



الجامعة الإسلامية العالمية ماليزيا
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA
يُونَيْتِيسِيْتِي اِسْلَامُ اِنْتَارَا بِيْجُنِيَا مَلِيْسِيَا

MANUAL OF FINANCIAL POLICIES AND PROCEDURES

UPDATED 11TH MARCH 2019

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OVERVIEW

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.

ENFORCEMENT DATE

These Financial Policies and Procedures take effect from February, 2019 which has incorporated requirement for *Shariah* Compliance. If a policy is added or modified 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.

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.

“University 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, Finance Division” means the Head of the Finance Division who is accountable to the Rector for managing the overall 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 collections, disbursement, acquisition of asset & supplies and maintaining accounts of the University.

“Management” means the University Management Committee Members.

“Cost Centre” means every Kulliyah, Centre, Division, Institute, and Office of the University.

“*Shariah* Compliance” means any activities which are in accordance with the Islamic Principles.

TERMS OF REFERENCE OF COMMITTEES

The University shall form the following committees which are responsible in managing the relevant financial affairs of the University:

MAIN COMMITTEES

1. The University Finance Committee
2. The Tender Committee
3. The Budget Committee
4. The Investment Committee
5. The Asset Management Committee

NAME OF COMMITTEE : THE UNIVERSITY FINANCE COMMITTEE

MEMBERSHIP : Deputy Chairman of the IIUM Board of Governors as
Chairman
Rector or his/ her representative
One person from the Ministry of Finance to be appointed
by the host member
Executive Director, Finance Division as Secretary

TERMS OF REFERENCE:

1. To regulate, control and manage the finances of the University.
2. To recommend the University's Financial Policies, Rules and Regulations for approval of the Board of Governors.
3. To prepare the University's budget, operating, development, research for approval of the Board of Governors.
4. To approve expenditure in excess of 10% of the approved estimate in accordance with the Financial Policies, Rules and Regulations.
5. To approve virement or reallocate any money assigned to:
 - a) One item of annually recurrent expenditure to another item of annually recurrent expenditure
 - b) One item of capital expenditure to another item of capital expenditure

The above provisions shall not apply to:

- i. Monies donated or grant of gift for any specific purposes
- ii. Monies deposited with the University where such sum shall become payable

- iii. Monies collected and credited to the funds of the University in error
 - iv. Monies payable by the University under any judgment or order of the Court
 - v. Monies expended by the University in instituting or defending legal proceeding
6. To prepare the University's annual Financial Statements for the Board of Governor's approval.
 7. To monitor the Operating and Development expenditure to ensure that they are within the approved budget.
 8. To approve variation orders valued above RM3 million for works.
 9. To approve re-measurement of Provisional Sum exceeding RM3 million for works.
 10. To approve list of companies participating in selective/ restricted tender.
 11. To approve the opening of bank accounts.
 12. To approve the appointment of Investment institutions.
 13. To approve the appointment of consultants for cost of physical development project up to RM200 million, cost of study/ research work up to RM5 million and cost of surveyor work up to RM5 million.
 14. To approve the appointment of consultants for other than works, for fees above RM100,000.
 15. To approve abortive fee payment to consultants.
 16. To approve variation order for goods and services for total contract sum, after adding the variation order amount, which exceeds RM500,000.

17. To approve the disposal of assets above RM500,000.
18. To approve and regulate student fees and other fees charged by the University.

NAME OF COMMITTEE : TENDER COMMITTEE

MEMBERSHIP : Chairman - Rector
Alternate - Deputy Rector
Chairman
Deputy Rector
Representative from Ministry of Finance
Representative from Ministry of Education
Secretary - Executive Director, Finance Division

TERMS OF REFERENCE:

1. To consider the recommendations from the Tender Evaluation Committee and to accept the most beneficial offer by taking into account the price offer, service or usefulness of item, quantity, quality, completion period and other relevant factors.
2. To consider the Tender Evaluation Committee's report on the copy of advertisement, specifications, tender documents, tender opening schedule and technical reports, if relevant.
3. To consider the Tender Evaluation Committee's report on the tenderer's technical and financial capability.
4. To recommend a retender exercise if the procurement procedure is not followed.
5. To accept the tender unanimously in line with the approved financial limit.
6. If any of the members of The Tender Committee or officer needs further information or clarification after tender closing date, a written approval must be obtained from the Chairman of the Tender Committee first.
7. If any of the Tender Committee members have any interests in any of the Tenders, he/ she must declare his/ her position and withdraw from the Tender Committee meeting and this matter must be documented.

8. No decisions can be made without the presence of the Ministry of Finance representative.
9. To approve the appointment of consultants for cost of physical development project up to RM20 million, cost of study/ research work up to RM2 million and cost of surveyor work up to RM2 million.

NAME OF COMMITTEE : BUDGET COMMITTEE

MEMBERSHIP : Rector or anyone assigned by the Rector - Chairman
Deputy Rector, Academic and Planning
Campus Director, IIUM Kuantan Campus
Executive Director, Management Services Division
Executive Director, Development and Planning Division
Legal Adviser
Two (2) Deans as representatives of the Kulliyahs
Chief Information Officer
Director, Office of Corporate Strategy
Director, IIUM Medical Centre.
Director, Information Technology Division
Executive Director, Finance Division - Secretary

TERMS OF REFERENCE:

1. Formulate policies and procedures for budget controls.
2. Plan budget strategy.
3. Decide priority of budget plans for various cost centres based on budget strategy.
4. Formulate policy on budget distribution.
5. Prepare the University annual budget and responsible for the implementation of the budget.
6. Approve on budget distribution and implementation controls.
7. Monitor budget performance.

NAME OF COMMITTEE : INVESTMENT COMMITTEE

The Investment Committee shall consist of at least 3 members.

MEMBERSHIP : Rector or his/ her representative who shall be the chairman
At least one member from the University with the necessary experience in specific area.
At least one representative from professional bodies.
The Head of Investment Unit, as Secretary.

TERMS OF REFERENCE:

1. Responsible for making investment decisions and will be accountable for the overall management of the University investment.
2. Ensure that funds are managed professionally and in accordance with the fund objectives.
3. Formulate appropriate investment policies and strategies in consistent with fund objectives.
4. Monitor investment performance and identify principal risks and other related risks.
5. Establish and implement a system of control of the investment activities and related risks.
6. To appoint one or more professional fund managers to help manage the investment of the University and to be monitored on a regular basis.

NAME OF COMMITTEE : THE ASSET MANAGEMENT COMMITTEE

The Asset Management Committee (AMC) must consist of not less than six individual members.

MEMBERSHIP : Rector shall be the chairman
(In the absence of the Chairman of AMC, for whatever reason, any of members can be appointed as the Alternate Chairman)
Director, Development Division
Campus Director, Kuantan Campus
Dean, Centre for Foundation Studies
Director, Office Occupational Safety, Health and Built Environment Department
Director, Office of Internal Audit
Director, Information Technology Division
Other appropriate officers
Executive Director, Finance Division as Secretary.

TERMS OF REFERENCE:

1. The roles of the AMC are to plan, monitor, supervise and observe all aspects of asset management in IIUM
2. Responsibilities of the AMC are as follows
 - i. Ensure the Current Asset Position in IIUM is fairly stated
 - ii. Review report on Asset Inspection
 - iii. Review report on Asset Disposal
 - iv. Review on report Surcharge/ Discipline Action Report, and
 - v. Discuss challenges relating Asset Management and the proposed solution.

POLICY NO. 1
ACCOUNTS



Policy No.: 1.1

Accounting Procedures

Version No: 01

Revision No: 01

OBJECTIVE

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

POLICY STATEMENT

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

To ensure compliance, no employee shall have sole control over a business transaction involving receipt or disposition of asset without written consent from approving Authority.

1.1.1 ACCOUNTING PROCEDURES

- a. It is the responsibility of the Executive Director, Finance Division to ensure accounting and internal control procedures are implemented to avoid losses due to mismanagement, theft or fraud.
- b. 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 for approval of the Board.
- c. The audited Financial Statements must be submitted to the relevant bodies as required under the Government's regulations.

1.1.2 PREPARATION OF ACCOUNTS

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

a. Accounting Policies

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

b. Accounting Period

The accounting period used is 12 months ending 31st December each year.

c. Accounting Standards

The University follows the accounting standards issued by the Malaysian Accounting Standard Board (MASB) from time to time.

d. Income Recognition

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

e. Provisions and Write-offs

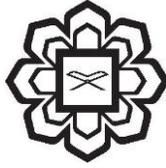
Sufficient provisions must be made for all doubtful debts. Write-offs can only be made with approval as per Policy No.2.2 Collection of Debts under section 2.2.4 Uncollectible Account.

f. Consolidation for Group Accounts

All accounts of subsidiary companies will be consolidated and be reported under Group Accounts of the University Financial Statements.

g. Record Keeping

All financial records must be kept for 7 years and any disposal of financial record must be made in accordance to the IIUM Records Management Policy.



Policy No.: 1.2

Accounts and Audit

Version No: 01

Revision No: 01

OBJECTIVE

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

POLICY STATEMENT

The Accounts of the University shall be examined by the Board of Governors in the manner prescribed by the University's Constitution as described below.

ACCOUNTS AND AUDIT

Article 81 (1) The University shall cause proper and true accounts to be kept:

- a) of all monies received and expended by the University and the manner in respect of which such income received and expenditure incurred;
- b) of the assets and liabilities of the University; and
- c) of all other matters necessary for showing the true and fair financial state of the University.

Article 81 (2) a) The Auditor shall be appointed in accordance with the Act

- b) The accounts of the University shall be audited annually by Auditor appointed under sub-article 2(a).
- c) The audited accounts, with any observation made thereon by the Auditor, shall be presented to the Board for approval at the annual general meeting.

Article 82 The University Finance Committee shall circulate to members of the Board the audited accounts of the University for the Board's approval before being presented at the Annual General Meeting of the University.

Article 83 A copy of the audited accounts referred to in Article 81 shall be sent to each Member of the Board not less than 21 days before the Annual General Meeting.

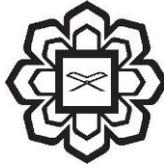
Article 84 (1) Notwithstanding Article 81 the Board shall

- 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 or any of them shall be open to the inspection by of 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 authorized by the Board or by the University in the General Meeting; and
- 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 referred to in this Article.

Article 84 (2) The books of accounts shall be kept at the registered office of the University.

POLICY NO. 2

**COLLECTION
MANAGEMENT**



Policy No: 2.1

**COLLECTION
MANAGEMENT**

**Version No: 01
Revision No: 01**

OBJECTIVE

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

POLICY STATEMENT

This policy consists of the administrative responsibilities associated with collection management system of IIUM. This includes issuance of invoices and cash collection.

2.1.1 ISSUANCE OF INVOICE

- a. Invoices are to be issued for services rendered and for use of facilities in accordance to the agreed rates and charges upon request made by K/C/D/I/O.
- b. Official receipt must be issued for all collection received at Finance Division or authorized collection centres.
- c. The University may accept the payment by way of cash payment or cheque, Internet Banking Facilities (including credit card/ FPX merchant), Debit Card Machine Collection Terminal and payment at specified bank or any other mode of payment acceptable by the University.

2.1.2 CASH COLLECTION PROCEDURES

- a. Approval For Cash Collection

The centre that necessitate cash collection shall get approval from the Executive Director, Finance Division as follows

- (i) Approval for the centre to collect cash
- (ii) Approval for the specific personnel who are entrusted to handle cash collection. The Finance Division shall keep record on the approved centre and personnel to collect cash. The Finance Officers are responsible for receipts of monies. Any delegation to other officers must be made in writing.

b. Record

- (i) Collections will be recorded via receipts issued by centre and kept in custody at the centre. The collection centre must use online receipting system to generate the receipt.
- (ii) In certain circumstances, the issuance of IIUM manual receipts are allowed. Manual receipts book must be properly kept and can only be used after proper documentation and authorization is given by the Account Unit, Finance Division.
- (iii) For Online receipting system, the receipt must be printed in a sequence numbering with official logo of International Islamic University Malaysia. Copy of the receipt must be kept for reference.
- (iv) 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. Specific receipts bearing the reference of Income Tax exemption under Section 44(6) must be issued to the donors for cash donation received.
- (v) No amendments can be made on receipts. Cancelled or damaged receipts must be kept for audit purposes.
- (vi) Manual receipts must be signed by the authorized officer assigned by Director, Finance Division.

(vii) 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. The statement will be verified by an authorized officer.

c. Custody of receipts

The authorized officer is responsible for the safekeeping of receipts. The loss of receipts must be reported in writing to Director, Finance Division.

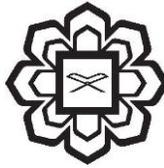
d. Custody and deposit of collection

(i) Cash collections are to be banked in within three (3) working days into IIUM account.

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

(iii) Amounts collected and not banked in into the bank (including cheque/ postal order/ money order), must be kept in a safe cabinet.

(iv) 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.



Policy No: 2.2

Version No: 01
Revision No: 01

COLLECTION OF DEBTS

OBJECTIVE

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

POLICY STATEMENT

The Finance Division of the University is responsible for the collection of debts. In carrying out these duties, other departments of the University may be called upon from time to time to provide assistance.

The Finance Division's responsibility includes providing adequate provisions 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.

2.2.1 AMOUNT DUE FROM STUDENTS

Students who have not paid in full are considered as Student Debtors. The following actions will be taken

(a) Sponsored Students:

- (i) Reminders are sent to the respective student/ sponsor.
- (ii) If the debt is still unpaid after the agreed period, Finance Division will bar the registration of the related student for the following semester and block from viewing the examination result.

(b) Self-sponsored Students:

- (i) To issue 1st reminder during the second month from the commencement of the semester.
- (ii) To issue 2nd reminder in the third month of the semester.
- (iii) If the debt is still unpaid after the due date, Finance Division will bar the registration for the following semester and block from viewing the examination result.
- (iv) The University will hold transcript, completion letter and scroll of graduated students who still have outstanding debt.

(c) Graduated/ Inactive students:

- (i) If Graduated or Inactive students debts are still unpaid after a year, the debt will be transferred to Provision of Doubtful Debt Accounts.
- (ii) If the provisions of doubtful debt are still not recovered after a further 1 year, the amount will be recommended for write off by the appropriate authority.

2.2.2 STAFF DEBTORS

Staff who is utilizing the financing facilities with specific agreement with the University is considered as Staff Debtors.

- (i) Recovery of debts is made by way of payroll deduction. Staff who resigned or retired are required to settle all their debts in full before leaving the University.
- (ii) University must establish measures to ensure all debts are collected.
- (iii) If debts are still unsettled after a 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.

2.2.3 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. University will issue invoices to vendors, public and operators for rental of the facilities.

- a) For tenancy debtors, the collection procedures are as follows:
 - i. Issue 1st reminder a months after issuance of invoice
 - ii. Issue 2nd reminder 15 days after first reminder
 - iii. Issue 3rd reminder 14 days after second reminder
 - iv. Notice of Demand is issue to tenant 7 days after 3rd reminder.
 - v. 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.

2.2.4 UNCOLLECTIBLE ACCOUNTS

For debts that have been determined as uncollectible, 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 proposal is to be submitted to the following authority for write-off approval:

Executive Director, Finance Division	up to RM10,000
Rector	RM10,001 to RM100,000
The University Finance Committee	above RM100,000



Policy No: 2.3

Version No: 01
Revision No: 01

**PROCEDURE TO
SOLICIT FUNDS AND
SPONSORSHIP FROM
PUBLIC**

OBJECTIVE

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

POLICY STATEMENT

It is the University intention to encourage and finance programs and activities organized by staff and students, 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 external parties.

PROCEDURES TO SOLICIT FUND

Soliciting of fund and seeking of sponsorship activities from the public must follow certain procedures 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

No	Program Organizer	Solicitation Letter's Signatories
1.	University	Rector/ Deputy Rectors
2.	Kulliyyah/ Centre/ Division	Executive Director/ Dean/ Director
3.	Student Societies/ Mahallah	Respective Director under the Office of Deputy Rector (Student Affairs & Alumni)

No	Program Organizer	Solicitation Letter's Signatories
4	Student Societies- under Kulliyah/ Centre	Dean/ Director/ Deputy Dean Student Affairs

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 accounts.

The donations and sponsorships received must be utilized solely for the approved programs and activities and it is the responsibility of the respective Kulliyah's/ Centres/ Divisions to prepare a proper financial report 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.



Policy No: 2.4

Version No: 02
Revision No: 00

RENTAL OF SPACE AND FACILITIES

OBJECTIVE

The purpose of this policy is to describe the details of rental of space and facilities in IIUM.

POLICY STATEMENT

The University may offer available spaces and facilities to public for rent. This will include spaces for events, advertisement, laboratory facilities and sport facilities. The rent charge is to cater for usage of utilities, facility management and security services.

2.4.1 APPROVING AUTHORITY FOR RENTAL RATE

Approving authority to approve fees/rates related to business ventures/activities is the University Management Committee. The rate may be revised from time to time.

All proposals of rental rate must be submitted through the Finance Division for consideration and recommendation.

2.4.2 VENUE MANAGEMENT

The respective venue will be managed by the following agencies:

NO	VENUE	DEPARTMENT
1.	Mahallah	Residential and Services Department
2.	Food and Beverages	Residential and Services Department
3.	Business Outlets	Residential and Services Department
4.	Media Advertisement	Residential and Services Department
5.	University External Properties	Residential and Services Department
6.	Sport Facilities	Sport Development Centre
7.	Lab Facilities	Respective K/C/D/I/O
8.	Spaces at K/C/D/I/O	Respective K/C/D/I/O

The respective department will be responsible on collection management including follow up on outstanding rental and legal matters.

POLICY NO. 3

BUDGET



Policy No: 3.1

BUDGET

Version No: 01

Revision No: 01

OBJECTIVE

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

POLICY STATEMENT

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

3.1.1 PREPARATION OF BUDGET

There are 2 types of budget to be prepared:

- i. Operating Budget
- ii. Development Budget

For the Operating Budget, the University will prepare in accordance to the prevailing Government Budgeting System. K/C/D/I/O are required to submit their budget proposals for the Existing Program, New Program and One-Off. Expenditure must be itemized according to programs and activities. All budgets submitted shall be quantifiable and supported with norms and justifications. Estimated income will be based on forecasted fees collection and other income generation.

For the Development Budget, preparation for a 5 year plan for the physical development of the University corresponding to the 5 years Malaysian Plan is required. It also required to submit yearly financial plan for development expenditure.

All proposed budgets will be tabled to the Budget Committee for finalization before forwarding to the University Finance Committee for recommendation and approval by the Board of Governors.

3.1.2 BUDGET REPORT

The Executive Director, Finance Division shall present periodic budget report to the Budget Committee on the budget performance and variances. K/C/D/I/O can access their Monthly Budget Performance Report through the Financial System for monitoring purposes.

3.1.3 VIREMENT AND SUPPLEMENTARY

Any virement or supplementary budget must be forwarded to the Budget Committee for endorsement.

Virement

- a) reallocation of funds within a Cost Centre.
 - i) from an item to another item of expenditure within a Sub- Program or Program; or
 - ii) from an item of expenditure in respect of a Sub-Program or Program to another item of expenditure in respect of another Sub-Program or Program and includes reallocation of funds from a cost centre to another cost centre.

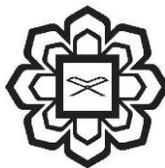
Supplementary

Means additional budget request beyond the initial budget distributed at the beginning of fiscal year. Supplementary estimates for the University should base on the Article: 74 “Notwithstanding Article 73 where additional financial provision is required in any financial year, the Board may from time to time approve supplementary estimates includes of 10% excess referred to under Article 73(1) “.

3.1.4 CONTROL ON ALLOCATIONS

Every K/C/D/I/O will be given an allocation for the financial year. The Head of K/C/D/I/O is responsible to ensure that the expenditure incurred is reasonable and does not exceed the allocations provided. K/C/D/I/O shall monitor their budget performances through the financial system.

POLICY NO. 4
PAYMENT



Policy No: 4.1

Version No: 01

Revision No: 01

PETTY CASH

OBJECTIVE

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

POLICY STATEMENT

The general disbursement policy of the University is to issue cheque/ electronic fund transfer for goods and services. However, to facilitate certain financial transactions, expenditures up to 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 K/C/D/I/O that necessitate petty cash fund will require approval from Director, Finance Division as follows:

- a) Approval for the Centres K/C/D/I/O to have a petty cash fund
- b) Approval for the specific personnel who are entrusted to handle petty cash
- c) Approval for exemption of expenditures more than RM500.00 in a single receipt

4.1.1 PETTY CASH FUND

To control cash disbursements, the University has set up a “Petty Cash Fund”. Total float amount may vary among cost centres depending on the requirements. The authority to approve Petty Cash Fund is the Director, Finance Division.

Whenever cash is withdrawn from the fund, the supporting document must be kept for recoupment purposes such as cash receipt.

4.1.2 PETTY CASH ADMINISTRATION

1. Approving Authority for petty cash expenses:
 - i) Authorized Administrative Officer at K/C/D/I/O.

2. Petty cash allowable expenses:
 - i) All expenses up to RM500.00 which are not included in central contracts.
 - ii) For medical claims, receipts from panel clinic not exceeding RM200.00

3. Disbursement of petty cash:
 - i) Staff is to submit the petty cash claim form together with the certified documents by Group A Officer & above i.e. receipts, cash bill.
 - ii) If any of documents are not available, certification from Dean/ Director has to be attached.

4. Recoupment of petty cash fund:
 - i) Recoupment can be made after 50% 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 documents, should be sent to payment unit for the reimbursement.

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



Policy No: 4.2

Version No: 01
Revision No: 01

**FINANCIAL LIMIT AND
AUTHORITY**

OBJECTIVE

The purpose of this policy is to describe the financial limit and authority of the university officials.

POLICY STATEMENT

This policy sets the financial limit and authority of designated University official. The expenditure amount must be within the approved budget.

4.2.1 AUTHORIZED SIGNATORIES

ACTIVITY	NO		FINANCIAL LIMIT	AUTHORITY
SIGNING OF CHEQUES, BANKDRAFTS, TELEGRAPHIC TRANSFER AND ELECTRONIC FUND TRANSFER				
<u>CATEGORIES</u>				
		GROUP A		
		i. Chairman of University Finance Committee ii. Representative from Treasury as member of University Finance Committee iii. Rector		

ACTIVITY	NO		FINANCIAL LIMIT	AUTHORITY
		GROUP B		
		<ul style="list-style-type: none"> i. Deputy Rector (Academic and Industrial Linkages) ii. Deputy Rector (Research and Innovation) iii. Deputy Rector (Student Affairs and Alumni) iv. Deputy Rector (Internationalisation and Global Network) 		
		GROUP C		
		<ul style="list-style-type: none"> i. Executive Director, Finance Division ii. Director, Finance Division iii. Senior Deputy Finance Director iv. Deputy Finance Director v. Senior Accountant vi. Campus Director, Kuantan Campus vii. Dean, Centre for Foundation Studies viii. Director of Administration Kuantan Campus ix. Director of Administration Gambang Campus 		

ACTIVITY	NO		FINANCIAL LIMIT	AUTHORITY
		x. Head of Finance Department Branch Campus xi. Any other authorized officer approved by UFC		
		GROUP D		
		i. Deputy Campus Director ii. Selected Deans of Kulliyah		
<u>CRITERIA</u>				
	1		Below RM 100,000	Any two (2) from Group A, B, C or D
	2		Below RM 500,000	Any two (2) from Group A, B or C
	3		RM 500,000 and above	Any two (2) from Group A or One (1) from Group A and one (1) from Group B
	4	For Electronic Fund Transfer Payment Batch (Remittance payment to the Bank) Note: The individual payment approval limit in the EFT Batch shall follow the above criteria 1,2,3.	Batch Payment below RM 1 Million	Authorized Senior Accountant/ Head of Finance Department Branch Campus
			No Limit	Authorized Officer Grade 48 and above from Finance Division

ACTIVITY	NO		FINANCIAL LIMIT	AUTHORITY
	5.	Approval on document related to cash management, placement and withdrawal of fixed deposits	No Limit	Any two (2) from Group A, B, C

4.2.2 FINANCIAL LIMIT OF AUTHORITY

(a) **PROCUREMENT AUTHORITY**

NO	ACTIVITY	FINANCIAL LIMIT	AUTHORITY
1	Procurement	Up to RM 20,000	Head KCDIO
		Above RM 20,000 until RM 200,000	Rector and Executive Director, Finance Division
		Above RM 200,000 until RM 500,000	IIUM Quotation Committee
		Above RM 500,000 until RM 100 Million	Tender Committee
		Above RM 100 Million	Ministry of Finance
2	Procurement (Kuantan Campus)	Above RM 20,000 until RM 100,000	Campus Director, IIUM Kuantan Campus and Deputy Finance Director, IIUM Kuantan Campus
		Above RM 100,000 until RM 200,000	Rector and Executive Director, Finance Division

NO	ACTIVITY	FINANCIAL LIMIT	AUTHORITY
3	Procurement (Research Activities)	Above RM 20,000 until RM 50,000	Director of Research Management Centre
4	Procurement (Medical Centre)	Above RM 20,000 until RM 500,000	IIUM Medical Centre Quotation Committee
5	Selective Tender/ Restricted Tender/ Direct Negotiations	Up to RM 20,000	Head KCDIO
		Above RM 20,000 until RM 200,000	Rector and Executive Director, Finance Division
		Above RM 200,000 until RM 500,000	IIUM Quotation Committee
		Above RM 500,000 until RM 100 Million	Tender Committee – Selective Tender
			University Finance Committee – Direct Negotiation
Above RM 100 Million	Ministry of Finance		
6	Variations Orders for Goods and Services	The total contract sum after adding the variation order amount is still within the financial limit of the original approving authority	Original approving authority
		The total contract sum after adding the variation order amount exceeds the threshold amount of the original approving authority	The approving authority of the variation order will be based on the new contract sum
		The total contract sum after adding the variation order amount exceeds RM 500,000	University Finance Committee

NO	ACTIVITY	FINANCIAL LIMIT	AUTHORITY
7	Variations Orders for Works	<p>If the actual contract sum does not exceed RM 5 Million and the proposed variation (cumulative) does not exceed 20% of contract sum</p> <p style="text-align: center;">or</p> <p>If the actual contract exceeds RM 5 Million and the proposed variation (cumulative) does not exceed RM 1 Million whichever is lower.</p>	<p>A committee chaired by Superintending Engineer (S.O's Representative)</p>
		<p>If the actual contract sum does not exceed RM 10 Million and the proposed variation (cumulative) does not exceed 30% of contract sum</p> <p style="text-align: center;">or</p> <p>If the actual contract exceeds RM 10 Million and the proposed variation (cumulative) does not exceed RM 3 Million whichever is lower.</p>	<p>A committee chaired by Superintending Officer</p>
		<p>All other cases</p>	<p>University Finance Committee</p>
8	Re-measurement of Provisional Sum for Works	<p>If the re-measurement sum does not exceed RM 1 Million</p>	<p>A committee chaired by Superintending Engineer (S.O's Representative)</p>
		<p>If re-measurement exceeds RM 1 Million but does not exceed RM 3 Million</p>	<p>A committee to be chaired by the Superintending Officer</p>
		<p>All other cases</p>	<p>University Finance Committee</p>

NO	ACTIVITY	FINANCIAL LIMIT	AUTHORITY
9	Re-measurement of Provisional Sum for Works Variations Orders/ re-measurement for renovation/ upgrading Works	<p>If the actual contract sum does not exceed RM 5 Million and the proposed variation (cumulative) does not exceed 20% of contract sum</p> <p style="text-align: center;">or</p> <p>If the actual contract exceeds RM 5 Million and the proposed variation (cumulative) does not exceed RM 1 Million whichever is lower.</p>	A committee chaired by Superintending Engineer (S.O's Representative)
		<p>If the actual contract sum does not exceed RM 10 Million and the proposed variation (cumulative) does not exceed 30% of contract sum</p> <p style="text-align: center;">or</p> <p>If the actual contract exceeds RM 10 Million and the proposed variation (cumulative) does not exceed RM 3 Million whichever is lower.</p>	A committee chaired by Superintending Officer
		All other cases	University Finance Committee
10	Appointment of Consultants	<p>Project Cost of physical development up to RM 5 Million</p> <p>Cost of study/ research work up to RM 500,000</p> <p>Cost of surveyor work to RM 500,000</p>	IIUM Quotation Committee

NO	ACTIVITY	FINANCIAL LIMIT	AUTHORITY
		Project Cost of physical development up to RM 20 Million Cost of study/ research work up to RM 2 Million Cost of surveyor work to RM 2 Million	IIUM Tender Committee
		Project Cost of physical development up to RM 200 Million Cost of study/ research work up to RM 5 Million Cost of surveyor work to RM 5 Million	University Finance Committee
		Project Cost of physical development of more than RM 200 Million Cost of study/ research work of more than RM 5 Million Cost of surveyor work of more than RM 5 Million	The Ministry of Finance
11	Signing of Consultancy Agreement	No Limit	Rector/ Deputy Rector
12	Signing of Rental/ Lease Agreement	Up to RM 100,000	Head KCDIO
		Above RM 100,000	Executive Director, Finance Division
13	Signing of Canteen Agreement	Up to RM 100,000 (per contract)	Director Residential & Services Department
		Above RM 100,000	Executive Director, Finance Division

NO	ACTIVITY	FINANCIAL LIMIT	AUTHORITY
14	Signing of Purchase Order (After getting approval from relevant authority)	Up to RM 200,000	Head of Finance Zone or any delegated officer
		No Limit	Executive Director, Finance Division/ Dean/ Director and Finance Officer Grade 48 above
15	Signing Letter of Award for work	No Limit	Executive Director, Development & Planning
16	Signing Letter of Award for supplies and services	No Limit	Executive Director, Finance Division
17	Signing of contract for supplies and services	Up to RM 100,000	Head KCDIO
		Above RM 100,000 to RM 500,000	Executive Director, Finance Division
		Above RM 500,000	Rector
18	Signing of contract for works	Up to RM 500,000	Executive Director, Development & Planning
		Above RM 500,000	Rector

(b) OTHER FINANCIAL LIMIT AUTHORITY

ACCOUNTS & BUDGET			
NO	ACTIVITY	FINANCIAL LIMIT	AUTHORITY
1	Opening of Bank Accounts	No limit	University Finance Committee
	Closing of Bank Accounts	No limit	
2	Appointment/ Termination of Investment Institution	No limit	Investment Committee
3	Placement of Deposits, Renewal, Withdrawal and Transfers	No limit	Any two (2) of Group A, B, or C signatories

NO	ACTIVITY	FINANCIAL LIMIT	AUTHORITY
4	Virement within Operating Budget	With limitation to certain Account Codes	Head KCDIO
5	Virement from one item of annually expenditure to another item of annually expenditure	Less than RM 20,000 More than RM 20,000	Deputy Finance Director Finance Director
6	Supplementary Budget	Within approved annual Budget Not more than 10% of approved annual budget	Executive Director, Finance Division University Finance Committee
7	Petty Cash Floats	Subject to approval by Finance Division	Director, Finance Division
8	Petty Cash Approval	Up to RM 500 in one single receipt	Authorized Administrative Officer
9	Invoice Verification	No limit	Administrative Officer
EXPENDITURE			
10	Overtime	Subject to Budget availability	Head KCDIO
11	Local Travel Claims	As per rules approved by University Finance Committee	Head KCDIO
12	Overseas Travel Claims	As per rules approved by University Finance Committee	Head KCDIO
13	Entertainment	Subject to Budget availability	Head KCDIO
14	Local Seminars & Conferences	Subject to Budget availability	Head KCDIO
15	Overseas Seminars & Conferences	Subject to Budget availability	Rector

NO	ACTIVITY	FINANCIAL LIMIT	AUTHORITY
16	Disposal of Assets	Up to RM10,000	Head of User Department and Head of Purchasing Unit, Finance Division
		RM10,001-RM100,000	Executive Director, Finance Division
		RM100,001-RM500,000	Rector
		Above RM500,000	University Finance Committee
BENEFIT			
17	Staff Housing Financing	As per rules approved by University Finance Committee	Chairman of University Finance Committee or Rector
18	Staff Vehicle Financing	As per rules approved by University Finance Committee	Executive Director, Finance Division Director, Finance Division
19	Staff Computer Financing	Maximum of RM 5,000	Executive Director, Finance Division Director, Finance Division
20	Staff Scholarship	As per rules approved by Board of Governors	Scholarship and Study Leave Committee
21	Student Financial Assistance	Subject to availability of Fund	IIUM Financial Assistance Committee
22	Staff Salary Financial Assistance	A maximum amount of six months basic salary	Scholarship and Study Leave Committee



Policy No: 4.3

PAYMENT PROCESS

Revision No: 01
Version: No: 01

OBJECTIVE

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

POLICY STATEMENT

This policy provides the general provisions for processing invoices and making payments.

1. All disbursements must be within the allocation provided. The payments signatories and authorization on payments are as accorded in Policy No 4.2.1 under Payments Section.
2. All payment officers must ensure that
 - i. Payment voucher is prepared detailing the voucher number, date, creditor's details, description on payment, amount and reference number. The voucher is to be signed and approved by the authorized officers.
 - ii. The correct account codes are used for the program/ activity/ project.
 - iii. The correct 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. All invoices received by the University from its vendors shall be reviewed to verify that the charges are accurate, have been authorized, and are appropriate for payment.

- vii. Payment must be made within 14 days from the date of receiving complete documents for received goods and services. Utilities payment however, must be paid before the deadline as specified by the utilities companies.
- viii. Payment for scholarship/ sabbatical allowance must be based on the rates approved by the University. Payments may be made every 6 months through bank draft or telegraphic transfer.
- ix. Any request for payment to other than the name stated in the invoice, authorization must be in writing by the owner or by resolution of their respective Board of Directors.
- x. 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 cabinet. Cheques must be signed by the approved signatories stated in Policy No 4.2.1 under Payment Section.
- ii. Cancellation of cheque can be made under the following circumstances.
 - a) Unpresented cheque after six (6) month period.
 - b) Written instruction to cancel payment from K/C/D/I/O.
 - c) A “stop payment” order must be issued to the bank if a cheque issued is missing or lost.

4. Electronic fund transfer

- i. Electronic fund transfer must be signed by the approved signatories stated in Policy 4.2.1 under Payment Section.

5. Refund of Deposit
 - i. 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.
 - ii. Receipts must be issued to the payee and the payee is advised to keep the receipts for the reimbursement of money later.
 - iii. If the payee requests a refund, the Finance Officer must be satisfied with the original receipt or letter of oath if the original receipt is lost.
 - iv. If the deposit is not claimed after 1 year 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.

6. All claims for reimbursement must be submitted within 3 months from the date of receipts.



Policy No: 4.4

GIFTS

Version No: 01

Revision No: 01

OBJECTIVE

The purpose of this policy is describe the guideline of accepting gifts of the IIUM.

POLICY STATEMENT

In order to protect the financial integrity of the University, no employee may accept gifts 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.

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

Advertising items of an insignificant value and other similar business promotion areas of nominal value are not considered as gift.

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



**CASH
ADVANCEMENT**

OBJECTIVE

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

POLICY STATEMENT

In general, payment will be made based on invoice received for goods and services. However, under certain circumstances, the University recognizes that employees may need cash advances for preparation of programs or official trips.

4.5.1 TYPES OF CASH ADVANCES

(a) Travel Expenses

- i. Approval on travelling must be obtained before applying for advancement. 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.
- ii. Cash advances are to be used for travel expenses that cannot be readily processed through normal purchasing procedures. Examples of these types of expenses include meals allowance and accommodation allowance for which booking of accommodation could not be secured earlier.
- iii. 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.
- iv. Securing hotel reservations may be done through a letter of undertaking from the University or via issuance of a purchase order.

- v. Other types of official travel related expenditures such as transportation to/ from airport, taxi fares, parking, airport tax, laundry, excess baggage, passport and visa will be reimbursed to the staff upon submission of the travelling claim.
- vi. Advancement must be applied two weeks before travel based on staff eligibility. Requests for advances must be approved by the Dean/ Director.
- vii. Any advances not cleared within 14 days upon completion of the travel will be recovered through payroll deduction.
- viii. For research travelling, advancement not cleared within 30 days upon completion of the travel will be recovered through salary deduction.

(b) Miscellaneous Expenses

- i. Cash advances are to be issued for the purchase of goods and services for the University's approved programs and research activities.
- ii. Cash advances are given for certain expenses which cannot be readily processed through normal purchasing procedures. Examples of these types of expenses include meal allowance to students and other petty expenses.
- iii. Consultation with the Executive Finance Director or his representative is necessary for items not in the norms.
- iv. Cash advances will be made available to the staff within 14 days upon receipt of completed advancement request forms.
- v. Approval from Executive Finance Division or his representative for miscellaneous advancement is compulsory.
- vi. 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.
- vii. It is important to note that any advances not cleared within 30 days upon completion of the program will be recovered through salary deduction.
- viii. For research miscellaneous advancement, any advances not cleared within 6 months from the date of payment voucher will be recovered through salary deduction.

4.5.2 SETTLEMENT OF ADVANCEMENT

- a) Upon completion of the programs or official trips, staff must complete the travel claim form or report on miscellaneous advancement and submit together with the supporting documents.
- b) All relevant receipts must be verified by an authorized officer grade 41 and above. The recipients of the advancement are not allowed to verify their own receipts.
- c) The approved form together with unspent money must be returned to the finance division within
 - i. 14 days upon completion of the travel
 - ii. 30 days upon completion of research trip
 - iii. 30 days upon completion of the program
 - iv. 6 months from the date of payment voucher of research project
- d) The salary deduction period for outstanding advancement is as follows:
 - i. 3 months for Travelling Advancement
 - ii. 6 months for Miscellaneous Advancement
 - iii. 6 months for Research Advancement

4.5.3 ADVANCES TO NON-EMPLOYEES

- a) Advances are only given to staff of the University. Staff may choose to sign for an advance on behalf of a student or non- employee, however the staff will be fully responsible for the full amount of the advancement.
- b) For research project, the advancement given is based on the approval by the Principal Investigator and the Director of Research Management Centre.

POLICY NO. 5

RESEARCH FUND



Policy No: 5.1

**RESEARCH FUND
MANAGEMENT**

**Revision No: 01
Version No: 01**

OBJECTIVE

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

POLICY STATEMENT

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

Internal research projects which has been approved by Research Management Centre (RMC) and external research project which has been registered with RMC are governed by IIUM Financial Policies and Procedures or guideline approved by the funder. This policy is to be read together with the IIUM Research Policies and Procedures.

POLICY NO. 6

**PAYROLL & STAFF
BENEFIT**



Policy No: 6.1

Version No: 01

Revision No: 01

PAYROLL PROCEDURE

OBJECTIVE

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

POLICY STATEMENT

Implementation

1. Each month, payroll changes constituting both monetary and non-monetary shall be updated. Non-monetary changes include updating of newly recruited staff, confirmation of service, career advancement (promotion) and staff movement (transfer).
2. Overtime claims and extra working hours must be approved by respective authorized administrative officer before submitting to the Payroll Unit. The calculation is based on rates approved by the University.
3. Salary remittance advice must be approved by the authorized officer before submitting to the bank.
4. Payslips shall be made available in the online system once the salary processing is completed.
5. Any adjustment to the staff salary will be made in the next salary payment.
6. At the end of each year, Payroll Unit shall prepare yearly income statement (EA Form) for each employee and made available in online system latest by end of February of the following year for income tax declaration.

7. Disbursement of salary

- a. Payment will be made according to the approved salary schedule.
- b. Payment for part time staff will be made on the 15th of the following month.
- c. Statutory contribution will be submitted to the respective agencies according to the specified dates.
- d. For resigning staff, Income Tax Form CP22A Amended 12/89 must be prepared and sent to the Inland Revenue Board (IRB) before the resignation date. Their last month salary will be held until the following documents are submitted:
 - i. IIUM clearance form;
 - ii. income tax clearance letter from the IRB.
- e. Salary deduction will only be made to meet statutory requirement such as Employee Provident Fund (EPF), SOCSO and Income Tax. The statutory deductions i.e. EPF, SOCSO and income tax will be made from the staff salary according to the stipulated criteria of the respective agencies. Deductions other than these statutory requirements must be approved by Management Service Division.
- f. The Payroll Unit may also use deduction facilities from recognized institutions such as ANGKASA to extend its services. A listing of employees' particulars and their payment must be submitted latest by 15th of the following month to the receiving institutions.



Policy No: 6.2

Version No: 01
Revision No: 01

**TRAVELLING
CLAIMS**

OBJECTIVE

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

POLICY STATEMENT

Rate for travelling claims is as approved by the University. Generally, there are two types of rate being applied for travelling claims:

- a) Rate and condition of claims for performing official duties.
- b) Rate and condition of claims for attending training courses, seminar and conferences.

Claims must be supported with the relevant documents such as receipts, statement of touch n go and approval to attend meeting/ courses.

All travelling claims must be submitted within 3 months upon completion of the travel.

All claims for a particular month will be accumulated and process in the following month.



Policy No: 6.3

**FINANCING SCHEMES
TO
EMPLOYEES**

Version No: 01

Revision No: 00

OBJECTIVE

The purpose of this policy is to describe the financing schemes offered to the staff of IIUM.

POLICY STATEMENT

The University shall manage and implement financing schemes for its employees as follows

- i) Staff Motor Vehicle Financing Scheme
- ii) Staff Housing Financing Scheme
- iii) Staff Computer Financing Scheme

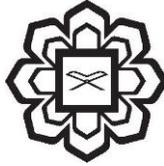
The schemes are subjected to terms and conditions approved by the relevant authority of the University.

The approving authorities for the above financing schemes are as follows

- i) Staff Housing Financing Scheme - Chairman of SFC or Rector of IIUM
- ii) Staff Motor Vehicle Financing Scheme - Executive Director or Director, Finance Division
- iii) Staff Computer Financing Scheme - Executive Director or Director, Finance Division

POLICY NO. 7

TRUST ACCOUNTS



OBJECTIVE

The purpose of this policy is to describe the procedure in managing the trust accounts of IIUM.

POLICY STATEMENT

7.1.1 DEFINITION

i) **Trust Accounts**

All money and property that are received from individual/ organization or activities for specific purpose and to be utilized in accordance to the terms of the trust. The expenditure of the trust fund is based on the availability of cash.

ii) **Trust Accounts Terms of Reference**

This refers to the approved Terms of Reference for the respective Trust Accounts.

iii) **Trust Accounts Committee**

The Committee established for each Trust Account aims to monitor the implementation of activities under the specified Trust Account.

iv) **Types of Trust Accounts**

a. **Research Trust Account**

The account in the University financial system to record all cash received and expenditure for the purpose of research.

b. **Student Trust Account**

The account in the University financial system to record all cash received and expenditure for the purpose of activities, welfare and student development.

c. Kulliyah/ Division/ Centre Trust Account

The account in the University financial system to record all cash received and expenditure for specific use of Kulliyah/ Division/ Centre.

d. Endowment Trust Account

The account in the University financial system to record all cash received and expenditure for the purpose of endowment.

e. Accommodation Trust Account

The account in the University financial system to record all cash received and expenditure for the purpose of managing the hostels.

f. Consultancy Trust Account

The account in University financial system to record all cash received and expenditure for the purpose of consultation.

g. Staff Financing Trust Account

The account in the University financial system to record all cash received and expenditure for the purpose of financing to staff.

h. Special Trust Account

Trust Account other than the above-mentioned Trust Accounts.

v) Subsidiary Trust Accounts

A subsidiary Trust Account established under the above Trust Accounts.

7.1.2 PROCEDURE IN MANAGING THE TRUST ACCOUNTS

(a) Establishment and closure of Trust Accounts

- i. Application to establish the Trust Account must be submitted to the Finance Division with the inclusion of Draft Terms of Reference or Memorandum of Understanding (MoU) or Memorandum of Agreement (MoA).
- ii. The authority to approve the establishment and closure of Trust Account is University Management Committee.
- iii. The authority to approve the establishment and closure of subsidiary trust Account is Executive Director, Finance Division.
- iv. The trust account committee shall be appointed by the Rector.
- v. Trust Account will be closed if:
 - Trust Account that has achieved the objectives
 - Account remains dormant for a period of more than 3 consecutive years
 - The objective of establishment are no longer relevant to the current situation
 - Instructed by University.
- vi. 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 University.

(b) Terms of Reference of Trust Accounts

- i. The subsidiary Trust Accounts is required to use the Terms of Reference according to the type of trust account as per paragraph 7.1.1 (iv).
- ii. Contents of Terms of Reference of Trust Accounts are as follows
 - Name of Trust Account
 - Objective of Establishment
 - Trust Account Management
 - Control of Trust Account
 - Source and utilization of Fund
 - Closure of Trust Account
 - Commencement Date

7.1.3 MANAGEMENT OF TRUST ACCOUNTS

- a) The management of the Trust Accounts must always be subjected to the Terms of Reference, policies & procedures and directive issued by the University from time to time. However, should a sponsor states the terms and conditions, its terms and conditions must be adhered to.
- b) The Trust Account Committee must ensure that the Term of Reference, financial records and related document are properly kept.
- c) The Trust Accounts must be recorded as equity.
- d) Report must be prepared and presented to the trust accounts committee and contributors at any time as the need arises.

POLICY NO. 8

INVESTMENT



Policy No: 8.1

Version No: 01
Revision No: 01

INVESTMENT MANAGEMENT

OBJECTIVE

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

POLICY STATEMENT

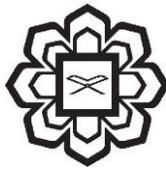
It is the policy of the University to achieve maximum return from its investment. The University must reserve at least 3 months expenditure in liquid asset and any surplus may be placed in investment. The Executive Director, Finance Division may decide on the excess amount and make short term placement in financial institutions. For long term investment, it has to be approved by the University Investment Committee.

Permitted Investment Instruments

- 1) Short Term Investment
 - i. Tenure of investment not exceeding one year
 - ii. Scope of Fund – fixed deposit, money market instrument and equivalent liquid assets
- 2) Long term Investment
 - i. Tenure of investment of more than one year
 - ii. Scope of funds inclusive of direct mandate, unit trust and fixed income instrument such as sukuk and government securities which carry good investment grade rating
- 3) Marketable securities
 - i. Equities including warrants
- 4) Property
- 5) Other categories of investment that the Investment Committee thinks appropriate

POLICY NO. 9

**STUDENT FINANCIAL
MATTERS**



Policy No: 9.1

Version No: 01
Revision No: 01

STUDENT FEE PAYMENT

OBJECTIVE

The purpose of this policy is to describe fee payment of IIUM students.

POLICY STATEMENT

Students can make payment of fees on their own or through sponsors in accordance to the fees structure.

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 bank account. Evidence of payment must be forwarded to the Student Unit of Finance Division for recording purposes.



Policy No: 9.2

Version No: 01
Revision No: 01

STUDENT FEE REFUND

OBJECTIVE

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

POLICY STATEMENT

During period of study, student fee can be refunded in the following circumstances:

- a) Registration fee upon providing supporting evidence that the student is not enrolled with the University.
- b) Tuition and recurrent academic fees when the student has completed his withdrawal/ study leave and approved by the University. The amount of refund is as follows
 - i) 90% refund – Within the first month of the semester
 - ii) 60% refund – During the second month of the semester
 - iii) No refund – After the second month of the semester
- c) Hostel fee upon verification on the period of stay.
- d) Other refund

In the event of amount paid is more than the semester fee or the total outstanding, the student can request for refund as follows

i) Self-sponsored

Student must make a formal request to seek refund for the excess amount.

ii) Sponsored

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

iii) Unutilized fee for future semester

Excess amount can be set-off with the subsequent semester fee.

- e) Refund can only be made to the student or sponsor. If refund is to be made to other than student or sponsor, authorization letter from the student or sponsor is required. The refund will be made within fourteen (14) days from the submission of completed documents.



Policy No: 9.3

**Tuition Fee for IIUM Staff and
Dependent**

Version No: 01

Revision No: 01

OBJECTIVE

The purpose of this policy is to describe the tuition fee for IIUM staff and dependent (children/ spouse) who is pursuing studies in IIUM.

POLICY STATEMENT

The University offers discounted fee for IIUM staff and dependent (spouse & children) for undergraduate and postgraduate programs and special tuition fee for IIUM staff pursuing study in IIUM.

DISCOUNTED FEE

- i) All undergraduate programs except programs at Kulliyyah of Medicine, Nursing, Dentistry & Pharmacy.

Gross Income (Household Income per month)	Fee Payable	
	International	Malaysia
a) RM10,000.00 and Above	25% of International Tuition Fee	75% of Malaysian rate
b) RM5,000.00 – RM9,999.99	Malaysian rate	50% of Malaysian rate
c) Less than RM5,000.00	50% of Malaysian rate	25% of Malaysian rate

ii) Undergraduate programs for Kulliyah of Medicine, Nursing, Dentistry & Pharmacy

Gross Income (Household Income per month)	Fee Payable	
	International	Malaysia
a) RM10,000.00 and Above	Full International rate	75% of Malaysian rate
b) RM5,000.00 – RM9,999.99	50% of International Tuition Fee	50% of Malaysian rate
c) Less than RM5,000.00	Malaysian rate	25% of Malaysian rate

iii) All Postgraduate programs except for Kulliyah of Medicine, Nursing, Dentistry & Pharmacy

Gross Income (Household Income per month)	Fee Payable	
	International	Malaysia
a) RM10,000.00 and Above	Malaysian rate	75% of Malaysian rate
b) RM5,000.00 – RM9,999.99	Malaysian rate	50% of Malaysian rate
c) Less than RM5,000.00	Malaysian rate	25% of Malaysian rate

iv) Postgraduate programs at Kulliyah Medicine, Nursing, Dentistry & Pharmacy

Gross Income (Household Income per month)	Fee Payable	
	International	Malaysia
a) RM10,000.00 and Above	Full International rate	75% of Malaysian rate
b) RM5,000.00 – RM9,999.99	Full International rate	50% of Malaysian rate
c) Less than RM5,000.00	Full International rate	25% of Malaysian rate

Tuition fee for Academic/ Administrative staff who pursues a higher degree in the University is 50% of Malaysian rate.

Fee payable for staff from Strategic Business Centre who pursues higher degree in the University is 75% of Malaysian rate.

The special rate will be automatically withdrawn if the staff leaves or is no longer serving the University and Strategic Business Centre. However this is not applicable to University staff who leave the University upon compulsory retirement age (limited to the staff's children who is still studying at the time of retirement).

The top management have the authority to give further discount of tuition fee up to 50% in other cases.



Policy No: 9.4

Version No: 01
Revision No: 01

**FINANCIAL
AUTHORITY FOR
STUDENTS ACTIVITIES**

OBJECTIVE

The purpose of this policy is to describe the financial authority for students' activities.

POLICY STATEMENT

Allocation for student activities is sourced from operating grant, fee paid by the student and other sources e.g. sponsorship. All activities shall be approved by the approving authorities as follows

Activities

Authority

Activities above RM20,000

Executive Director, Finance

Division and Rector

Activities up to RM20,000

Deputy Rector (SA)/ Dean/ Director

Activities up to RM10,000

Deputy Dean of Student Affairs

Activities below RM 5,000

Principal of Mahallah/ Deputy Director

Organization of the student activities/ program must be in accordance to the Guideline and Procedures on Student Activities as approved by IIUM Student Affairs Committee.



Policy No: 9.5

Version No: 01

Revision No: 01

**ADMINISTRATIVE CHARGES
ON VARIOUS ACADEMIC
RELATED ACTIVITES**

OBJECTIVE

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

POLICY STATEMENT

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

- a) To educate the students on importance of good planning and self-discipline
- b) To encourage students using online resources
- c) To reduce requests for unnecessary documents

The approved rate of the administrative charges such as course withdrawal, partial transcript, study leave, appeal for readmission etc. will be based as per approved rate from time to time by University Management Committee.

The details of the approved rate are as per guideline of Academic Management and Admission Division.



Policy No: 9.6

Version No: 01

Revision No: 01

**TUITION FEE TO SENIOR
CITIZENS FOR ACADEMIC
PROGRAMS**

OBJECTIVE

The purpose of this policy is to describe the discount on tuition fee to senior citizens for postgraduate programs.

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 programs.

20% discount on tuition fee to be given to senior citizens who registered for postgraduate program in the University with the requirement that he/ she must be 56 years old and above.



Policy No: 9.7

Version No: 01

Revision No: 01

**ADVANCEMENT FOR
STUDENT ACTIVITIES**

OBJECTIVE

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

POLICY STATEMENT

Student program advancement is meant solely for student activities.

The staff who receives the advancement is required to submit financial report within 30 days upon completion of the program.

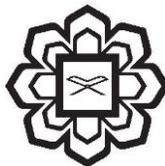
All events or programs for student activity must be approved by the relevant authority. The program proposal must contain details of estimation of expenditure and source of funds.

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.

Students are advised to engage University registered suppliers for their related purchases instead of cash payment to non-panel suppliers.

POLICY NO. 10

ASSET MANAGEMENT



Policy No: 10.1

Version No: 01

Revision No: 01

**ACQUISITION OF
ASSET, INVENTORY &
SUPPLIES**

OBJECTIVE

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

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.

10.1.1 FIXED ASSET

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

- 1) Purchase above RM 5,000
 - Any individual item or set purchase above RM 5,000 is treated as a fixed asset if the economic (useful) life is more than one year.
- 2) Any procurement of IT asset shall be read together with IIUM ICT Policy

3) General

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

(a) **PURCHASE OF FIXED 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 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 RM200,000 and above, will be capitalized.

(b) 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.

10.1.2 INVENTORY

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

1. Purchase value of RM500 and above but less than RM 5,000 with economic life of more than one year is termed as inventory
2. Acquired for normal business operations and not for resale
3. It is long term in nature
4. Have useful lives 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 expenditure at the end of the year in the Income and Expenditure Statement

10.1.3 SUPPLIES

Supplies are defined as follows:

- 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 less than one year
- Do not possess the characteristics of fixed assets and inventories 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.

This policy shall be read together with the IIUM Asset Management Policy.



Policy No: 10.2

Version No: 01

Revision No: 00

GENERAL INSURANCE

OBJECTIVE

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

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 losses or damages caused by fires and lightning, burglary, personal injury or property damage to third parties.

The insurance plan shall be reviewed by the Executive Director, Finance Division at least once a year, prior to purchase of insurance.

Selected Takaful insurance companies which have been approved by the University Finance Committee and registered with the Ministry of Finance shall be invited to participate the University's tender exercise.

POLICY NO. 11

**OTHER FINANCIAL
RELATED MATTERS**



Policy No: 11.1

Version No: 01

Revision No: 00

**REVISIONS TO
FINANCIAL POLICIES
AND PROCEDURES**

OBJECTIVE

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

POLICY STATEMENT

The Executive Director, Finance Division 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 recommended by the University Finance Committee.