of Purchasing Unit  * RM10,000
   * Executive Finance Director  * RM10,001 – 100,000
   * Rector  * RM100,001 – 500,000
   * Standing Finance Committee  * above RM500,000
4. Based on the recommendation by disposal committee, a proposal paper for asset disposal must be prepared by respective cost centre to be submitted to disposal approving authorities. Based upon the estimated salvage of the surplus assets, disposal may be accomplished by the following methods:

**A. SALES TO OTHERS**

Property disposed of in this manner will be sold after the Purchasing Unit solicits competitive bids through internal or external advertisement. Normally three or more bids satisfy the requirement for the competition. In the event there is only one bid, the sale must be approved by the Executive Finance Director.

**B. SCRAP**

The use of several bids is desirable to maintain the integrity of the transaction. In the event that only one scrap offer is received, the transaction must be approved by the Executive Finance Director.

**C. OFFERING TO EMPLOYEES**

The list of disposal assets should be advertised to the staff. It will require that employee bids be sealed and received not later than a specified date and time. Purchasing Unit employees involved in the sale may not bid.

**D. DONATION**

The University will determine that there are tax or public relations advantages to donating property and equipment. This method may be used subject to the advance approval of the Rector. The Rector will approve the list of the proposed recipient organizations prior to donation to ensure fairness.

**E. ANY OTHER METHOD**

The Executive Finance Director or Rector can approve other means of disposal deemed appropriate or beneficial to the University.

5. The Purchasing Unit will forward the approved disposal proposal to Accounts Units to incorporate the disposal amount in the University’s books.
1.0 OBJECTIVE

The purpose of this policy is to describe the details of assets disposal determination of IIUM.

2.0 POLICY STATEMENT

This policy statement applies to all University assets except for building and land. University property that has outlived its useful life and is no longer required will be disposed of in accordance with this statement.

DETERMINING THE NEED FOR DISPOSAL

The assets disposal determination may be made in several ways. These include:

1. A decision to dispose of designated assets may be made at the time of the annual property inventory evaluation.
2. The termination or cancellation of a project which results in the assets becoming uneconomical for used and the university shall incur lots of maintenance costs.
3. Technical obsolescence which renders the assets impractical or uneconomical for use.
4. Repair and maintenance costs becoming excessive.
5. The property is no longer able to perform its designed function.
1.0 OBJECTIVE

The purpose of this policy is to describe the details of assets audits of IIUM.

2.0 POLICY STATEMENT

Assets audits will be conducted from time to time on a random basis by the Internal Audit Unit. These audits will include the inventories of supplies as well as office furniture and equipment, automotive, machinery and other assets. The results of the audit reports will be made only to the Rector or his delegated representative.
1.0 OBJECTIVE

The purpose of this policy is to describe the details of insurance policy of IIUM.

2.0 POLICY STATEMENT

In order to protect the University from casualty and other losses, the Finance Division shall be responsible for the development of insurance plan. Insurance shall protect against fires, theft, accident, injury to employees, firms doing business on University assets, etc.

The insurance plan shall be reviewed by the Executive Finance Director and the Rector periodically, and at least once a year, to determine if changes are required to protect the University.

Insurance purchases by the University shall be made only after review and approval of the Executive Finance Director and the Rector.

In addition, all Heads of Department are responsible for determining the insurance requirement of their department. In the event of any questions, the Finance Division should be consulted. All insurance companies recognized by the Ministry of Finance shall be used and selected by the procurement unit to participate the university’s quotation.
CHECKLIST OF INSURANCE STANDARDS

1. The University shall review its self-insurance limits annually.

2. All properties, other than self-insured properties under housing and car loans, shall be covered by insurance at replacement values.

3. Public liability and property damage insurance payable to others shall be carried in a total amount approved by the Rector.

4. Insurance premiums shall be reviewed periodically to ensure that amounts are competitive.

5. Claims against the University shall be settled expeditiously especially when public relations or business relations are important consideration.

6. The cost of insurance coverage is the most economical the University can buy in light of the risk.

7. University wide policies shall cover all risks that are present in more than one University location.

8. Counsel is available to all University managers with regard to the types of insurance available for the risks involved.

9. There shall be a quarterly report of outstanding and settled insurance claims against the University prepared by the Purchasing Unit to forward to the Finance Director.

10. Claims handling shall be done at the local level, preferably by the carrier for coverage.

11. Surety bonds shall be used to secure the University’s obligations whenever possible.

12. Assets shall be self-insured only so long as the return on cash, salaries and space allotted to the insurance function is acceptable.

Checklist of insurance standards
1.0 OBJECTIVE

The purpose of this policy is to describe the action that should be taken when there is a loss of money and assets.

2.0 POLICY STATEMENT

If there is occurrence of money or asset losses, the Head of Department must immediately make a police report. Copies of the police report must be sent to the, the Security Unit and the Finance Division as soon as possible so that an internal investigation can be initiated and a report made to the insurance company for claims.

If such losses are caused by negligence by the relevant officer, an inquiry or investigation must be carried out before disciplinary actions can be taken against him/her. An officer can be suspended during the investigation.

A report of the losses must consist of the following information:

i. Description of the item loss – cash/cheques/bank draft/equipment
ii. If it is an asset loss – details of purchase price and date and estimated value when lost
iii. Place, date and time loss
iv. Description of how the loss actually happen
v. Information of the officer in charge/on duty during the loss – name, post, list of responsibilities, type of disciplinary action taken and other relevant information
vi. Copy of police report
vii. To specify whether the loss incurred due to absence of security procedure or the officer did not comply to the security procedure
If the satisfies with the investigation and report, the money/item loss will be written off based on the disposal approving authority.

If the loss of payment is due to overpayment or payment in error made, steps should be taken to recover the excess payment from the recipient and hold an inquiry before deciding whether the officer on duty can be penalized. Should the excess payment cannot be recovered, and the is satisfied with the overpayment is made in good faith, a report should be prepared to the document the loss and the item lost will be recommended to the appropriate authority to be written off.

If debts cannot be recovered over time, a report must be tabled to the appropriate authority for its approval to write off the bad debts as per Policy 2 under Collection Management Section.
OTHER SECTION
1.0 OBJECTIVE

The purpose of this policy is to describe the function of internal audit of IIUM.

2.0 POLICY STATEMENT

The function of the Internal Audit is providing independent appraisals within the University operating as a service to management by measuring and evaluating the effectiveness of the internal control system. The internal audit function shall report directly to the Audit Committee.

A. FUNCTIONS

1. The Internal Audit Unit shall undertake the following assignments:
   - Perform reviews at appropriate times to ensure that all effective system of internal control exists to safeguard the assets and operations of the University.
   - Compliance with the established University policies, procedures and plans.
   - Identify areas where operating efficiency and profit improvements programs should be implemented.
   - Examine the divisional and departmental information systems to ensure that management at all levels is currently aware of significant financial and operational matters.
   - Co-ordinate the internal audit works with outside accountants in order to achieve maximum results.
   - Perform special audits and reviews as authorised.
   - Perform special audits and reviews as authorized.
B. PROCEDURE

1. **Internal Audit Reports:**
   a) A report shall be issued upon completion of every audit, regardless as to whether recommendations and improvements are required or not.
   b) The Internal Auditor is responsible for the preparation and final review of all audit reports prepared by the audit staff.

2. **Report Standards:**
   a) Reports are to be direct, concise and organized.
   b) Derogatory remarks are not permitted.
   c) Audit comments must be factually correct and in perspective.
   d) Before a final report is issued, an exit conference will be held with the Head of Department.
   e) Recommendations should be practical and consider costs and benefits.

3. **Report Schedule**
   a) Draft reports should be ready for discussion as part of the exit interview.
   b) A final report is expected approximately two weeks after the exit interview conference.
   c) If the audit extends over a period of several weeks, consideration shall be given to assurance of interim reports.

4. **Report Format, Distribution and Approval**
   Reports are to be prepared, distributed and routed for approval in accordance with the instructions outlined in Figure 6 attached.

5. **Formal Responses to Audit Reports**
   The Head of Department receiving the report must respond to the Internal Auditor within thirty days of receipt. The response, which should be in writing, concerning each audit comment, will normally do one of the following:
a) Agree with the recommendation made and propose a date when it will be implemented.

b) Agree that the stated problem exists, but require further evaluation of recommendations (a target completion should be provided).

c) Agree that corrective actions are needed and propose alternatives for consideration along with report recommendation action.

d) Disagree with the audit comments, with specific reasons why. If this response is made, the Rector will review the audit comments and the reason for disagreement. The need for further action will be determined at that time.

Distribution of the formal response will be the same as distribution of the final report issued by the Head of Internal Audit Unit.
REPORT OF INTERNAL AUDIT FORMAT AND DISTRIBUTION

Format – All reports will be distributed via a cover memorandum containing a “Scope” section indicating the areas reviewed and an “Evaluation” section giving an overall opinion of the review areas in highlight form, making reference to the Detail report.

The Detail report will accompany the above. It will describe in summary the audit work done and:

- Identify each problem
- Describe the consequences
- Provide recommendation for corrective action

The detail report will include a section containing of the department covered by the review management response. Such information will be developed upon discussion of the draft report.

Distribution – Distribution of final reports shall be as follows:

i) Send to Rector for the operation

ii) Copies to Rector, Finance Director and Internal Audit committee and others as required.

Format and distribution of audit reports
1.0 OBJECTIVE

The purpose of this policy is to describe the revisions to financial policies and procedures of IIUM.

2.0 POLICY STATEMENT

The Executive Finance Director is responsible for reviewing all proposed revisions to the University Financial Policies and Procedures. All proposed revisions must be guided by the prevailing Government Financial Rules and Regulations.

All proposed revisions must be approved by the Standing Finance Committee.