جـامعــة الشـــارقـة
UNIVERSITY OF SHARJAH

Finance Department

Policies Manual

September 2022

UNIVERSITY OF SHARJAH

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1. Glossary of Terms

The list below defines the terms utilized in the Finance Policies manual.

“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.

“Bank Reconciliation”: is process of comparing information presented in the Bank Account Statement and respective Bank Account General Ledger, analysing differences and making corrections so that the information is accurate, complete and consistent in both locations.

“Bounced cheque”: A bounced check occurs when the writer of the check has insufficient funds available to fulfil the payment amount on the check to the payee. (Non-availability of funds, Instruction to the bank to withhold payment against the cheque or technical errors like mismatched signatures, no or wrong date, over-written or scribbled text)

“Budget Calendar”: Comprises of a detailed sequence of steps on development and presentation of Budget, along with their respective timelines.

“Capital Expenditure”: as defined in Chapter 3 of this section.

“Contingency Budget”: Additional fund included under the Budget to cover any unplanned expenses.

“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.

"Chapter": refers to a major classification of expenditures from a Budgetary and Accounting perspective. The University By-Laws define the 3 chapters are below:

- **Chapter 1:** Salaries, wages and supplementary benefits that include remunerating the University faculty and administrative staff members their salaries, wages, cash and in-kind benefits

- **Chapter 2:** Operational expenses that include University expenditures required for its regular activities.

- **Chapter 3:** Capital expenditures that include capital items, which require use for more than one fiscal year and exceed the amount of AED 5,000.

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

"Exceptional Budget Overruns": refers to budget overruns that are approved by UOS' Finance Department.

"General Ledger" : is a set of numbered accounts for keeping records for a company's financial data with debit and credit account records validated by a trial balance. The general ledger provides a record of each financial transaction that takes place during the life of an operating company.

"Financial Consolidation" : is the process of combining financial data from several subsidiaries or business entities within an organization and rolling it up to a parent company for reporting purposes.

"Hybrid Budgeting": refers to an approach to budgeting that uses a combination of Incremental and Zero-based Budgeting.

"IAS/IFRS": are accounting standards issued by the IFRS Foundation and the International Accounting Standards Board (IASB). They constitute a standardised way of describing the company's financial performance and position so that company financial statements are understandable and comparable across international boundaries.

"Incremental Budgeting": refers to a type of budgeting where Budget preparation is based on additions/ deletions to previous years' budget based on upcoming requirement.

"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.

"Net Realizable Value": refers to the net market value of an asset less any expenses associated with sale of the asset

"Operating Expenditure": is an expense incurred through its normal business operations which are defined under Chapter 1 and Chapter 2 of this section.

"Refund": is a repayment of funds from the original payee to the original payer

"Related Parties": A related party may be:

- A person/ entity having control/ joint control/ significant influence over UOS;
- An associate, subsidiary or joint venture partner of UOS;
- Key management personnel of UOS; and/or
- Any entity related to the persons / entities identified above.

"Revenue": refers to money received by UOS from Students and other customers for services provided by UOS.

"Value in Use": refers to the net present value of the cash flows generated by the asset in use

"VC Council": refers to a Council of all Vice Chancellors within UOS.

"Zero-based Budgeting": refers to a type of budgeting approach where Budget preparation happens without any reference to previous years' budget.

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2. Acronyms

Acronym	Description	Acronym	Description
DOA	Delegation of Authority	AED	United Arab Emirates Dirhams
UOS	University of Sharjah	UAE	United Arab Emirates
FP&A	Financial Planning & Analysis	IT	Information Technology
AR	Accounts Receivable	HR	Human Resource
IFRS	International Financial Reporting Standards	ITC	Information Technology Centre
SSF	Student Support Fund	PR	Purchase Requisition
POS	Point of Sale	SLA	Service Level Agreement
PDC	Post-Dated Cheque	AP	Accounts Payable
VCFA	Vice Chancellor for Finance and Administration	BAC	Budget Advisory Committee
PO	Purchase Order	FMPD	Facilities Management and Planning Department
APR	Annual Planning Report	CCE	Centre for Continuing Education
GRN	Goods Receipt Note	CTC	Clinical Training Centre
GL	General Ledger	KPI	Key Performance Indicator
LC	Letter of Credit	FTA	Federal Tax Authority
P&L	Profit and Loss	TB	Trial Balance
FAU	Fixed Asset Unit	GPSSA	General Pension and Social Security Authority
IAS	International Accounting Standards	VAT	Value Added Tax
FX	Foreign Exchange	SRN	Service Receipt Note

3. Policies

Significant Accounting Policies

3.0 Significant Accounting Policies

3.0.1 Going Concern

1. UOS shall prepare its financial statements assuming the entity is a going concern and will continue in operation for the foreseeable future.
2. UOS Management shall assess its ability to continue as a going concern. Paragraph 14 of IAS 10 Events after the Reporting Period states that Management's assessment of the use of a going concern basis of preparation needs to reflect the effect of events occurring after the end of the reporting period up to the date that the financial statements are authorised for issue.
3. If the Management concludes that the entity intends to cease its operation or has no realistic alternative but to do so, then the financial statements should not be prepared on a going concern basis. Paragraph 25 of IAS 1 requires the entity to disclose the fact that the financial statements have not been prepared on a going concern basis and the reasons why the entity is not regarded as a going concern, as well as disclosing the basis on which the financial statements have been prepared.

3.0.2 Comparative information

1. Comparative information shall be disclosed in respect of the previous period for all amounts reported in the financial statements, both on the face of the financial statements and in the Notes. Comparative information is provided for narrative and descriptive information where it is relevant to understanding the financial statements of the current period.

3.03 Financial Year

1. The financial year of UOS starts on the 1st of September and ends on 31st of August every year.

3.0.4 Materiality and aggregation

1. Information is considered to be material if omitting, misstating or obscuring it could reasonably be expected to influence decisions of UOS primary stakeholders.
2. Each material class of similar items must be presented separately in the financial statements. Dissimilar items may be aggregated only if they are individually immaterial. However, information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply.

3.0.5 IFRS 16 – Leases

3.0.5.1 As a lessee

1. As per IFRS 16, the lessee shall be required to recognize the right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. As a lessee, UOS leases buildings for the purpose of staff and student accommodation.
2. Under IFRS 16, UOS shall recognize a right-of-use asset and a lease liability at the lease commencement date. At commencement or on modification of a contract that contains a lease component, UOS allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for property-based leases, UOS shall not to separate non-lease components and account for the lease and non-lease components as a single lease component.
3. Lease liabilities shall be measured at present value of the remaining lease payments, discounted at UOS's incremental borrowing rate. Generally, UOS shall use its incremental borrowing rate as the discount rate. UOS shall determine its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.
4. Lease payments included in the measurement of the lease liability comprise of the following:
   - fixed payments, including in-substance fixed payments;
   - variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
   - amounts expected to be payable under a residual value guarantee; and
   - the exercise price under a purchase option that UOS is reasonably certain to exercise,
   - lease payments in an optional renewal period if UOS is reasonably certain to exercise an extension option, and
   - penalties for early termination of a lease unless UOS is reasonably certain not to terminate early.
5. UOS presents right-of-use assets that in 'property and equipment and lease liabilities is presented separately in the consolidated statement of financial position.

3.0.5.2 Short-term leases and leases of low-value assets

6. UOS shall not to recognize right-of-use assets and lease liabilities for short-term leases of office premises that have a lease term of 12 months or less and leases of low-value assets. UOS recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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3.0.5.3 As a lessor

7. UOS leases out its property, plant and equipment, including own property and right-of-use assets, which are classified as operating leases by UOS. It is determined at lease inception whether a lease was a finance lease or an operating lease as per the definition of a finance lease and operating lease under IFRS 16.

3.0.6 IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance

UOS applies IAS 20 to account for all government grants and other forms of government assistance.

3.0.6.1 Accounting of Grants

1. UOS recognizes a government grant only when there is a reasonable assurance that:
   - conditions attached to the grant shall be complied with; and
   - the grant will be received
2. The grant is recognized initially as deferred income at a fair value and then is recognized in the Statement of Income and Expenditure on a systematic basis over the period in which the related costs for which the grants are intended to compensate. The grants that compensate for expenses incurred are recognized in the Statement of Income and Expenditure on a systematic basis in the period in which expenditure is recognized.

3.0.6.2 Disclosure of government grants

3. UOS shall disclose the following:
   - accounting policy adopted for grants, including method of balance sheet presentation
   - nature and extent of grants recognized in the financial statements
   - unfulfilled conditions and contingencies attaching to recognized grants.

3.0.7 IFRS 9 - Financial instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy/ sell non-financial items.

3.0.7.1 Classification and measurement of financial assets and financial liabilities

1. Under IFRS 9, on initial recognition, a financial asset shall be classified as measured at:
   - amortized cost;
   - fair value through other comprehensive income (“FVOCI”) – debt investment;
   - FVOCI – equity investment; or
   - fair value through profit or loss (“FVTPL”).
2. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
   - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
   - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount.
3. UOS’s financial assets at amortized cost consist of trade and other receivables, contract assets (i.e. income for goods or services provided to a Customer but not yet invoiced), due from related parties, cash at banks, and fixed deposits.
4. A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
   - it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
   - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
5. On initial recognition of an equity investment that is not held for trading, UOS may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.
6. All financial assets not classified as measured at amortized cost or FVOCI as described above shall be measured at FVTPL. This includes all derivative financial assets. On initial recognition, UOS may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

7. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) shall be initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.
8. Financial liabilities shall be measured at amortized cost or FVTPL. A financial liability shall be classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in income and expenditures.
9. Other financial liabilities shall be subsequently measured at amortized cost using the effective interest method.
10. Interest expense and foreign exchange gains and losses shall be recognized in the statement of income and expenditures.

3.0.7.2 Subsequent measurement of financial assets

11. Financial assets at FVTPL shall be subsequently measured at fair value. Net gains or losses, including any interest or dividend income, shall be recognized in the statement of income and expenditures.
12. Financial assets at amortized cost shall be subsequently measured at amortised cost using the effective interest method. The amortised cost shall be reduced by impairment losses, Interest income, foreign exchange gains and losses and impairment losses are recognized in the statement of income and expenditures.
13. Debt investments at FVOCI shall be subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in consolidated statement of income and expenditures.
14. Equity investments at FVOCI shall be subsequently measured at fair value. Dividends are recognised as income in consolidated statement of income and expenditures unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized as Other Income.

3.0.7.3 Impairment of financial assets

15. Impairment of financial assets, under IFRS 9, shall either be calculated under a general approach or simplified approach.
16. Under the simplified approach, UOS shall use an allowance matrix to measure the expected credit loss (ECL) of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write- off. Impairment allowances shall be measured at an amount equal to lifetime ECL.
17. Under the general approach, ECL shall be calculated as probability-weighted estimate of credit losses. Credit losses shall be measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to UOS in accordance with the contract and the cash flows that UOS expects to receive). ECLs shall be discounted at the effective interest rate of the financial asset.
18. UOS shall apply a 3-stage approach to measure allowance for credit losses. Financial assets migrate through the three stages based on the change in credit risk since initial recognition.
    - Under **Stage 1**, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded.
    - Under **Stage 2**, where there has been a significant increase in credit risk since initial recognition but the financial instruments are not considered as credit impaired, an amount equal to the default probability-weighted lifetime ECL will be recorded,
    - Under **Stage 3**, there is objective evidence of impairment at the reporting date these financial instruments are classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets.
19. The ECL model shall be forward-looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.
20. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, UOS shall consider reasonable, reliable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on UOS's historical experience and informed credit assessment and including forward-looking information.

3.0.7.4 Credit-impaired financial assets

21. At each reporting date, UOS shall assess whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3.0.7.5 Derecognition of Financial assets

22. UOS shall derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which UOS neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
23. UOS enters into transactions whereby it transfers assets recognized in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

3.0.7.6 Derecognition of Financial liabilities

24. UOS shall derecognise a financial liability when:
    - its contractual obligations are discharged, cancelled or expired; or
    - its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.
25. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of income and expenditures.

3.0.8 Revenue Recognition

1. UOS shall recognises revenue from sale of services based on a five-step model as set out in IFRS 15:
   - Step 1 - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
   - Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer services to the customer.
   - Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which UOS expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties.
   - Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, UOS shall allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which UOS expects to be entitled in exchange for satisfying each performance obligation.
   - Step 5 – Recognise revenue when (or as) UOS satisfies a performance obligation.
2. UOS satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:
   - The customer simultaneously receives and consumes the benefits provided by UOS's performance as UOS performs; or
   - UOS's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
   - UOS's performance does not create an asset with an alternative use to UOS and UOS has an enforceable right to payment for performance completed to date.
3. For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied, on the basis of UOS's efforts or inputs to the satisfaction of the performance obligations.
4. When UOS satisfies a performance obligation by delivering the promised goods and services, it shall create a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized, this shall give rise to a contract liability.

3.0.9 Property and equipment

1. In adherence to IAS 16, Property and equipment shall be stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment is its purchase cost together with any incidental costs of acquisition.
2. Subsequent costs shall be included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to UOS and the cost of the item can be measured reliably.
3. All other repairs and maintenance costs shall be charged to the consolidated statement of profit or loss during the financial year in which they are incurred
4. Land shall not be depreciated. Depreciation on other assets shall be calculated using the straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives.

3.0.9.1 Impairment of non-financial assets

5. At each reporting date, UOS reviews the carrying amounts of its non-financial assets, other than investment property, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
6. For impairment testing, assets are grouped together into the cash generating unit (CGU) i.e. the smallest group of assets that generates cash inflows from continuing use, that are largely independent of the cash inflows of other assets or CGUs.
7. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
8. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in consolidated profit or loss.

3.0.9.2 Borrowings costs

9. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.0.10 Investment properties

1. Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model under IAS 40 “Investment Property”.
2. Land and buildings owned by UOS for the purposes of generating rental income or capital appreciation or both are classified as investment properties. Properties that are being constructed or developed for future use as investment properties are also classified as investment properties.
3. When UOS begins to redevelop an existing investment property for continued future use as an investment property, the property remains as an investment property, which is measured based on the fair value model and is not reclassified as development property during the redevelopment.

3.0.11 Employee benefits

3.0.11.1 End-of-service benefits to non-UAE nationals

1. The provision for staff terminal benefits shall be based on the liability that would arise if the employment of all staff were terminated at the reporting date and is calculated in accordance with the provisions of University By-laws and the relevant local laws applicable to overseas subsidiaries. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

3.0.11.2 Pension and social security policy within the U.A.E

2. UOS applies the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees shall be made and charged to the consolidated statement of Income and Expenditure, in accordance with the provisions of Law No. 5 of 2018 Concerning Social Security in the Emirate of Sharjah.

3.0.12 Advances from customers

1. Instalments received from buyers, for properties rented out or services performed, prior to meeting the revenue recognition criteria, shall be recognized as advances from customers.
2. If their settlement, through revenue recognition or refund, is expected in one year or less, they shall be classified as current liabilities. If not, they shall be presented as non-current liabilities.

3.0.13 Measurement of fair values

1. When measuring the fair value of an asset or a liability, UOS shall utilize market observable data as far as possible.
2. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
   - Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
   - Level 2: inputs other than quoted prices included in Level I that are observable for the
   - asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
   - Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
3. The inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
4. UOS shall recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.0.14 Accounting estimates and judgments

1. The following accounting estimates and judgments shall be reviewed by UOS on an annual basis:
   - Impairment losses on trade and other receivables;
   - Impairment losses on dues from a related party;
   - Estimated useful life and the residual value of property and equipment;
   - Impairment of proper equipment and investment properties; and
   - Fair value of Assets and Liabilities (as required).

Financial Planning & Analysis Policies

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3.1 Financial Planning & Analysis

Overview

FP&A function includes budgeting, forecasting and analytical review that shall support UOS in achieving its business strategy and monitoring its expenses. FP&A discipline combines in-depth analysis of both operational and financial data to help align business processes and strategies with financial goals, and to evaluate progress towards those goals.

Purpose

The purpose of this process can be determined by the following:

- Align Finance Function towards achieving the strategic objectives with a clear focus on aspects such as projected growth, macro-economic conditions, specific growth plans and planned initiatives.
- Develop accurate budget in accordance with each College/Department's functional requirements and ensure that the budget is prepared and approved within the defined timelines.
- Facilitate adequate monitoring and forecasting of the budget on an ongoing basis and prepare relevant, timely and accurate reports that highlight the deviations from approved budget and gather explanation for such deviation;
- Predict financial performance for the remaining quarters of the year as accurately as possible after considering changes in market and economic dynamics, irrespective of whether the resulting forecast achieves the approved budget or not; and
- Develop reports in a timely manner for internal and external Stakeholders.

Scope

The scope of the Financial Planning & Analysis includes the following processes:

- Budget Preparation
- Budget Transfer
- Supplementary Budget
- Budget Monitoring and Forecasting
- Reporting

3.1.1 Budget Preparation

1. The fiscal year of the University shall commence on 1st September and end on 31st August of the following year.
2. Finance Department shall be responsible for Budget Preparation in line with the approved Annual Strategic Plan and Departmental objectives. Furthermore, the Budget Preparation exercise shall be aligned with Procurement Planning and Manpower Planning exercises conducted by Procurement and Human Resource Teams respectively.
3. Budget Preparation shall be commenced by the Finance Department from beginning of February. The draft Budget shall be presented to the Board of Trustees for review and approved in accordance with the University By-laws by end of June.
4. A Budget Advisory Committee shall be formed to ensure active participation and provision of inputs from key stakeholders. Members of the Budget Advisory Committee shall include:
   - Chancellor (Chairman);
   - Vice Chancellor – Medical College;
   - Vice Chancellor – Academic Affairs;
   - Vice Chancellor – Research and Graduate Studies;
   - Vice Chancellor – Financial and Administrative Affairs; and
   - Any other member at discretion of the Chancellor.
5. Compliance with the Budget Calendar timelines shall be strictly monitored, and delays shall be escalated to the Vice Chancellor for Financial and Administrative Affairs (VCFA).
6. UOS shall develop its Annual Budget based on the 'Hybrid approach', while anchoring to its historical data.
7. Budget Owners (i.e., Department Directors and College Deans) shall be responsible for filling up the Annual Planning Report (APR) template reflecting the Budget details for the upcoming years, including their requirements and assumptions undertaken.
8. Revenue shall be budgeted taking into consideration the following (but not limited to) parameters:
   - Annual Strategic Plan and Sustainability objectives;
   - Fee List for each revenue stream, which are adjusted each year based on fee review and benchmarking exercise;
   - Number of expected customers (students, trainees, tenants, etc.), estimated based on historic trend analysis;
   - List of new initiatives and on-going projects for Research Center.

9. Expenses shall be budgeted as follows:
   - Relevant inputs covered in the Annual Procurement exercise shall be integrated in coordination with the Procurement Team;
   - Manpower cost shall be provided by the Human Resources Team as part of the Annual Manpower exercise;
   - IT Team shall be responsible to provide Technological software and hardware expenses;
   - Respective Department/ College shall be responsible to provide expenses associated with new initiatives and committed costs.
10. Financial Planning & Analysis Team shall be responsible for ensuring the following:
    - Completeness of data inputs in the APR template;
    - Alignment with Annual Strategic Plan and Departmental objectives;
    - Recommendation of Fees based on the benchmarking exercise;
    - Alignment with the external economic environment; and
    - Adequacy and reasonableness of assumptions provided for Budget line items.
11. The Annual Budget shall consist of:
    - Budgeted Revenue;
    - Budgeted Operating Expenditure;
    - Budgeted Capital Expenditure;
    - Budgeted Balance Sheet;
    - Budgeted Cash Flow Statement;
    - Projected Budget cost to be incurred for more than a year; and
    - List of current and new projects.
12. A 'Contingency Budget' shall be determined by the Budget Advisory Committee for each Chapter to cover unplanned operational and administrative expenses relating to the UOS' activities.

3.1.2 Budget Transfer

1. Budget transfer occurs in the following scenarios:
   - Unplanned activities, not included in the Annual Budget, which are critical to UOS' operational needs.
   - An expenditure related to a budgeted line item under which sufficient funds are not available.
2. A 'Budget Transfer Form' along with the justification for transfer shall be required in case of Chapter-to-Chapter transfers. Transfers from Contingency Budget shall only be requested in case budget overruns at the PR approval stage.
3. Exceptional Budget Overrun request shall only be processed after ensuring the required budget amount is within the overall UOS approved budget limit.
4. Budget transfer from one account to another account shall require approval as per the DOA.

3.1.3 Supplementary Budget

1. Supplementary Budget shall only be pursued where Budget Transfer is not possible and shall require approval from the President of UOS and Chairman to Board of Trustees.
2. Supplementary Budget preparation shall follow the same procedures as the preparation of the Annual Budget for the University.
3. Supplementary Budget may be requested due to the following reasons:
   - During a budget monitoring and reporting, it is deemed that the available Budget is insufficient for smooth operations of the University; or
   - A new project is initiated, which was initially not planned and requires additional funds.
4. Any request for an additional Budget shall be adequately supported by a 'Business Case', which shall include the following key elements:
   - **Strategic context**: Need/ requirement for the budget and how it fulfills UOS's strategic objectives.
   - **Economic Analysis**: Estimated costs to be incurred and the expected value which shall be generated.
   - **Resource Requirement**: Additional resources (apart from financial) required for the fulfillment of the need/ requirement (such as support from other departments).
5. Supplementary Budget shall be utilized only for the purposes specified during the conceptualization and approval phase.

3.1.4 Budget Monitoring and Forecasting

1. Budget monitoring shall be exercised at a Fund, Department and Account pool level and shall take place at the PR approval stage.
2. FP&A Team shall generate Budget Utilization Report on a monthly basis to monitor the actual revenue and expenses.
3. In addition, monthly meetings shall be conducted with Research Department to discuss external grants received and project timelines, and further evaluate project milestones for existing projects.
4. Quarterly Forecasts shall be developed based on information available at the time of preparation, including historical data, commitments, expected income and expenditure, and current economic and market scenarios.
5. Assumptions and parameters utilized in the preparation of the forecast shall be clearly defined and documented.
6. FP&A Team shall review the Forecasts at University/ College/ Department level for the below key elements, analyzing the qualitative drivers causing adverse or favorable movement of Budget variances:
   - Revenue
   - Operating Expense
   - Capital Expenditure
   - Projects related expenses
7. On an annual basis, FP&A Team shall generate the Budget Variance Report at the end of each year to identify variances above 10% of the Budgeted value.
8. In addition, FP&A Team shall also generate the following periodic reports for Management and External Stakeholder review:

#	Report Name	Reporting Frequency
Internal Reports		
1	College/ Business Unit Performance Report	Quarterly
2	Vice Chancellor portfolio level reporting	Quarterly
External Reports		
3	Ministry of Education Reports	Annual
4	Reporting for Ranking bodies	Annual
5	Reporting for Accreditation Committee	Annual (Jan-Apr)
6	Ad-hoc reports requested by UOS Management/ External Stakeholders	-

Accounts Receivable Policies

3.2 Accounts Receivable

Overview

UOS follows a systematic approach for raising invoices, recognizing revenue and applying VAT as per the Executive Regulations to the VAT Decree-Law, for each of its revenue streams. UOS also follows a standardized process for following up on outstanding revenue and processing refunds.

Purpose

The purpose of this process can be determined by the following:

- Prepare Invoices for all goods and services provided to customers in a timely and consistent manner;
- Ensure consistency in application of revenue recognition and management to ensure compliance with international accounting standards;
- Ensure controls are embedded in the revenue management processes to protect UOS' interests;
- Ensure income is recorded accurately and in the correct period, with appropriate and adequate documentation of transactions;
- Adhere to all applicable VAT laws related to supply of goods and services as outlined by FTA to avoid non-compliance; and
- Institute an effective mechanism for managing receivables and collections that limits bad debts for UOS.

Scope

The scope of the Accounts Receivable process includes the following:

- Student Revenue from Sponsored and Non- Sponsored Students (*including Admission Fees, Seat Reservation Fees, Tuition Fees, Housing Fees, Late Payment Fee/ Penalty, Administrative Fee, Libraries Photocopies and IELTS Examination*)
  - ✓ Invoicing
  - ✓ Revenue recognition
  - ✓ Collection and Follow-up
  - ✓ Refund
- Revenue from Business Centers and Research Department
- Credit Note to Customers
- Reporting

3.2.1 Student Revenue

3.2.1.1 Student Fees and Discounts

1. Student Fees for the Semester/Program shall be approved by the Finance Committee before the commencement of admission for the Semester/Program.
2. Based on the Courses and Programs enrolled by the students and the respective approved fee structure, an Invoice shall be issued to non-sponsored Students after the ‘Add & Drop’ period.
3. Invoice to Sponsors shall be issued within three weeks from the ‘Add & Drop’ period based on the official letter received from Sponsors.
4. A Student/ Sponsor Invoice shall contain following particulars:
   - “Student Invoice” (or “Sponsor Invoice” in case of Sponsor) clearly displayed at the top
   - The name, address, logo of UOS
   - Invoice Number
   - The date of issue of Invoice
   - Student Name and ID
   - Sponsor’s Name and Address (If Applicable)
   - Detail of Semester/ Program
   - The gross amount payable expressed in AED
   - Payment due date
   - Stamp of UOS Finance Department
5. In case the service provided to Students are taxable, a “Standard Tax Invoice” shall be issued with the following additional particulars:
   - The words “Tax Invoice” clearly displayed at the top
   - Tax registration number of UOS
   - The Tax amount payable expressed in AED

     (Please refer to VAT Policy for more details).
6. Discount and scholarship shall be applied and accordingly calculated as per the “Discount & Scholarship Framework”. Please refer to the latest policy Framework at https://www.sharjah.ac.ae/en/Admissions/fees-scholar/Pages/gfd.aspx
7. Discounts and scholarship shall be applied on the gross tuition fees if the student receives partial financial support.
8. Student can apply for financial support as per the “Student Support Fund Framework”. Please refer to the latest policy at https://www.sharjah.ac.ae/en/Administration/fd/Pages/SSF.aspx. This service shall be available for all students except newly (first semester in University) admitted students.

In case the URL is not available, refer to the relevant section in the UOS Website

3.2.1.3 Collection and Follow-up from Students

1. Following mode of Payments are available for Students to pay their Fees.
   - Online/ Credit Card
   - Direct Deposit in UOS bank account
   - Cheque (Current and Post Dated)
2. Upon confirmation of Student application, a Student ID shall be created and access to student online portal shall be provided by Admission and Registration Department.
3. Students are encouraged to pay through student online portal unless the payment mode is through cheques, wherein the Student shall deposit at UOS Collection Counter.
4. Postponement of cheque deposits shall only be approved by AR Head if following conditions are fulfilled:
   - 50% of the outstanding is immediately paid; and
   - Deposit of Cheque is deferred up to 10 days.
5. Current dated or post-dated cheques received from Student shall be tracked separately and adjusted prior to follow-ups with Students for the outstanding balances.
6. Two instances of bounced cheques by a Student, shall result in Student ID being flagged. This will disable acceptance of Cheque as a mode of payment for the respective student.
7. On a monthly basis, AR Head shall also request Admission and Registration Department to provide list of Students exposed to academic dismissal/ disciplinary actions/ withdrawals to access the recoverability of outstanding amount.

8. Following Dunning activities shall take place:

Dunning	Timeline	Activity
1	5 days prior to due date	Automated Alert via Email and SMS
2	Due Date	Automated Alert via Email and SMS
3	7 days post-due date	Automated Follow-Up Letter via Email and a subsequent call from AR Accountant
4	15 days post-due date	▪ AR Head to share List of defaulters to Registration and Deanship of Academic Support Department and inform that an access to the Learning Management System shall be put on hold due to non-compliance with payments terms within a week. ▪ The Account Receivable Team shall activate financial holds on student accounts in case of non-compliance with UOS student payment terms. This action shall restrict the access to view grades, and registration for upcoming courses.

9. Document Control and Record-Keeping Unit shall issue the Graduation Certificate and Official transcript to Students only after obtaining NOC from Accounts Receivable Team and shall deactivate the Student ID.

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3.2.1.4 Refund

1. Students shall be eligible for Refund in the following cases:

Scenario of Refund	Documents Required
Students who have received Scholarship after paying the Tuition Fees	a. Scholarship Certificate / Sponsorship Letter (Indicating the % of Scholarship) b. Payment receipt
Withdrawal of application from UOS before Census date	a. Clearance Certificate from University b. Payment receipt
Dorms Deposit	a. Clearance Certificate from Dorms Dept. b. Payment receipt
Visa Deposit	a. 'Confirmation on Cancellation' from Passport Section b. Payment receipt
Surplus in Graduate Student Account	a. Clearance Certificate from University

2. A Refund can be only requested through E-SERVICE channel along with a Refund Request Form.
3. Refunds shall be processed twice a month i.e. on 15th and 30th of the month if the required documents (along with the Form) are submitted 5 days prior to processing date.
4. Refunds shall be directly credited to the account holder from whom the initial payment has been received.
5. Students need to submit no objection letter from the Sponsor to get the refund amount in case the credit balance is available in the Student account from Sponsor support.

Timeline	Penalty
Within first month	25% of the total Housing Fees
Within second month	50% of the total Housing Fees
After second month	100% of the total Housing Fees

3.2.2 Revenue from Business Centers and Research Department

Details of UOS' Revenue Sources

Source of Revenue	Description	Revenue Recognition	Full/ Partial Refund Criteria
Rental Properties & Retail Sites	Revenue collected from tenant for UOS properties	Straight-line basis over the tenure period	Request from Client (in line with Ejari Contract)
General Research Grant	Revenue received for research projects from Sponsors without any underlying conditions/ restrictions	Upon receipt of funds	Not Applicable
Restricted Research Grant	Revenue received for specific research projects from Sponsors	Upon fulfillment of the attached conditions	Unused funds upon project completion
Miscellaneous Government Assistance	Revenue received from government sponsors for general purpose	Upon receipt of funds	Not Applicable
Dental	Revenue received from customer to take dental services	Upon provision of services	Not Applicable
Day Care	Revenue received from customer to take Day Care services	Upon provision of services	Not Applicable
Centre for Continuing Education (CCE)/ Clinical Training Centre (CTC)	Revenue collected for providing training programs and courses	▪ Straight-line basis over the course/ program period ▪ Upon course completion (Duration of course less than a month)	Course/ Program Cancellation

Source of Revenue	Description	Revenue Recognition	Full/ Partial Refund Criteria
Conference	Revenue collected from conferences organized by the different Departments	Upon completion of conference	Conference Cancellation
Passport/ Visa Service	Revenue collected for the passport/ visa service provided to students/ employees and their dependents	Upon provision of services	None
Planetarium	Revenue collected from the visitors visit the Planetarium	Upon sale of ticket	None
Sale of Books	Revenue collected from sale of UOS Books	Upon sale of book	Return of book due to quality issue

3.2.2.1 Invoice Preparation

1. Upon confirmation of service delivery or receipt of payment (whichever is earlier), an Invoice shall be submitted, and shall contain the following particulars:
   - The word “Invoice” clearly displayed at the top
   - The name, address, logo of UOS
   - Invoice Number
   - The date of issue of Invoice
   - Customer Name and Account Number
   - Details of Goods/ Services provided
   - The gross amount payable expressed in AED
   - Payment Due Date
   - Stamp of UOS Finance Department
2. In case the service/goods sold is taxable, a “Standard Tax Invoice” shall be issued with the following additional particulars:
   - The words “Tax Invoice” clearly displayed at the top
   - Tax registration number of UOS
   - The Tax amount payable expressed in AED

   (Please refer to VAT Policy for more details).
3. Walk-in customers shall be issued POS generated Invoice.
4. Respective Business Centre shall request for Invoice in case of Corporate Clients for which below documents shall be required:
   - Signed contract copy/ Approved Purchase Order
   - Service delivery progress confirmation (such as confirmation of courses and programs)
5. For Internal Customers (UOS Students and Employees (and their dependents)), Invoicing shall take place directly against their respective accounts through their Student / Employee ID
6. During Invoice generation, the relevant Tax code shall be entered and confirmed by the AR Team in line with the VAT Policy.

3.2.2.2 Collection and Follow-up from Business Centres and Corporate Customers

1. Following mode of payments are available for Customers to pay.
   - Online payment gateway
   - Credit Card
   - Cheques
   - Bank Deposits
2. Cash Payment shall NOT be allowed as a viable mode of payment.
3. AR Team shall generate an 'Accounts Receivables Ageing Report' with aging buckets for Past Due Amounts (1-30 days, 31-90 days, 91-120, 121-365 and >365 days) on a monthly basis or as required, to review overdue receivables and collection progress compared to the previous month.
4. The following dunning activities shall be conducted (at minimum):

Dunning	Timeline	Activity
1	5 days prior to due date	Automated Alert via Email and SMS
2	Due Date	Automated Alert via Email and SMS
3	7 days post-due date	Automated Follow-Up Letter via Email and a subsequent call from AR Accountant
4	15 days post-due date	Automated Follow-Up Letter via Email and a subsequent call from AR Head
5	30 days post-due date	Encashment of financial guarantee received from Customer (if available) and notification to Customer (or) Automated Follow-Up Letter via Email and a subsequent call from FC Head
6	60 days post-due date	Consultation with Legal Department for Recovery

5. Encashment of financial guarantee (if available) or initiating legal procedure to recover the outstanding amount shall require prior approval of the Finance Director.

3.2.2.3 Revenue Recognition

1. UOS shall recognize revenue when it satisfies its performance obligation to the customer, either over time or at a point in time. As per **IFRS 15 Revenue Recognition**, UOS shall recognize revenue over time if one of the following criteria is met:
   - The customer simultaneously receives and consumes all of the benefits provided by UOS as part of its operations;
   - UOS's performance creates or enhances an asset that the customer controls as the asset is created; or
   - UOS has an enforceable right to payment for performance completed to date.
2. If UOS satisfies its performance obligation at a point in time, revenue shall be recorded in accordance with **IFRS 15 Revenue Recognition** if one of the following criteria is met:
   - UOS has a present right to payment for the goods/ services provided;
   - The customer has legal title to the asset; or
   - UOS has transferred physical possession/ risks and rewards of the asset to the customer.

3.2.2.4. Income from Rental Properties & Retail Sites

1. UOS shall be listed as the Landlord on all Ejari contracts for Rental Properties and Retail Sited.
2. Inventory of all properties shall be maintained with detail of occupancy status, period of occupancy and agreed rental for the period. Soft copies of the Ejari shall be uploaded against each occupied property by dedicated Property Management Team.
3. Rental funds received but not eligible for Revenue Recognition shall be recognized as 'Deferred Revenue'.
4. Funds received shall either be recorded as 'Deferred Liability account for Student Welfare/ Research Fund, depending on the classification of the property and shall be utilised for the specified purpose.
5. Rental Security deposits received shall be recorded as a liability until the end of the contract. Any non-refundable amount of the deposit shall be recorded as Other income upon confirmation from the Property Management Team.
6. Bounced PDCs shall be communicated with the Property Management Team for follow-up with the customers.

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3.2.2.6 Research Grant Revenue

1. A unique code shall be generated for every Research project undertaken after the submission of signed contract to FC Team by Research Department and shall include the contractual terms, duration, milestones, total budget.
2. Research Grant Revenue shall be categorized as follows:
   - **General Research Grant:** Grant received from Sponsors for a general purpose
   - **Restricted Research Grant:** Grant received from Sponsors for a specific purpose (such as nature and scope of project)
3. Expenses that are required to be reimbursed by the Sponsors, should be pre-approved prior to incurring it.
4. Monthly meeting (every 1st working day of the Month) shall be performed with Research Team to discuss and assess the following (but not limited to) items retrieved from MIS for the Open projects (Internal/ External):
   - Invoicing Requirements
   - Recognition of cost based on time charged on the projects and other expenses incurred (OPEX and CAPEX)
5. Restricted Research Grants shall be recognized as 'Deferred Liability' until completion of the Grant criteria, upon which they shall be recorded as Revenue.

3.2.3 Credit Note to Customer

1. Credit Notes shall be raised to document any adjustment that shall decrease the right of UOS towards Customers.
2. Credit Notes shall be raised to record all instances of exceptional discounts, waivers and refunds processed in line with the AR Policy, including (but not limited to):
   - Approved Request for Refund by College/Business Centre/Research Department;
   - Partial/Complete Waiver to the invoiced amount;
   - Exceptional one-off discounts;
   - Unsettled/disputed invoices; or
   - Any other adjustment to Student/Sponsor/Corporate Client account.
3. The following elements shall be included (at minimum):
   - The words “ Tax Credit Note” clearly displayed on the document;
   - The name, address, logo of UOS;
   - The name and address of Customer;
   - The date of issuing the Credit Note;
   - Reference to the original Invoice and Purchase Order/ Contract;
   - A brief explanation of the circumstances giving rise to the issuing of the Credit Note;
   - For VAT related purposes, TRN of UOS and Customer, along with tax charge relating to the difference in amount.

3.2.4 Reporting

1. Accounts Receivable Team shall extract below (but not limited to) key reports for the purpose of reporting and to ensure close control over account receivable balances:
   - Receivables Ageing Report
   - Semester Fee Due Report
   - Late Payment Charge Report
   - Unidentified Receipts with ageing buckets
   - Accounts Receivable Adjustments Report
   - Cheques Return Request Report
   - Semester wise Registered Student Report
   - Student Discount Allocation Report
   - Non-invoiced sales/service Record

Accounts Payable Policies

3.3 Accounts Payable

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.

Purpose

The purpose of Accounts Payable is as follows:

- Review all invoices received from Vendors are in line with the guidelines provided 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);
- Report, follow up and escalate any outstanding payable balances as required

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

3.3.1 Invoice Receipt, Review and Approval

3.3.1.1 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, 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.

3.3.1.2 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.
   - **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.

3.3.2 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.

3.3.3 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.

3.3.4 Payables Reconciliation

1. AP Team shall conduct monthly meeting on every 2nd 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:

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

3. 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.

3.3.5 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.

3.3.6 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 1st working day of the subsequent month or at the time of replenishment 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.

3.3.7 Reporting

1. 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**

Financial Control Policies

3.4 Financial Control

Overview

Financial Control policy addresses the requirement for periodic reconciliation of general ledger accounts, posting of monthly journal entries and having close governance over monthly and annual closure of financial ledgers for the financial and management reporting purposes.

Purpose

The key objectives are as follows:

- Reviewing and analyse the payroll data received for accuracy prior to disbursements;
- Ensuring accurate filing of VAT returns on FTA portal to ensure compliance with FTA regulations;
- Facilitate appropriate accounting treatment for Property, plant & equipment to ensure recognition of assets, determination of their carrying amount, depreciation to be charged and impairment loss, if any;
- Accounting and disclosing any obligation and potential liability in order to ensure accurate financial reporting.
- Embed controls in the processes of recording accounting entries, running schedules and finalizing financials, to protect UOS from inaccurate reporting.
- Maintain UOS' books of accounts in an accurate and comprehensive manner and ensure compliance with relevant accounting standards; and
- Ensuring appropriate methods and adequate control in assigning and maintaining Chart of Accounts for UOS.

Scope

The scope of the Financial Control includes the following processes:

- Payroll Processing
- Value Added Tax
- Property, plant & equipment, intangible assets and Investment properties
    - Recording and Capitalization
    - Depreciation
    - Transfer of Assets
    - Sale/ Disposal of Assets
    - Revaluation of Property, plant & equipment
    - Impairment
- Chart of Accounts
- Corporate Customer Master Data Management
- Vendor Data and Payment Terms Review
- Period Closing
- Reporting
    - Financial and Management Reporting
    - Monthly Reporting to Government of Sharjah
    - Research Projects Reporting

3.4.1 Payroll Processing

1. Payroll for UOS Employees shall be processed on a monthly basis.
2. Following salary payments are considered as Payroll
   - Staff Salary and Allowances
   - Bonuses and rewards to Employees
   - Part time Salary for Administration Staff
   - Part time Salary for Research Assistants
   - Summer Course Teaching Salary
   - Honorarium for Internal Trainers/Reviewers
   - Doctor Service Provider Fees
   - Per Diem Allowances
   - Adjunct – Medical College Student
3. Human Resource Department shall be the Custodian of all the documents pertaining to Payroll.
4. The following document requirements shall be taken into consideration at the time of payment processing:

Payment Type	Supporting Documents Required
Staff Salary and Allowances	▪ New Joiner Contract approved by Chancellor ▪ Increment Letter
Part time Salary for Administration Staff	▪ New Joiner Contract approved by Chancellor
Part time Salary for Research Assistants	▪ New Joiner Contract approved by Vice Chancellor – Research
Summer Course Teaching Salary	▪ Approved Timesheets by Vice-Chancellor Academics
Honorarium for Internal Trainers/Reviewers	▪ Payment Request Letter approved by Center for Continuing Education /Clinical Training Center Director and Vice – Chancellor ▪ Approved Timesheets by Respective Director
Doctor Service Provider Fees	▪ Approved Timesheets by Dean/Head of Dental Hospital

5. Human Resource and Payroll Department shall verify and submit payroll data along with payroll JV for review to Financial Control Head by 25th of every month (or the last working day prior to 25th).

6. Financial Control Team shall be responsible for reviewing payroll and pension data received from Payroll Department, performing trend analysis and ensuring any variations as compared to last month are adequately supported.
7. Payroll payment shall be released by 27th of every month for regular employees.
8. For part time administration staff and research assistant, the payroll data shall be shared by Payroll Department on the last working day of the month. The same shall be processed by 5th of every month after the review by Financial Control Head.
9. Any payroll data that misses the cut-off date (regular employees or part time staff/ researcher) shall be processed in the next month’s payroll cycle.
10. Human Resource and Payroll Department shall verify and submit Pension data to Financial Control Head on a monthly basis by 1st of the next month (or the last working day prior to 1st).
11. Pension payment to General Pension and Social Security Authority (GPSSA) shall be released by Treasury team before 15th of next month after obtaining adequate approval.
12. Apart from monthly payroll, Financial Control Team shall also be responsible for reviewing and processing End of Service Benefits (EOSB) payment to resigned/ terminated Employees upon submission of 'Full and Final Settlement Form' from Payroll Department.
13. Treasury Team shall be responsible to disburse payroll and EOSB.

3.4.2 Value Added Tax

1. VAT Specialist shall ensure all VAT related activities carried out within UOS are complying with the Federal Decree-Law No. 8 of 2017 ("VAT Decree-Law") and its Executive Regulations. VAT Specialist shall also be responsible for ensuring application of any relevant guidelines or clarifications issued by FTA.
2. VAT Returns shall be filed on the FTA Portal every quarter-end. The due every for submission of VAT returns is 28th of the succeeding month of the quarter, or the first working day thereafter in case 28th falls on a weekend.
3. Receivables and Payables Accounts shall be linked to the appropriate VAT Treatment to ensure accurate application of the respective tax position. Tax positions for UOS' supplies and purchases shall be maintained by the VAT Specialist and reviewed on a quarterly basis to ensure it is up to date.
4. All **Standard Tax Invoices** issued and received by UOS shall contain the following particulars (at minimum):
   - The words "Tax Invoice" clearly displayed on the invoice.
   - The name, address, logo and tax registration number of the registrant making the supply.
   - The name, address, and Tax Registration Number of the Recipient where he is a Registrant
   - A sequential tax invoice number or a unique number which enables identification of the tax invoice and the order of the tax invoice in any sequence of invoices.
   - The date of issuing the tax invoice.
   - The date of supply if different from the date of the tax invoice.
   - A description of the goods or services supplied.
   - For each good or service, the unit price, the quantity or volume supplied, the rate of Tax and the amount payable expressed in AED.
   - The amount of any discount offered.
   - The gross amount payable expressed in AED.
   - The Tax amount payable expressed in AED together with the rate of exchange applied where the currency is converted from a currency other than the UAE dirham.
5. In case the value of supply is less than AED 10,000, or if the Recipient is not VAT registered, than issuance of a **Simplified Tax Invoice** is permitted. A Simplified Tax Invoice shall contain all the following details:
   - The words "Tax Invoice" clearly displayed on the invoice.
   - The name, address, and TRN of the Registrant making the supply.
   - The date of issuing the tax invoice.

- A description of the goods or services supplied.
- The total consideration and the tax amount charged.

6. In cases where more than one supply of goods or services are undertaken to same person, then issuance of a **Summary Tax Invoice** at the end of each month is permitted. A Summary Tax Invoice shall contain all of the particulars of a Standard Tax Invoice (mentioned above). In addition, a summary of all supplies of goods or services made in the calendar month shall also be specified.
7. Tax Invoices shall be issued within 14 calendar days of the date of supply. Date of supply is earlier of:
   - completion of the service.
   - receipt of payment.
   - or issuance of a Tax Invoice

8. Purchases from Unregistered Suppliers

If the local supplier is not registered under VAT, the supplier cannot charge VAT on the invoice. Further, there is no requirement of paying VAT on Reverse Charge Mechanism (RCM) in such cases.
VAT Specialist shall request the Procurement Team to obtain a Self-Declaration from the Non-registered Supplier stating that "UOS shall not have any future liability for payment of VAT due to non-compliance of UAE VAT Law by the Supplier".

9. Reverse Charge Mechanism (RCM)

- Reverse Charge Mechanism is applicable to UOS while importing goods or services from outside UAE or from a UAE-Authorized Designated Zone.
- The reverse charge tax is the amount of VAT one would have to pay on the goods or services if the same would have been bought / purchased in the UAE.
- VAT shall be charged for imported custom-declared goods by UAE Customs during VAT Returns Filing.
- VAT for imported services shall be reported during VAT Returns Filing.
- For foreign currency invoices, VAT shall be calculated at the exchange rate applicable on the date of invoice.

10. Recoverability of VAT

UOS can recover input tax incurred on the purchase of goods and services in the course of business, subject to certain conditions and restrictions. These restrictions are contained in Article 53 of the UAE VAT Regulations. Summary of eligibility and restrictions:

- The supply should be used (directly or indirectly) for making a taxable supply or export of taxable or exempted supply.
- The recipient should be in possession of tax invoice.
- The recipient should discharge the liability towards the supply to the supplier within 6 months of the agreed date. If the payment if not made within such period, the input tax recovered needs to be adjusted and can be recovered in the month in which the payment is made to the supplier.
- Further, supply received should not be in the nature of:
    - Entertainment
    - Motor Vehicle purchased, leased, or rented if the same is available for personal use either in full or in part.
    - Any expenses incurred in operating or maintaining the above vehicle.
    - Goods or Services procured for use by employees for no charge, unless:
        - There is legal obligation to provide the goods/service.
        - There is a contractual obligation or a documented policy to provide which is the normal business practice and the same required for the employees to perform their duties.
        - It is treated as a deemed supply.

11. Proportionate Recoverability of Input Tax (Apportionment)

1. Input Tax for mixed purchases (i.e., purchases attributable to both Taxable and Exempt Supplies) shall be calculated as per “Standard Method” described in VAT Decree Law.

- Calculate Recoverable Input Tax for purchases fully attributable to taxable supplies (including Zero-Rated supplies)
- Calculate Non-Recoverable Input Tax for purchases fully attributable to Exempt Supplies
- Apply the below formula to calculate the eligible portion of mixed purchases:

Recoverable Input Tax/ (Recoverable + Non-recoverable Input Tax)

2. This calculation is required to be performed for each reporting period, and then for the entire tax year cumulatively. The difference between the sum of input tax recovered in the individual Tax Returns and input tax as per annual calculations, will need to be adjusted in the first tax period of the next year.
3. Application for a Special Input Tax apportionment method

   Post completion of the final VAT return for the year, a two-step process is to be conducted for the following tax year-end:

- First Step: Perform a standard "wash-up" method calculation to determine UoS's overall input tax recovery for the respective year.
- Second Step: Determine whether the input tax recovered by UoS under the standard method (after applying the wash-up calculation), reflects the 'actual use' of goods and services procured.

4. Output based Method is applied to perform ‘actual use’ calculation

   The eligible portion of mixed purchases is calculated based on the below formula.

   Taxable Supplies / (Taxable + Exempt + Non-business Supplies)

   The difference between the two sets of calculations shall be reported as an Adjustment, if it exceeds AED 250,000.

12. Capital Asset Scheme:

Purchases related to Property, plant & equipment with Book Value above AED 5 million shall be eligible for recovery as part of Capital Asset Scheme specified in the Executive Regulations.

Useful life for such Capital Assets shall be:

- 10 Years for Buildings and parts thereof
- 5 Years for all other Capital Assets

Stock Items for resale shall not be treated as Capital Assets.

Expenditure consisting of smaller sums which collectively amount to AED 5,000,000 or more shall be treated as a Capital Asset in the following cases:

- For the purchase of a building.
- For the construction of a building.
- In relation to an extension, refurbishment, renewal, fitting out, or other work undertaken to a building, except that where there is a distinct break between any such works being undertaken, they shall be taken to be separate items of expenditure.
- For the purchase, construction, assembly or installation of any goods or immovable property where components are supplied separately for assembly.

Adjustments to Capital Assets shall be made in line with *Article 58 of the Executive Regulation to the VAT Decree-Law*.

13. Output VAT Adjustments

UOS shall adjust Output Tax after the date of supply in any of the following instances:

- If the supply was cancelled;
- If the Tax treatment of the supply has changed due to a change in the nature of the supply;
- If the fee charged was altered or returned (in full or part) for any reason;
- If the goods/ services provided were not accepted returned (in full or part) for any reason; or
- If the Tax was charged in error.

Output Tax shall be adjusted by raising a Tax Invoice (in case the Output Tax amount due has increased) or Tax Credit Note (if the Output Tax amount due decreased)

14. Adjustments for Bad debts

UOS may reduce the Output Tax in a current Tax Period to adjust the Output Tax paid for any previous Tax Period if all of the following conditions are met:

- Goods and Services have been supplied and the Due Tax has been charged and paid.
- Outstanding amount has been written off in full or part as a bad debt in UOS accounts.
- More than six (6) months has passed from the date of the supply.
- UOS has notified the Customer of the written-off amount.

UOS shall reduce the Recoverable Input Tax for the current Tax Period related to a supply received during any previous Tax Period where the amount has not been paid and all of the following conditions are met:

- UOS has received a notification from the Vendor on an outstanding amount write-off and subsequent Tax deduction.
- UOS received the goods/ services and the relevant Input Tax was deducted.
- The amount has not paid in full or in part for the supply for over (6) six months.

15. Disclosures and Corrections

UOS shall be required to fill in a "Voluntary Disclosure Form" along with the Letter and submit to FTA in case of any errors or omissions related to prior VAT Returns filing. This Letter shall indicate the reasons for the Voluntary Disclosure, the errors as well as the impact on the relevant sections/boxes of the VAT Return. Cases of errors include the following:

- Calculated output tax incorrectly.
- Recovered incorrect amount of input tax; and
- Incorrect tax refund amount claimed.

Mechanism to report Errors		
Net Payable Tax	Error found subsequently and tax payable **>10,000 AED**	Voluntary Disclosure to be made within 20 business days of becoming aware of the error
	Error found subsequently and tax payable **<=10,000 AED**	Report in tax return in which error discovered
Net Refundable Tax	Refund filed and error found subsequently	Voluntary Disclosure to be made within 20 business days of becoming aware of the error
	Refund not filed	Refer Net payable tax scenario

The following details shall be submitted while disclosing any errors/ omissions to FTA:

- Date on which the error was identified.
- Previously Reported Amount vs. Updated Amount

3.4.3 Property, plant & equipment, intangible assets and Investment properties

3.4.3.1 Recording and Capitalization

1. Financial Control Team shall be responsible for ensuring accurate capitalization of Property, plant & equipment while adherence to ***"IAS 16 – Property, Plant and Equipment"***.
2. Property, plant & equipment shall be recognized when the risks and rewards of ownership have been substantially obtained and passed to UOS; when it is probable that:
   - The future economic benefits associated with the asset shall flow to UOS;
   - Useful life exceeds one year; and
   - The cost of the asset can be measured reliably.
3. Property, plant & equipment shall be initially recorded at cost. 'Cost' includes all costs necessary to bring the asset to working condition for its intended use. This would include not only its original purchase price but also costs of site preparation, delivery and handling, installation and other direct/overhead costs.
4. In case of purchase of identical assets, the total cost of the assets shall be allocated to each item separately on a proportional basis in accordance with the Vendor's invoice of these assets.
5. If an asset is acquired at no cost or for a nominal cost, the cost of the asset shall be the fair value of the asset as at the date of acquisition. Fair Value shall be determined as per the Market approach i.e., using prices and other relevant information generated by market transactions involving identical or similar assets.
6. New assets shall be assigned a physical location and an Asset Custodian by FAU Team. For Property, plant & equipment assigned to employees for individual use, the relevant employee shall be considered as the Asset Custodian.

Intangible Assets

7. 'Intangible Assets' are identifiable non-monetary assets without physical substance. The three critical attributes of an intangible asset (in compliance with ***"IAS 38 – Intangible Assets"***) are:
   - Identifiability (Example: Licensing, royalty agreements, patented technology etc.).
   - Control (power to obtain benefits from the asset); and
   - Future economic benefits (such as revenues or reduced future costs).
8. When software is considered an integral part of the hardware, then such software costs shall be included as part of the fixed asset.

Investment Property

9. Investment property is land or a building (including part of a building) or both that is:
   - Held to earn rentals or for capital appreciation or both;
   - Not held for sale in the ordinary course of business.
10. An investment property shall be measured initially at cost.
11. Subsequent to initial recognition, investment properties shall be stated at historical costs less accumulated depreciation less impairment losses, if any.

Capitalization of Improvements

12. Major Property, plant & equipment repairs and maintenance should be capitalized, if all the following conditions are met:
    - The repair and maintenance costs (assessed on a case-to-case basis) are relatively higher than the current cost of the asset; and
    - The productive life of the asset is increased by more than 12 months.
13. Expenditures that improve the functionality of an asset, enhance the performance of the asset or significantly extend the assets' original useful life (improvements) should be capitalized (increase to the current cost of the asset). Expenditures that do not meet these criteria shall be expensed in the period in which they are incurred.
14. All office improvements are capitalized if they relate to the occupancy of a new office or major renovation of an existing office. Expenditure in maintaining an existing facility shall be expensed as a repair cost.

Capital Work in Progress

15. 'Capital Work in Progress' (CWIP) account contains all expenses incurred on an asset until it is completed and ready to use. In case of projects under construction such as buildings etc., the value to be recorded under CWIP shall be, all the payments made for that project for various suppliers/ vendors/contractors.
16. Borrowing costs refer to any finance costs incurred on the borrowings. Borrowing costs associated with the loan taken for all qualifying assets (i.e., assets that take 12 months or more to get ready for their intended use.) shall be capitalized to the respective CWIP account (in compliance with ***"IAS 23 – Borrowing Costs")***.
17. In case the borrowing associated with the qualifying asset is part of a general pool (i.e., the function/usage of the borrowing is not specified), then the eligible borrowing cost is determined

by applying a capitalization rate to the expenditure on that asset. The capitalization rate relating to general borrowings is the weighted average of the borrowing costs applicable to UOS borrowings.

18. Capitalization shall commence when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress (may include some activities prior to commencement of physical production). Capitalization shall be suspended during periods in which active development is interrupted and cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.
19. Any income earned from reinvestment of specific borrowings related to qualifying assets shall be deducted from the total borrowing cost to be capitalized.
20. CWIP assets shall not be subject to depreciation.
21. Once the asset is completed or the asset is technically capable of operating and providing the service for which it is intended, the appropriate cost of the asset is transferred from CWIP to Property, plant & equipment. Such transfer shall be performed upon receipt of the 'Site Handover certificate' from the Project team.
22. In case completion of the fixed asset has been postponed/ put on hold, Finance Control Team shall provide a disclosure on the amounts of the relevant expenses posted under the CWIP account for the relevant fixed asset during its preparation of annual financial statements.

Government of Sharjah Equity Additions

23. Any enhancements and developments initiated by Government of Sharjah on UOS land shall be notified to the Finance Control Team and FAU by FMPD Department on a monthly basis.
24. Based on these notifications, Financial Control Team shall be required to request the cost details from the Government of Sharjah to ensure timely and accurate recognition to the corresponding Asset and Equity accounts.

Lease Contracts

25. UoS shall identify an asset under a lease contract if the contract conveys the right to control that asset for a period of time in exchange for payment.
26. For every lease arrangement, Financial Control Team shall recognize right of use ('ROU') asset and the lease liability measured at the present value of the minimum lease payments.

27. A ROU asset and corresponding lease liability shall not be recognized if the lease term is less than 1 year or low value asset exemption is planned to be availed.
28. Any amendment to the lease contract shall require a recalculation of the lease liability and right-of-use asset based on the amended terms.
29. During the course of operations, UOS may decide to lease out its current assets to an external party. In such a case the relevant Department shall formalize the contract and submit it to the Financial Control Team upon approval. Once received, the Financial Control Team shall review the contractual agreement and accordingly classify the lease as a financial lease or operating lease.
    - A financial lease shall transfer ownership of all risks and rewards of the asset to the other party, either during the lease term or by the end of it.
    - An operating lease allows the other party to utilize the asset; however, ownership still resides with UOS.
30. Financial Control Team shall review lease contracts to identify if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, in which case it recognizes a lease liability.
31. Upon confirmation from the Fixed Asset Unit on the acquisition of a fixed asset under the lease, the accountant shall calculate and record the lease liability as the present value of all future lease payments to be made. The discount rate utilized to calculate the lease payments shall be the interest rate implicit in the lease contract or the appropriate incremental borrowing rate applicable to UOS.
32. The Treasury Team shall support in obtaining the relevant interest rates from the market to accurately estimate the incremental borrowing rate.
33. Lease liabilities shall be automatically adjusted in the system upon lease payments based on the amortized cost using the effective interest method.

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3.4.3.2 Depreciation

1. Depreciation for Property, plant & equipment shall be charged as expense on 'straight-line basis' and the depreciable amount (cost less residual value) shall be allocated on a systematic basis over the useful life of the asset, in accordance with ***"IAS-16 Property, Plant and Equipment"***. The 'Estimated Useful Life' shall be obtained from below table.

Asset Category	Useful Life (Years)
Land	-
Buildings	25
Infrastructure	30
Equipment (Office, Lab, IT, Electrical / Electronic, Air Conditioning)	4
Furniture and Fixtures	4
Dental Equipment	10
Library Books & CDs	10
Chillers	10
Motor Vehicle	5
Fixed Asset with value less than AED 5,000	1

2. All fixed asset purchases shall be depreciated based on its related useful life. However, no depreciation shall be charged on land, Capital Work in Progress, fixed assets held for sale and capital spare parts which are not installed.
3. Leased Assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that UOS shall obtain ownership by the end of lease term.
4. Depreciation for an asset shall commence from the date the assets are put to use.
5. Depreciation shall be calculated automatically on monthly basis and charged to the depreciation expense account until the Net Book Value (NBV) of the asset reaches zero/ residual value. Assets with a zero NBV or which have been depreciated up to the residual value shall not be depreciated further.
6. The depreciation expense shall be directly allocated to the cost centre where the asset is assigned.
7. The residual value and the estimated useful life of an asset shall be reviewed and adjusted at least at each financial year-end and any changes to it shall be accounted for as a change in accounting estimate.
8. Depreciation for retired (scrapped, sold or lost) assets shall cease from the date of retirement.

3.4.3.3 Transfer of asset

1. Transfer of assets shall be reflected by FAU Team.
2. Depreciation shall be automatically allocated upon on the new assignment.
3. Any asset held for sale and not utilized shall be transferred to current asset as held for sale and no depreciation shall be charged.

3.4.3.4 Sale/ Disposal of Assets

1. An asset shall be removed from the financial ledgers upon disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal.
2. Any fixed asset held for sale shall not be subject to depreciation.
3. Write-offs over and above AED 10,000 (Written Down Value) must be submitted to Finance Committee for their approval.
4. Technical approval of the respective departments shall be obtained before considering assets for disposal/ write-off.

Asset Category	Department Technical Approval
IT Equipment and Accessories	Information Technology Center
Building related equipment	Facility Management and Planning Department
Furniture and Fixtures	
AC Equipment / Chiller	
Lab Equipment	Central Laboratories Directorate
Dental Equipment	Dental college /Hospital and Central Laboratories Directorate
Other non-building related equipment	Respective Department
Motor Vehicle	Transportation Department

5. The gain or loss arising on the disposal/sale of any item of PPE/ Investment properties is calculated as the difference between the net disposal proceeds and the carrying value, which shall be recognized in the Income & Expenditure Account.
6. In case the asset is approved for sale, the Financial Control team shall estimate the asset's net fair value (i.e., fair value less costs to sell) and transfer the asset to 'Held for Sale'.
7. Any fixed asset held for sale shall not be subject to depreciation.
8. In line with ***"IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations"***, the following information should be disclosed by the Financial Control Team upon confirmation that the asset shall be held for sale:
   - description of the non-current asset or disposal group.
   - description of facts and circumstances of the sale (disposal) and the expected timing;
   - impairment losses and reversals, if any, and where in the statement of comprehensive income they are recognized; and
   - the reportable segment in which the non-current asset (or disposal group) is presented, if applicable.

3.4.3.5 Revaluation of Property, plant & equipment

1. Property, plant & equipment held at fair value shall be revaluated to ensure that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date. Finance Director shall define what constitutes the 'material' difference.
2. Property, plant & Equipment whose fair value is expected to be materially different from its carrying value shall be revalued year-on-year whereas, PPE whose fair value is not expected to be materially different from its carrying value shall be revalued over 3-5 years.
3. If an item is revalued, the entire class of assets to which that asset belongs shall be revalued.
4. Revalued assets shall be depreciated in the same way as under the cost model.
5. If a revaluation results in an increase in value, it shall be credited to other income and accumulated in equity under the heading "revaluation surplus" unless it represents the reversal of a revaluation decrease of the same asset previously recognised as an expense, in which case it shall be recognised in Income and expenditure account.
6. A decrease arising as a result of a revaluation shall be recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

7. When a revalued asset is disposed of, any revaluation surplus shall be transferred directly to retained earnings, or it may be left in equity under the heading revaluation surplus. The transfer to retained earnings should not be made through Income and expenditure account.

3.4.3.6 Impairment

1. On an annual basis, UOS shall access whether there is any indication that a fixed asset may be impaired
2. If the recoverable amount of an asset (i.e., the higher of Net Realizable Value and Value in Use) is estimated to be less than its carrying amount (i.e., net value of the asset in UOS ledgers), the carrying amount of the asset shall be reduced accordingly and an impairment loss shall be immediately recognized.
3. If it is not possible to determine the recoverable amount for the individual asset, then recoverable amount for the asset's cash-generating unit (CGU) (i.e., the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets) shall be determined.
4. Capital spare parts are not capable for generating economic benefits to the entity by its own and instead do so as part of a CGU, hence capital spare parts shall be considered for impairment within their respective CGU when in use.
5. In assessing whether there is any indication that an asset may be impaired, the following indications, at minimum, shall be considered:

   External

   - During the reporting period, whether an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
   - Significant changes with an adverse effect on UOS have taken place during the reporting period, or shall take place in the near future, in the technological, market, economic or legal environment; and
   - Market rates of return on investments have increased during the reporting period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

   Internal

   - Evidence is available of obsolescence or physical damage of an asset.

- Significant changes with an adverse effect on UOS have taken place during the period or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include:
  - ✓ the asset becoming idle;
  - ✓ plans to discontinue or restructure the operation to which an asset belongs;
  - ✓ plans to dispose of an asset before the previously expected date; and
  - ✓ reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or shall be, worse than expected.

6. During the annual impairment assessment, if there is an indication that the impairment loss has been decreased, the recoverable amount shall be re-calculated. If the recoverable amount is found to be greater than the carrying value, the impairment loss recorded shall be reversed.
7. The increased carrying amount due to reversal shall not exceed the depreciated historical cost (if the impairment had not been recognized).
8. All impairment loss and reversals shall be reported in the profit and loss statement.
9. All future depreciation entries shall be adjusted based on the updated carrying value amount.

3.4.4 Chart of Accounts

1. The Chart of Accounts (COA) structure is the coding structure used to classify, record, and report UOS financial transactions. Chart fields and description used by UOS are stated below:
   - **Account**: List of items against which each transaction is recorded for financial reporting purposes
   - **Fund**: List of funds maintained by UOS
   - **Organization**: List of Colleges and Departments under UOS
   - **Program**: List of events, conferences and projects carried out by UOS
2. Financial Control Team shall be responsible for the review, maintenance, identifying access control to UOS' Chart of Accounts while implementation of changes shall be the responsibility of Financial System Team.
3. Financial Control Team shall ensure each field has an appropriate description for clarity and consistent transaction coding. Chart of Accounts shall not include duplicate account numbers or descriptions.
4. Requests for adding a new Program Code related to Research projects shall include the contractual terms, duration, milestones and total budget, and shall be supported by a signed Contract copy.
5. Chart of Accounts shall be reviewed on an annual basis by the Financial Control Team to identify new account requirement, or to eliminate any redundant account.
6. Chart fields shall not be deleted and/or updated, in order to monitor transaction history and facilitate comparison with prior financial data.
7. Disablement shall only occur for Chart field with zero balance.
8. New Chart field creation and disablement shall be performed by Financial System team upon recommendation of Financial Control Head and approval of the Finance Director.

3.4.5 Corporate Customer Master Data Management

1. Finance Control Team shall be responsible for the Corporate Customer Master Data Management.
2. Customer Creation template shall be obtained from all the credit customers along with required documents prior to entering into any transaction.
3. The defined criteria / guidelines for assessment of Corporate Customer shall be adhered by the Finance Control Team.
4. Credit limit assigned to each customer shall include both:
   - Number of days allowed for payment post submission of invoice; and
   - Maximum credit value.
5. Customer Master Data shall be reviewed annually.
6. Customer Accounts with no activity in the past 2 years shall be marked as 'Inactive' .

3.4.6 Vendor Data and Payment Terms Review

1. As part of Vendor Master File Management, FC Team shall be responsible for validating the TRN, IBAN and other Bank details of Vendors registered within UOS. IBAN validation shall require a confirmation letter from the Vendor's Bank.
2. The Standard Payment Terms at UOS for each PO/Contract shall be subject to Procurement and Supply Chain Department's negotiation with the Vendor.
3. Prior to Vendor Account deletion, Procurement Team shall be required to coordinate with the FC Team to ensure a zero Account balance, and perform the needful activities to achieve it.

3.4.7 Period Closing

1. Financial Control Team shall be responsible for ensuring timely closure of books of accounts on a monthly basis with the necessary adjustments (if any) made to the accounting records within the relevant period.
2. Period-end closing shall be performed based on the 'Closing Checklist', which shall include:
   - List of activities to be undertaken as part of closing process,
   - Periodicity of performing each activity (Monthly/ Quarterly/ Annual),
   - Personnel responsible, and
   - Target date for completing the respective activity.
3. The 'Closing Checklist' shall be signed-off by the respective Team Heads and Finance Director, upon which the Financial Control Head shall be responsible for closing the period.
4. Any discrepancies noted by FC Head and FP&A Head during Period Closing review shall be notified to the respective Head for immediate correction.
5. As part of monthly closing, respective Teams within Finance shall also review the Exception Report to ensure accurate recording of transactions. The Exception Report shall include, but not limited to, the following:
   - Delays in approvals / Non-Conformation to stated SLAs;
   - Invoices with no corresponding PO/Contract or GRN/SRN/MCC;
   - Customers with outstanding invoices exceeding 80% of their credit limit; and
   - Any other Exceptions generated.
6. Accounting for corrections to erroneous entries or for booking material missed transactions shall be allowed upon the following exceptional authorization:

Timeline of Rectification	Authorized Personnel
Error made in the same Quarter	Respective Head within Finance Department
Error made in a previous Quarter but same Year	Finance Director

7. Once audited financial statements have been issued, no revaluation/adjustment of entries shall be allowed. Financial ledgers shall be locked for editing by the IT team and only view access shall be available to users of financial statements.
8. Financial Control Head shall reconcile the final Trial Balance with audited Financial Statement and shall carry forward balances to next year post validation.
9. Financial Control Team shall transfer any Deferred Liability recognised for the Research Grants to Revenue as part of the closing process.

Journal Voucher

10. Journal Voucher is processed to rectify the errors and to record non-cash transaction. Below table depicts multiple type of Journal voucher and relative description:

JV Type	Recording Description	Features	Notes
Fixed Asset Voucher	Purchase of Property, plant & equipment	Manual	Based on 'Fixed Asset Capitalization' 'Policy
Depreciation Voucher	Depreciation expense for the year	System Generated	Recorded based on Fixed Asset Register details
Expense Voucher	Expenses against Prepaid Expenses (Asset Account)	System Generated	Based on amortization schedule
		Manual	Based on Utilization of Service
Income Voucher	Income against Deferred Revenue (Liability Account)	System Generated	Based on amortization schedule
		Manual	Based on matching cost incurred for the period
Adjusting Voucher	Period closing entries	Manual	Based on identification during Business operations
Transfer Voucher	Shifting of balances of one account to another	Manual	Based on identification during Business operations
Rectification Voucher	Rectification of an error	Manual	Based on exceptional approval
Provision Voucher	Provision expenses	Manual	Based on calculation and approval of identified provisions
Accrual Voucher	Monthly Accruals	Electronically Imported	Based on the developed Accrual Report

11. Income from Government Grants shall be recorded in line with ***IAS 20 – Accounting for Government Grants***: Specifically, Financial Control shall ensure that Liability recognised against Deferred Revenue from restricted grants are transferred to revenue upon compliance to the precedent conditions

12. All entries related to posting of Manual JVs shall require the approval of the Financial Control Head

13. Journal voucher with negative balances not to be recorded in financial ledgers from control standpoint.

Accruals

14. Prior to monthly closing, Financial Control Team shall ensure that recurring expenses have been accrued at the end of each month, including (but not limited to):
    - Utilities;
    - Telecom;
    - Electricity and Water;
    - Annual Service Contracts; and
    - Employee related benefits (which are annual in nature, such as Ticket Allowance)
15. If the actual amount of the accrued expense cannot be determined at month-end, Financial Control Team shall be required to determine an estimate according to services received previously and discuss with respective Department to obtain their feedback on additional expenses that have to be accrued.

Contingent Liabilities and Provisions

16. Financial Control Team shall recognize provisions and contingent liabilities in compliance with ***"IAS 37 - Provisions, Contingent Liabilities and Contingent Assets".***
17. The amount recognized as a provision shall be the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation.
18. Each provision account shall be supported by accurate and appropriate supporting documentation that shall be retained electronically to support the validity of the recorded amounts.

Employee end of service benefits (EOSB)

19. On a monthly basis, Financial Control Team shall record the accrued 'EOSB Payable' based on previous year's EOSB Payable (adjusted for monthly basis).
20. At the end of every reporting year, Financial Control Team shall recognize EOSB Payable basis the report received from Actuary. The expense for the last month of the reporting year shall be computed as follows:

EOSB expense for the last month (August)	=	**Total expense for the year based on Actuary Report**	-	**Expense booked for the first 11 months (September - July)**

21. Annual provision for EOSB shall be calculated as the present value of all payments that UOS is expected to pay to its employees in the future. The following key assumptions shall be evaluated while determining the benefits liability:
    - Salary Escalation Rates: This includes all salary increments to be made by UOS to its employees under the HR Policy, considering all past trends and future business decisions.
    - Employee Attrition Rates: UOS employee attrition rate would be estimated on the future recruitment plans and past employment trends.
    - Discount Rates: The discount rate is determined by referencing the term of the government bond that best reflects the period of the obligation being discounted.

Provision for Doubtful Debts

22. Provision for doubtful debts shall be calculated annually based on the Simplified Approach described in **"IFRS 9 – Financial Instruments":**
    - For each Customer Group (as identified by Financial Control Team based on similar characteristic and loss patterns), derive historic loss rates.
    - Adjust the rates based on forward looking information to arrive at the expected loss rate.
    - Estimate the expected credit losses using the below formula:

Expected Credit Loss for a particular Customer group	=	**Outstanding balance for the Customer group**	X	**Expected Loss Rate estimated for the Customer group**

    - Obtain the total expected credit loss (and therefore the provision for doubtful debts) by summing the expected credit losses for all Customer groups.
23. Finance Director shall review and approve the annual provisions, along with the associated workings.

Bad Debts write-off

24. An Accounts Receivable amount is determined to be uncollectible when it meets one of the following criteria:
    - All reasonable collection efforts have been exhausted.
    - Legal opinion has been obtained on recovering the outstanding amount.
    - The cost of further collection action will exceed the amount recovered.
    - The debtor cannot be located.
    - The debt was discharged in bankruptcy.
25. Bad debt shall be written-off after obtaining approval as per the below matrix:

Criteria	Recommendation	Approval
Less than AED 10,000	▪ Finance Director ▪ VCFA	▪ Chancellor ▪ Compliance & Internal Audit Team
Above AED 10,000	▪ Finance Director ▪ VCFA ▪ Chancellor	▪ Finance Committee ▪ Compliance & Internal Audit Team

26. Any Output VAT for the written-off amount shall be adjusted in line with *Policy 14 of the VAT Policy (Section 3.4.2).*
27. Any amount received after the account is officially written-off shall be recorded as Other income under 'Bad Debt Recovery' Account. A Tax Invoice shall be generated to record the Output VAT in line with *Policy 13 of the VAT Policy (Section 3.4.2)* as applicable.
28. Customer shall be recommended to VCFA and respective Head of Business Centre to be blacklisted in the following scenarios:
    - Legal proceedings are initiated by UOS; or
    - Any amount related to the Customer is approved for write-off.

Annual Stock and Asset Physical Verification

29. Financial Control Team shall form part of the cross-functional Team for carrying out stock counts and physical verification of assets. Based on the results of this exercise, Financial Control Team shall record the relevant adjustments.
30. Provision for slow moving/ obsolete inventory items shall be recorded as follows:

Criteria	Provision %
Stored Items for less than 2 years	0%
Stored Items for 2-3 years	10%
Stored Items for 3-4 years	25%
Stored Items for 4-5 years	50%
Stored Items for more than 5 years	75%
Lost Items/ Items marked for disposal	100%

3.4.8 Reporting

3.4.8.1 Financial and Management Reporting

1. Financial Control Team shall prepare Management reporting packs and financial statements on a quarterly basis.
2. Financial Statements shall be developed in accordance with the IFRS reporting standards.
3. Financial Control Team shall ensure all information provided in the Management reporting packs and financial statements is complete, accurate, and free from bias and established with references.
4. Financial Control Team shall ensure that the Separate and Consolidated financial statements are developed in accordance with IFRS/IAS reporting standards and includes the following:
    - Statement of Financial Position;
    - Statement of Income and Expenditure;
    - Statement of Cash flows;
    - Statement of changes in equity; and
    - Notes attached to these financial statement
5. In case any asset/ liability is in a currency other than AED, Financial Control Team shall ensure the amount is converted to AED using the applicable exchange rate at the reporting date. Any differences arising from such conversions shall be recognized as unrealized foreign exchange gain/loss.
6. For Subsidiaries, Financial Control Team shall follow ***"IFRS 10 – Consolidated Financial Statements"*** and ensure:
    - Items of asset, liabilities, equity, income, expenses and cashflows are accurately consolidated,
    - UOS' equity is offset against the Subsidiaries' carrying amount, and
    - Intragroup items are eliminated.
7. Financial Control Team shall ensure that the UOS financial statements shall be prepared on historical cost basis.
8. Any estimates or assumptions made by the Financial Control team during the preparation of financial statements shall be clearly documented and highlighted.
9. For each related party with whom transactions have been incurred in the year, the following details shall be disclosed in the financial statements:
    - The amount and nature of the transactions;
    - The amount of outstanding balances, including terms and conditions and guarantees;
    - Provisions for doubtful debts related to the amount of outstanding balances;

- Expense recognized during the period in respect of bad or doubtful debts due from related parties.

10. Related party transactions shall also include compensation for key management personnel, and UOS shall disclose the compensation provided for the period in total and for each of the following categories:
    - Short-term employee benefits;
    - Post-employment benefits;
    - Other long-term benefits; and/ or
    - Termination benefits;
11. Notes to the financial positions and statements shall include the following:
    - Breakdown and disclosure of related items to financial positions and statements.
    - Any material changes to the accounting policies including the effect of such changes on the financial position of UOS.
    - Any material changes to the accounting estimates for any item.
    - Any significant events affecting UOS that have had a material effect on UOS financial position.
    - Explanations to items included in the financial statements that enable a full understanding and interpretation of the financial position of UOS.
12. In case of change in accounting policy or detection of an error in a previous period, and if found to be material, the financial statements shall be restated retrospectively by restating the comparative amounts for the prior period(s) in which the policy was applied/ error occurred.
13. Any changes in the accounting estimates shall be recognized prospectively in the financial statements for the current and future periods.
14. Financial Control Team shall be responsible for identifying any adjusting events (i.e., events that occur between the end of the reporting period and the date of financial statements issue that provide further evidence on conditions existing at the end of the reporting period) and accordingly adjust the financial statements.
15. In case any adjusting events are identified prior to the date of the issue of the financial statements but after the external auditor's report date, Financial Control Team shall inform the auditor to update the report and accordingly amend the financial statements.
16. Any non-adjusting event (i.e., an event after reporting period that indicates a condition arising after the end of the reporting period) shall be included in the disclosures if found to be material.
17. Prior to finalization of the annual financial statements, Financial Control Team shall be responsible for submitting the Statement of Account for “Equity-Government of Sharjah” to Sharjah Finance Department for reconciliation and finalization.

18. Annual Financial Statements shall be audited by external auditors selected by the Finance Committee on an annual basis.
19. Financial Control Team shall ensure external auditors are provided with timely, accurate, and reliable financial information in the form of final trial balance with full disclosure and coordinate with other functions and departments to provide relevant information.
20. Financial Control Team shall review and subsequently incorporate adjustments proposed by the external auditor to UOS financial statements.
21. Audited financial statements shall be approved by the Board of Trustees, upon recommendation from Finance Committee.
22. Financial Control Team shall prepare the financial positions and the management reporting pack for each quarter-end within 15 working days after the end of each quarter. During the close of the financial year, Financial Control Team shall also prepare the annual financial statements.

3.4.8.2 Monthly Reporting to Government of Sharjah

1. On a monthly basis, Financial Control Team shall extract and fill-in the following information on the "Financial Framework Data" template provided by the Government:
   - **Budget**: Budgeted figures for the current year
   - **Actual Revenue and Expenditures- Cash Basis**: Actual receipts and payments made by UOS during the month
   - **Debt**: Details of all debts taken by UOS
   - **Bank Details**: Details of all Bank Accounts maintained by UOS (including deposits and financial facilities), along with their As-of-date balance
   - **Financial Liabilities**: Details of payables account, along with payable ageing details
2. The Report shall be approved by the Finance Director and submitted to the Government by 15^{th} of the following month.

3.4.8.3 Research Projects Reporting

1. Monthly meetings shall be conducted between Research Accountant and respective Research Team to evaluate Budget vs Actual Expenses for External funded projects, which shall be reported to the respective Sponsor.
2. Post Project completion, Research Accountant, in coordination with Research Team, shall be responsible for developing a report for the External Sponsors to provide information on the project results, expense details and unused funds, if any.
3. Cost benefit analysis for CAPEX items shall also be performed in order to determine whether research-based equipment shall be used alternatively or disposed-off.

Treasury Policies

3.5 Treasury

Overview

Treasury function enables UOS to manage its liquidity and ensuring effectiveness in banking operations such as management (opening/closing) of bank accounts, investments and financing facilities such as loans. It also involves activities such as cash and cheque receipts, disbursements, request for preparation of important documents from the bank such as letter of credit, and handling of petty cash.

Purpose

The purpose of the Treasury process can be determined as follows:

- Ensure compliance with all bank covenants, especially relating to bank account opening, closing and modification to Banking Signatories and financing agreements
- Manage Letters of Credit requirements
- Record and maintain cash and cheques upon receipt to avoid financial loss.
- Disburse outstanding payments promptly to avoid penalties or loss of reputation while ensuring that they are adequately approved
- Maintain custodianship of Bank Guarantees and release/ liquidate them upon requirement
- Timely reconciliation of bank accounts
- Perform timely replenishment of petty cash and prepaid cards while maintaining sufficient petty cash to meet UOS' business needs while ensuring excessive cash is not held within petty cash to affect UOS' liquidity
- Identify investment opportunities for UOS based on the excess liquidity identified
- Ensure appropriate reporting to UOS' stakeholders for Treasury based activities upon requirement

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Scope

The scope of the Treasury process includes the following:

- Bank Management
- LC (Letter of Credit) Establishment and Issuance
- Receipts
    - Credit Cards;
    - Cheques;
    - Bank Deposits; and
    - Online Transfers.
- Payments
    - Electronic Fund Transfers;
    - Cheque Payments;
    - Credit Cards/ Prepaid Cards; and
    - Letter of Credit Payments
- Petty Cash and Prepaid Card – Establishment
- Bank Reconciliation
- Bank Guarantees Release and Liquidation
- Liquidity Management
- Investments
- Financing Facilities
- Reporting

3.5.1 Bank Management

1. Treasury Head and Finance Director shall be UOS representatives for interacting with Banks.
2. Treasury Head shall ensure both primary and secondary signatories for all Bank Accounts, are always up to date to accommodate any resignations and recruits. *Please refer to "Payment Approval Matrix".* Any changes to the Banking Signatories shall require a Board / Chancellor Resolution.
3. A separate Bank Account shall be maintained for each of the below categories:
   - Student Income;
   - Income from Business Centres;
   - Income from Research;
   - Payments;
   - Investments (if required); and
   - Financial Arrangements (if required).
4. Treasury Head shall be responsible to review all Bank Accounts and identify dormant accounts (if any) at the end of each financial year and report to Finance Director with appropriate recommendations.
5. Bank Accounts shall be closed only after obtaining a recommendation from the VCFA and approval from the Chancellor.
6. Treasury Accountant shall be responsible for updating the daily FX rates in ERP based on rates provided by Central Bank of UAE.

3.5.2 LC (Letter of Credit) Issuance

1. Letter of Credit shall be issued only to Vendors with whom 'LC Payment' has been authorized as the mode of payment as part of the contractual agreement.
2. Treasury Head shall be responsible for modifying, tracking and monitoring LC status for renewal, cancellation and settlement, based on notification from Procurement Team.
3. Permissible modifications include:
   - Change in terms and conditions or text;
   - Extension in validity; or/and
   - Increases/ decrease in value of the LC including cancellations.
4. Treasury Team shall monitor the status of each LC and report to the Finance Director on a monthly basis.

3.5.3. Receipts

This section pertains to activities relating to collection. For more details related to UOS' income, please refer to 'Accounts Receivable' section.

1. Treasury Team shall be responsible for recording collections, while Income from Colleges, Business Centres and Research Department shall be recorded by Account Receivable Team to ensure segregation of duties.
2. The following payment types are accepted by UOS:
   - Credit Cards;
   - Cheques;
   - Bank Deposits; and
   - Online Transfers.
3. Each Income stream shall be provided with a unique income pre-fix which will enable the issuance of receipts against the respective stream.
4. Cheques received by Cashier shall be submitted to Treasury Team daily, and shall be reconciled with the Cheque Tracker.
5. Cheques shall be physically protected using lock and key cabinets by the respective Custodian.
6. Cheques shall be returned to the Student/ Customer only upon approval of AR Head and confirmation of payment through alternative method.
7. Applicable fee and service charges shall be levied for all returned and bounced cheques. Furthermore, all instances of returned and bounced cheques shall be reported to the Finance Director on a monthly basis.
8. Direct deposits where Payee cannot be identified shall be recorded in a 'Suspense Account' on a monthly basis, and shall be cleared once the Payee is identified.
9. If the Payee is not identified after a period of three years from the date of deposit, the amount shall be recorded as "Other income".

3.5.4. Payments

This section pertains to activities relating to payments made to UOS' Vendors, Employees and Students. For more details, related to UOS' expenses, please refer to 'Accounts Payable' and 'General Ledger' sections.

1. Treasury Team shall be responsible for the disbursing payments related to all financial obligations of UOS from authorized sources. The following disbursement methods shall be utilized by Treasury Team:
   - Electronic Fund Transfers;
   - Cheque Payments;
   - Prepaid Cards/ Credit Cards; and
   - Letter of Credit.
2. All payments shall be authorized by the respective signatories as per the Payment Authority Matrix.
3. Treasury shall follow two (2) modes of payments for processing payments:
   - **Batch Payment:** Batch Payment cycles are run every week for all outstanding payments which are due for the upcoming week.
   - **Off-cycle Payment:** Payments related to Emergency Purchases shall be prioritized for immediate payment upon notification from Procurement.
4. Payments shall be processed based on the beneficiary details updated in the Vendor Master File and the Employee Master List.
5. Cheques shall be entered in the ERP by the Treasury Accountant and only used sequentially. In addition, Treasury Team shall confirm on a monthly basis that all unused cheques are in a continuous sequential order through a Cheque Book Confirmation order, which shall be counter-signed by FC Head.
6. Signed cheques shall remain in the custody of Treasury Accountant till the time it is handed over to the relevant beneficiary.
7. Treasury Team shall obtain and document written confirmation on cheque receipt by Vendor upon collection.
8. Any instance of a lost/damaged cheque or exceptional request from AP Team to stop a cheque payment shall require an issuance of a Stop Payment Letter to the Bank. Prior to Letter Issuance to the Bank, Treasury Team shall ensure the following:
   - Confirmation from Bank Statement that the Cheque has not been processed;
   - Police report of lost cheque received from Beneficiary; and

- Written acknowledgment from Beneficiary to accept any service charge levied by the Bank for the cheque replacement.

9. Payment by Credit Card/ Prepaid Paid shall only be made in exceptional cases as described under the *"Corporate Credit Card Management"* policy and *"Prepaid Card Framework".*
10. Treasury Team shall also be responsible for recording the FX gain/loss upon confirmation of foreign payment, based on the differences in the exchange rates on record date and payment date.

Corporate Credit Card Management

11. Corporate Credit Cards shall only be used for the below mentioned reasons:
    - Cases where online payment is the only payment option;
    - Cases where discounts are available for online payments;
    - Expenditure during overseas travel.
12. Corporate Credit Cards shall only be provided to the relevant personnel after approval in line with the DOA.
13. The use of Corporate Credit Cards for the purpose of, or during overseas travel must be in line with the approved HR Services policies for business travel and business expenses.
14. Corporate Credit Cards must not be used for cash withdrawal or for personal expenditure and must only be used by the person in whose name the card has been issued.
15. Cardholders must provide all required documents (originals) to the HR and Treasury Teams within 5 working days of receiving the credit card statement for review and verification of all expenses.
16. If the cardholder is on travel, the necessary documents must be provided within three days of return to UAE.
17. Finance and HR Directors shall have joint authority to deduct the billed amount from the relevant cardholder's payroll in case of unsubstantiated purchases.

3.5.5. Petty Cash and Prepaid Card - Establishment

1. A Department Director/ College Dean shall be required to request the fund from the Treasury Function through a 'Petty Cash/ Prepaid Card Establishment Request' form.
2. Treasury Head shall be responsible for the establishment of Petty Cash and Prepaid Cards in line with the 'Petty Cash and Prepaid Card Framework'.
3. Petty Cash and Prepaid Cards limits for each Department/ College shall be approved by Finance Director.
4. On a monthly basis, Treasury Team shall generate a 'Petty Cash and Prepaid Card Monthly Report', highlighting each float amount (as-of-date) and expenses incurred through Petty Cash or Prepaid Card during the month.
5. Treasury Head shall annually review the threshold limits against each Custodian and recommend changes, which shall be reviewed and approved by Finance Director.

3.5.6. Bank Reconciliation

1. In order to ensure accuracy, consistency, and timely reporting of transactions related to bank accounts maintained by University, Treasury Team shall be responsible for preparing monthly bank reconciliations.
2. Bank Reconciliation shall be reviewed and approved by Finance Director on monthly basis.
3. Treasury Head shall investigate long open items (i.e., beyond 3 months) and shall take necessary actions for resolution, including (but not limited to):
   - Conduct monthly meetings with respective Dean/ Director to discuss the open items; or
   - Generate a list of all unallocated receipts and share with AR Team to follow-up with Students;
   - Escalate the issue to the VCFA where the item is open for more than 3 months.
4. Treasury Head shall seek clarification from Bank in case any suspicious transaction is noted. Post confirmation of fraudulent transaction shall lodge claim against bank to recover the amount.
5. Treasury Team is responsible to validate and record any bank related fees and expenses (including foreign transaction processing fees) in line with agreed terms and conditions.

3.5.7. Bank Guarantees

1. Treasury Team shall be responsible for custodianship of all Bank Guarantees related to advance payments and financial liabilities pertaining to future work provided by the Vendor.
2. Procurement Team shall be responsible for notifying the Treasury Team to release/ liquidate the Bank Guarantee in case of the following:
   - **Release of Bank Guarantee:** Confirmation on fulfilment of the contractual objectives, supported by a valid GRN/ SRN/ Milestone Completion Certificate.
   - **Liquidation of Bank Guarantee:** Failure for fulfilling the contractual objectives stated in PO/ Contract.
3. Treasury team shall record entry in Financial ledgers upon liquidation of Bank Guarantee.
4. On a monthly basis, Treasury Team shall be responsible for reporting to Finance Director the list of all Bank Guarantees currently in custody of Treasury Team, along with any liquidations performed during the month.

3.5.8. Liquidity Management

1. Liquidity Management at UOS comprises of following activity performed by Treasury Team
   - Generation of daily Bank Balance Report; and
   - Preparation of weekly Cash Flow Forecast for upcoming 13 weeks and determining cashflow requirement to ensure UOS's liquid assets do not fall below the pre-determined threshold.
2. Treasury team shall ensure UOS's liquid assets are not expected to fall below the pre-determined threshold, based on the forecasted inflows and outflows and operating expenses.
3. In case of cash shortfall, Treasury Team shall analyse and discuss the situation with all relevant stakeholders in order to determine the optimum strategy to cover a cash deficit, including (but not limited to):
   - Postponement of expenses;
   - Requesting for an extension on the payment deadline;
   - Liquidating existing investments;
   - Requesting for outstanding receivables settlement from Government sponsors;
   - Financing agreements with Bank

3.5.9. Investments

1. Treasury Team shall be responsible for investing the identified excess funds (above the pre-determined threshold) in line with UOS' "Investment of Fund" Policy.
2. University funds for purposes of allocation shall be divided into two asset groups:

   Long-term pool: Funds that are not expected to be required for operational purposes for a period exceeding one year.

   Short term pool: Funds that are not expected to be required for operating expenditures within the next 13 weeks.
3. Long term pool of funds shall be invested in Fixed Deposits, while Short term pool of funds shall be invested in Short Term Deposits with banks which offer higher interest rate to yield daily return.
4. Renewal/ liquidation of deposits shall be made based on analysis of UOS liquidity positions and shall be approved by the same Authority approving the initial investment.
5. On a monthly basis, Treasury Team shall be responsible for generating a report of all deposits for Finance Director's review.

3.5.10. Financing Facilities

1. Treasury team shall be responsible for identifying financing facilities requirement, obtaining short-term and long-term loans (after appropriate approvals as per the DOA), repaying or settling the loans and recommending restructuring or renewal in accordance with the terms agreed with respective banks.
2. All financing facility requests shall be accompanied by a feasibility study for review. Furthermore, Treasury Team shall also review whether establishment of a lien on UOS's assets is required.
3. Prior to signing of the financing agreement documents, Legal Department shall review the non-financial contractual clauses to ensure UOS is legally secure.
4. Loan repayments and associated borrowing costs shall be recorded against the Bank Loan Statement and accordingly disbursed in line with the repayment schedule.
5. On a monthly basis, Treasury Team shall be responsible for reporting the outstanding exposure against availed facilities to the Finance Director.

3.5.11. Reporting

1. Treasury Team shall extract below (but not limited to) key reports for the purpose of reporting and to ensure close control over Treasury-related transactions:
   - PDC Tracker Report
   - List of inoperative/ dormant accounts
   - List of all LCs with utilization status
   - List of all Bank Guarantees with utilization status
   - Cash Flow Report by reconciled & unreconciled transaction
   - Bank Reconciliation Report