 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2022
	Policy Subject	Accounts Payable	Last Review date	25/11/2025
	Policy Number	FRP-13	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

## Overview

UOS follows a systematic approach to pay off its short-term obligations/debts to its creditors or suppliers and account and report its expenses and liabilities accurately. It provides with a standardized process for invoice processing, advance payments and payroll processing to ensuring adequate review prior to releasing payment. Furthermore, Finance department ensures all its records related to VAT are accurate and complaint with FTA laws and regulations.

## Scope

The scope of the Accounts Payable includes the following processes:

- Invoice Receipt, Review and Approval.
- Vendor Advances.
- Payables Reconciliation.
- Debit and Credit Note to Vendors.
- Petty Cash (Expense Recording and Replenishment).
- Reporting.

## Purpose

The main purpose of this policy is to:

- Ensure adherence to VAT regulations and contractual terms.
- Ensure that controls are embedded in the process of recording payables and processing payments to protect UOS's interests and transactions are supported with appropriate documentary evidence.
- Ensure that the liabilities and expenses are recognized as per the applicable international accounting and reporting standards, and are paid appropriately.
- Ensure adequate control including segregation of duties to mitigate risks related to conflict of responsibilities.
- Ensure invoices are processed as per agreed terms of payments to streamline working capital and avoid financial charges or affect Vendor relationships.
- Enable the supporting documents are submitted along with the invoice within the defined timelines;
- Ensure accurate recording of adjustments by raising Debit/ Credit Notes as required.
- Feed in adequate details that enable generation of reports such as aging by value, type (i.e. goods/services/utilities/projects).

## Abbreviations and Definitions

**UoS:** University of Sharjah


**AP:** Accounts Payable

**GRN:** Goods Receipt Note

**SRN:** Service Receipt Note

**VAT:** Value Added Tax

**FTA:** Federal Tax Authority

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**Account:** refers to classification code as part of UOS' Chart of Accounts to identify line items (such as assets, liabilities, revenue, expenses, etc.) within the Budget.

**Approving Authority:** refers to the Person/ Committee within UOS who is responsible for approving the activity. The full list of Approving Authorities shall be obtained from the DOA.

**Bank Guarantee:** signifies that the lending institution ensures that the liabilities of suppliers are going to be met.

**Contract:** is an arrangement / promise between the End User and Vendor concerning the supply of materials / services, over a specified period of time, on the basis of predefined terms and conditions.

**Delegation of Authority:** is the subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

**Invoice:** is a time-stamped commercial document that itemizes and records a transaction between a buyer and a seller.

**Journal Voucher:** is a document that contains essential information about an accounting transaction (such as unique identifying number, transaction date, description, amount, accounts impacted, etc.). It is written authorization to make a transaction entry.


## Policy

- The finance department is responsible for reviewing all invoices received from Vendors.
- The Finance department should ensure that the liabilities and expenses are recognized as per the applicable international accounting and reporting standards.
- The Finance department must report, follow up, and escalate any outstanding payable balances as required.

## Procedures


### Invoice Receipt, Review and Approval Receipt of Invoices

1. All Vendor Invoices (stamped and scanned copy or electronically signed copy) shall be required to be uploaded by the respective Vendor against the relevant PO/ Contract on UOS' dedicated Vendor Portal.
2. Alternatively, Vendors can submit their invoices to [uosaccountspayable@sharjah.ac.ae](mailto:uosaccountspayable@sharjah.ac.ae), with the PO/ Contract Number as the Email subject. This Invoice shall be uploaded by Finance in the Vendor Portal.
3. Invoice submitted via any other method shall not be accepted.
4. Invoices without a reference to the original PO/ signed Contract with UOS shall not be accepted.
5. No invoice shall be booked as an expense unless a Goods Receipt Note (GRN)/ Service Receipt Note (SRN)/ Milestone Completion Certificate (MCC) is submitted and approved by the Purchase Requisitioner.
6. Invoices received without a corresponding GRN/ SRN/ MCC shall be recorded as Memorandum Invoice and a notification shall be sent to the respective Purchase Requisitioner to submit the GRN/ SRN/ MCC.
7. Date of expense shall correspond to date of GRN/ SRN/ MCC approval.

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### Invoice Review and Approval

1. AP Accountant shall ensure that the **Standard/ Simplified Tax Invoices** received from the Vendor are in line with the UAE VAT Law and Guidelines issued by FTA and ensure the AP Tax Code generated for the Invoice is in line with the UOS' VAT Policy. *(Please refer to 'VAT Policy' for further details)*
2. For Foreign Vendors, a Commercial/ Proforma Invoice shall be obtained instead of a Tax Invoice.
3. A 3-way match shall be conducted between the price and quantity of the following three documents:
  - Invoice,
  - PO, and
  - GRN/ SRN/ MCC.
4. Invoices related to Recurring Expenses and Petty Cash shall not require a Contract/ PO.
5. Invoices with amount above AED 100,000 shall also be submitted for Internal Audit and Compliance review.
6. In case of LC payments, AP Team shall also review the following import documents:  
Commercial Invoice
  - Certificate of Origin.
  - Approved LC Copy.
  - Delivery Order.
  - Packing List.
  - Custom Clearing Invoice and Forms.
  - Insurance Copy.
  - Goods Declaration Form.
  - Transportation Bills.
  - Master Airway Bill/House Airway Bill (for Air channel).
  - Master Bill of Lading/House Bill of Lading (for Sea Channel).
  - Any other applicable documents.
7. AP Team shall be responsible for reviewing the following documents against the PO/ Contract to verify any adjustments and determine the final amount payable to the Vendor:
  - GRN/ SRN/ MCC ( for Fine, Penalty, Retention amount)
  - Vendor Statement (for Advance payment/ Financial Liability/ Credit Note)
  - Approval from Procurement Head to adjust vendor advances, where GRN/SRN/MCC has not been raised for more than 3 months *(In line with Policy 4, Section 4.1.3)*
8. In case of fixed assets, capitalization and recording shall take place in line with the Fixed Asset Policy  
*(Please refer to 'Fixed Asset Unit – Asset Addition' and 'Financial Control – Fixed Asset' Policies)*
9. AP team shall ensure fines if levied are in line with UOS by-laws:
  - **Delays in delivery of good/ service:** A fine of (1%) shall be imposed for the materials delayed for the first week or beyond. Afterwards, the fine will be raised to (2%) for every week or part thereof to a maximum of (10%) of the value of the items or materials that the Vendor failed to deliver after the expiration of the extra time.

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- **Delays in collecting rejected goods:** Storage charges of (1%) shall be imposed weekly according to the value of rejected items up to a maximum of (10%), effective from the date specified by the Department up to a maximum of four weeks.
  - Fines levied on Vendors due to delay of delivery of goods/services shall only be waived in line with “Agreeing to Delegate the Authority to Impose Delay Penalties” Framework
10. Vendor shall be notified through email/ portal about the penalty(ies) applied.

### Student Stipend Processing


1. Students who work part-time in UOS as part of CASTO Department’s programs shall be paid monthly stipend for the hours worked.
2. Student Stipend shall be released by 15th of the following month.

### Vendor Advances

1. Finance Department shall set up threshold limits on amount of permissible advance credit for each type of purchase (i.e. Goods, Services, Projects, Utilities and Foreign purchases)
2. All advance payment requests shall require submission of the following documents.
  - **For local Vendors** - Valid Tax Invoice
  - **For foreign Vendors** - Commercial/Performa Invoice for the advance amount
  - **For amounts exceeding AED 100,000** - Bank Guarantee from an authorized UAE Bank covering the advance amount
  - **For amounts below AED 100,000** - Bank Guarantee requirements are at the discretion of the Procurement and Supply Chain Director based on the situational assessment of the Vendor, such as satisfactory due diligence of the Vendor or low financial risk of the underlying Contract
3. AP Accountant shall monitor the current advance credits against the threshold and escalate to Head of AP in case of any potential breach.
4. Upon approval of the relevant GRN/SRN/MCC, the open amount shall be adjusted in the Vendor’s Account. Unadjusted vendor advances for more than 3 months shall be escalated to AP Head and Procurement Head for appropriate action.

### Payables Reconciliation

1. AP Team shall conduct monthly meeting on every 2<sup>nd</sup> Working Day of the month with key Department Heads (FMPD, IT, Central Lab) to obtain visibility on the Project status, invoices that are expected in the upcoming month and ensure Vendors have not directly submitted Invoice to the End User.
2. In addition, Vendor Reconciliation shall be performed by the AP Team for the aged vendors. Vendors shall be selected based on the following criteria:

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Vendor Type	Frequency of Vendor Reconciliation
Vendor for Projects	Reconciliation prior to Payment
Top 10 Vendors under Goods and Services with the highest credit amount	On a Quarterly Basis
Top 10 Vendors under Goods and Services with the highest debit amount	On a Quarterly Basis
Vendors with no movement/ static balances	On a Bi-Annual Basis


If the Vendor does not submit their Statement of Accounts within 5 working days of request, their payments shall be put on hold. Furthermore, Procurement Team shall be notified to not issue new Contracts/ POs to such Vendors

#### Debit/ Credit Note to Vendor

1. Debit and Credit Notes shall be raised to document any adjustment that shall increase/ decrease the obligation/ right of UOS towards Vendors.
2. Debit/ Credit Notes shall be raised in case of:
  - Recovery of advance payment to Vendor against unfulfilled supply of goods or services;
  - Complete/Partial rejection of goods/services delivered
  - Recovery of Excess payment made to Vendor;
  - Rejection of goods/services in line with the contractual terms;
  - Application of fines/penalties;
  - Response to a Credit/ Debit Note submitted by Vendor in case of discounts; or
  - Any adjustments required to the Vendor Account
3. The following elements shall be included (at minimum):
  - The words “Debit/ Credit Note” clearly displayed on the document;
  - The name, address, logo of UOS;
  - The name and address of Vendor;
  - The date of issuing the Debit/ Credit Note;
  - Reference to the original Invoice and Purchase Order/ Contract;
  - A brief explanation of the circumstances giving rise to the issuing of the Debit/ Credit Note;
  - For VAT related purposes, TRN of UOS and Vendor shall also be included, along with tax charge relating to the difference in amount.

#### Prepaid Card and Petty Cash - Expense Recording and Replenishment

1. All Petty Cash and Prepaid Card expenses shall be recognized in line with the UOS’ ‘Petty Cash and Prepaid Card Framework’.
2. Custodian shall submit Petty Cash Statement approved by respective Dean/Director of the respective College/ Department by 1<sup>st</sup> working day of the subsequent month or at the time of replenishment

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whichever is earlier.

3. Each Petty Cash or Prepaid Card Expense shall be supported by Petty Cash Voucher and original Invoices.
4. Accounts Payable Team shall review the Invoices and record these within 3 working days from receipt.
5. In case of any unauthorized transaction, UOS reserves the right to recover the amount from the Custodian's salary

### Reporting

Accounts Payable Team shall extract below (but not limited to) key reports for the purpose of reporting and to ensure close control over Account payable balances:

- **Supplier Aging Report:** based on invoice status and invoice received date, by aging bucket
- **Payable Aging Report:** by payable type/category (goods, services, utility, government, projects)
- **Invoice Due Report**
- **Accrued Payables Report:** on goods received or services confirmed but not invoiced by Vendor
- **Vendor Advance Report:** on Vendors with outstanding advances
- **Emergence Purchase Report**
- **Outstanding Payment Report**
- **Vendor Statement of Accounts**