

Financial Policy

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I. RATIONALE

This policies manual has been developed, for use University-wide, to outline a set of guiding principles, general rules and regulations, pertaining to the financial accounting matters and related activities at Rafik Hariri University (RHU) which would help with decision making, cost containment, establishment of better business and accounting practices, response to audit and in assisting RHU to achieve its mission, goals and objectives in an efficient and effective manner. Later, a detailed procedures manual will go “hand in hand” with this manual to clarify how each of the listed policies will be put into action. Each procedure will involve:

- Who will do what
- What steps to take
- Which forms or documents to use

The Manual is directed to those administrators who are connected with the financial and accounting operations of the University and is intended to serve as a reference guide. It is the duty of all financial and accounting administrators to familiarize themselves with these policies in order to provide proper guidance to all RHU employees as it is mandatory of every employee at RHU to follow the stated policy, while performing any activity that would have financial and/or accounting effects.

While it is impossible to address every situation that may arise, this policy provides a framework for faculty and staff to use while evaluating specific circumstances.

This Manual is an official directive of the Office of the Vice President for Administration and Finance and it is not to be distributed without the prior approval of the President or the Vice President for Administration and Finance.

This manual is maintained by the Finance Department as part of the general responsibility for University Financial and accounting policy.

RHU's Delegation of Authority (DOA) and Chart of Accounts (COA) manuals are considered part of this policy.

II. Authorities and Responsibilities:

A. Policy Statement

The president has delegated the Vice President for Administration and Finance and his/ her subsidiaries the authority to administer the following duties:

- To conduct a financial planning framework to be aligned with RHU's Academic and Operational plans;
- To organize and to manage budget development submissions to the Board of Trustees (BOT), and to develop resource allocation distributions to colleges, departments and units;
- To prepare management information and ratios (e.g. student cost ratios...) which measures financial impacts on programs and purposes;
- To maintain a comprehensive and secure framework of policies, procedures, protocols and business systems to approve, record, manage, and regulate the RHU's financial transactions;
- To prepare the annual financial statements in accordance with the standards prescribed by the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) "Accrual Basis of Accounting";
- To establish procurement guidelines and procedures governing purchasing practices including the application of e-procurement, e-stores and other modern supply chain management practices;
- To establish effective internal control procedures in order to safeguard RHU assets;
- To establish guidelines for the investment of RHU funds;
- To advise and to assist administrators in accomplishing RHU's mission through practical use of financial resources.

III. Financial and Accounting Administration:

A. Purpose:

Financial and Accounting administration provides a means to ensure:

- Proper recording and reporting of all transactions executed by RHU officers;
- Access to financial documents and records is available to relevant individuals.

Also, RHU's financial systems and accounting mechanisms shall provide control of fiscal activity against established plans, budgets and other expenditure authorities.

Following are the major financial regulations related to the financial tasks:

1. All revenues generated by RHU activities and all expenditures for goods and services must be recorded and accounted for within the RHU's Enterprise Accounting System (ERP). Accrual basis of accounting should be applied when recording of Revenues and expenses. Revenue are recorded when earned, generally when the University has delivered the goods or services. Similarly, expenses are recorded when goods or services are received by RHU.
2. All recorded financial transactions must include adequate descriptions and comprehensive supporting documentation to allow for the preparation of financial statements in conformity with IAS and IFRS. The finance department at RHU is

responsible for the overall management of RHU's financial systems and should be consulted in any matter relating to financial and/or accounting activities, policies and procedures.

3. All financial transactions must be timely and accurately recorded, with the true business nature of the transaction clearly identified.
4. The Finance director is mainly responsible for:
 - a. Maintaining RHU's chart of account.
 - b. Verifying that adequate internal controls are established over the processing of financial and accounting transactions affecting RHU's academic and non-academic units. Internal controls include segregation of duties of employees under the Finance director jurisdiction, restriction of physical and data access based on individual job responsibilities, and monitoring/evaluation of financial results as outlined below.
 - c. Ensuring the periodic review of account reports to verify that all charges and entries are accurate and complete. The review must include a comparison of budget to actual and year-over-year actual results where applicable, and trends or areas of concern must be identified. For significant deviations (10% and above) from expected results, the variance must be investigated and reasons documented, along with any necessary corrective action plan.
 - d. Verifying that all entries made to each revenue and expense general ledger account string have been properly allocated and that the executed transactions represent activities that pertain to the purpose of the accounting code and/or segment/dimension flex field. In the case of restricted accounts, it should be verified that all transactions comply with donor-imposed restrictions on the use of funds.
 - e. Taking appropriate and timely action to correct any improper charges allocated to an incorrect accounting segment/dimension flex field.

IV. General Accounting:

A. Purpose:

The general accounting framework, functions and processes provide management with complete, accurate and timely information required for the effective allocation and use of resources for conducting RHU programs.

The General Accounting function provides a foundation for the establishment of a system of accounting, controls and reporting (based on relevant accounting standards and consisting of business processes used to maintain RHU's general and subsidiary ledgers), the preparation of reports from those ledgers and other accounting records, and the safeguarding of RHU assets.

The general ledger system includes asset, liability, equity, revenue and expense accounts.

These financial records contain and summarize the financial data needed by RHU for Information and reporting requirements.

The Finance director(or his/ her delegate) shall have the authority to define and classify responsibility for the general accounting functions and processes, including developing, implementing and supervising modifications to the accounting standards and to the operation of suitable business systems to accomplish this function.

General Accounting covers the following areas:

- ✓ Basis of Accounting
- ✓ Chart of Accounts and Accounting Classifications
- ✓ Interdepartmental Transfers of Expenditures
- ✓ Reconciling and Verifying General Ledger Accounts and Other Financial information
- ✓ Financial Statements and Reports:
 - Accounting Periods and Reporting
 - Annual Financial Statements

Additionally, below are the general rules that should be considered as part of the general accounting function:

1. The Finance department is in charge of accounting for RHU financial activities in accordance with the above stated IAS and IFRS.
2. Accounts will be maintained and reports will be prepared on the accrual basis of accounting.
3. Revenues will be recorded when earned.
4. Expenditures will be recorded when materials or services are received or when an obligation or impairment of an asset has occurred.
5. The Finance Department is responsible for maintaining a system of internal controls adequate for safeguarding RHU assets.
6. The Financial Accounting System (FAS) will be maintained in accordance with the principles of fund accounting.
7. Unrestricted resources expendable for any purpose will be accounted for in the Current Unrestricted Fund.
8. Resources which are restricted for specific operating purposes by outside donors/agencies will be accounted for as Current Restricted Funds, i.e., income from Endowment Funds, Gifts, Grants and Contracts.
9. True or term endowment principal and endowment designated by the BOT to function as endowment will be accounted for as Endowment and Similar Funds. Any income derived from restricted endowment will be accounted for as Current Restricted Funds Endowment Income. Any income derived from unrestricted

endowment funds will be accounted for as Current Unrestricted Funds Endowment Income. (A detailed endowment policy will be issued later to cover all area of endowment and endowment activities).

10. Resources for student loans and others will be accounted for as Loan Funds.
11. Resources that are reserved or designated for the construction or acquisition of plant assets, debt service requirements, or the renewal or replacement of plant assets will be accounted for as Unexpended Plant Funds.
12. Resources held by RHU as custodian or fiscal agent for others will be accounted for as Agency Funds.

B. Basis of Accounting:

RHU shall maintain its accounts and prepare its financial statements using the IAS and (IFRS).

C. Chart of Accounts and Accounting Classifications:

(Kindly refer to the chart of accounts manual)

D. Interdepartmental Transfers and Recharge of Expenses:

Interdepartmental transfers include services / goods provided by one of RHU's departments to another as well as reimbursement of expenses incurred by one department on behalf of another. Interdepartmental transfers are not revenue to RHU, but are rather presented as an expense to one department and an expense credit to another.

The interdepartmental transfer also includes the re-allocation of expenditures across operating and non-operating departments using the "interdepartmental chargeback rates". RHU shall implement a process to establish and maintain interdepartmental recharge center rates to assure compliance with audit and accounting principles related.

Interdepartmental Credits/Charges should not be used to transfer funds or availability of funds between departmental indexes. Transfer funds to/between department/ college are regulated through the budgeting policies and procedures.

E. Reconciling and Verifying General Ledger Accounts and Related Financial Information:

This policy governs the reconciliation, verification and validation of financial information used by RHU personnel for administrative and programmatic decision-making. Review of financial information should be performed on a regular and timely basis.

- Revenue and expenditure reports, payroll reports, and other financial reports should be verified for accuracy and completeness upon receipt.

- Controls must be in place to ensure that financial information transmitted (interfaced) from a subsidiary system to RHU's general ledger is complete and accurate each time the subsidiary system passes information to the general ledger.
- Balance sheet accounts must be reconciled monthly.

Accountability and procedures must be assigned and in place in each department to ensure that inaccuracies or incomplete financial information identified during the reconciliation or verification process are investigated and corrected in a timely manner.

Materiality, compliance risk, transaction detail volume, knowledge and experience of personnel performing analyses, and other factors should be considered in the design and implementation of accounts reconciliation and the subsequent review process.

Reconciliation, verification and substantiation are essential for an effective internal control environment to ensure that:

- The information transmitted to, contained in, and reported from RHU's financial systems is accurate, complete and recorded in a timely manner
- The information can be relied upon for making financial and administrative decisions
- Fraud, theft, compliance violations and other irregularities are quickly detected and reported to the appropriate authorities

The Finance director or his/her delegate shall set guidelines to ensure the accuracy, completeness and timeliness of financial and accounting information.

F. Financial Statements and Reports:

1) Fiscal Year

RHU operates on a September 1st to August 31st fiscal year. The fiscal year shall be divided into 12 monthly accounting periods for financial reporting.

2) Closing/ Reporting

i. Annual Closing/Financial Statement

To provide management, BOT, and other interested parties with information about RHU's financial operations.

The finance director and/or delegates are responsible for:

- ✓ Establishing and coordinating the annual financial closing and related audit with RHU's external auditors
- ✓ Establishing all closing schedules in consultation with any other related entities of RHU to ensure that the financial statements are completed by August 31 of each year
- ✓ Preparing the financial statements in accordance with IAS and IFRS

Annual Financial Statements

- ✓ RHU's Financial Statements must be subject to annual audit by RHU's independent external auditors as appointed by the (BOT)
- ✓ The annual Financial Report shall be submitted to the (BOT) for approval
- ✓ The annual financial statements include RHU's Educational, General Services activities, and any of its subsidiaries as part of RHU's operations

All RHU constituents (academic and non-academic units) shall comply with the closing schedule as established.

ii. Monthly closings and reporting

To establish policies and procedures governing the monthly accounting, closing and reporting of RHU's financial operations.

The finance director and/or delegates are responsible for:

- ✓ Preparing monthly financial statements in accordance with IAS and IFRS;
- ✓ Establishing monthly closing schedules in consultation with any related entities of RHU;
- ✓ Establishing and coordinating interim reviews of the financial statements with RHU's external auditors;
- ✓ Supporting senior management in the areas of financial reporting and analysis;
- ✓ Monitoring a high-level control of all RHU financial activities through the preparation of variance analysis of all financial statement accounts to detect possible errors and/or to provide explanations for significant fluctuations;
- ✓ Providing technical accounting resources to the various academic and non-academic units and related entities;
- ✓ Researching and resolving accounting and reporting issues, and analysing the impact of new accounting guidance on the University.

All RHU units should comply with the closing schedule as established. Monthly statements for all general ledger accounts will be retained by the finance department personnel.

iii. Financial reporting to outside agencies

RHU may be required by governmental and/or private agency regulations (e.g. MOF) to

provide various periodic financial reports.

- ✓ The finance director and/or delegate is responsible for the timely preparation, approval and submission of all required financial reports;
- ✓ The financial accounting system and the related subsystems are the source for preparation of all required financial reports;
- ✓ Any financial information included in reports to any outside third party, either directly or by reference, must be approved by the Finance director or delegates prior to distribution.

V. Revenue, Receivable and Assets Management:

A. Purpose:

The purpose is to establish policies governing the supervision and control of all assets including capital assets, accounting for and administering RHU revenues, all cash handling functions, the investment of RHU funds, in addition to inventory management.

B. Revenues and Receivables:

1) Definition of Revenue

Revenue consists of inflows resulting from services or other activities that constitute RHU operations and related support functions. RHU revenues shall be recorded on an accrual basis at a fair value. All RHU constituents that collect and process revenues shall ensure that such revenues are timely and accurately recorded in RHU's accounting system in the period during which these are earned. RHU constituents shall maintain appropriate internal controls and sound financial practices for recognition and billing of revenue, and collection and management of Accounts Receivable (AR).

Written authorization by the VP for Administration and Finance shall be required for RHU personnel and other individuals or other entities or groups to collect money or sell services / goods on behalf of RHU.

2) Revenue Recognition

The VP for Administration and Finance has delegated the Finance director the responsibility of establishing procedures and controls for billings and collections of RHU revenue generating activities. Specifically, the finance director/ or delegate shall ensure that:

- Billings for revenue amounts are timely and accurate
- Amounts received are appropriately recorded in RHU accounting systems
- Revenues are reconciled to billings to ensure that services rendered have been billed and collected.

Following are the major categories of revenue that are or may be identified in RHU financial statements:

1. Student Fees
2. Sales of Services and Products
3. Grants
4. Contracts
5. Gifts and Endowments
6. Income from Investments
7. Miscellaneous Income

1. *Student Fees* are recorded as revenues in the General Fund in the year courses and seminars are held.
2. *Sales of Services and Products* are recorded as revenues in the General Fund at point of sale or when the service has been provided. If payment is not received at the time of sale or service, accounts receivable will be recorded.
3. *Grants* are recorded as revenues when received or set up as an accounts receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. The fund to be used can be determined as follows:
 - ✓ Unrestricted grants are recorded as revenue of the General Fund.
 - ✓ All other restricted grants will be recorded as revenue of the appropriate restricted fund.
4. *Contracts* are recorded as revenues as the service or contract activity is performed, provided that at the time of performance ultimate collection is reasonably assured. If payment is not received at the time the service or contract activity is performed, accounts receivable will be recorded. The fund to be used can be determined as follows:
 - ✓ Unrestricted contracts are recorded as revenue of the General Fund.
 - ✓ All other restricted contracts will be recorded as revenue of the appropriate restricted fund.
5. *Gifts/Endowments* are recorded as revenue in the period received or receivable, if collection is reasonably assured. Gifts-in-kind are recorded at their fair market value on the date of receipt or at nominal value when fair market value cannot be

reasonably determined. Pledges from fund raising and other donations are not recorded until the year of receipt of cash or other assets due to the uncertainty surrounding collection. The fund to be used can be determined as follows:

- ✓ Unrestricted gifts are recorded as revenues of the General Fund.
- ✓ Gifts for endowment purposes are recorded as revenues in the Endowment Fund.
- ✓ All other restricted gifts are recorded as revenues of the appropriate restricted fund.

6. *Investment Income* is recorded as revenue when reasonable assurance exists regarding measurement and collectability. The fund to be used can be determined as follows:

- ✓ Unrestricted investment income is recognized as revenue of the General Fund.
- ✓ Investment income on contributions restricted for purposes other than one of the established Restricted Fund types is recorded in the General Fund. This investment income is deferred until the year in which the related expenses are incurred unless the agreement stipulates otherwise.
- ✓ Investment income on Restricted Fund resources, including the Endowment Fund, is recorded in the appropriate Fund according to the restrictions mandated.

7. *Miscellaneous Income* is recorded as revenue once earned or receivables if collection is reasonably assured. The fund to be used can be determined as follows:

- ✓ Unrestricted miscellaneous income is recorded as revenue of the General Fund.
- ✓ All other restricted miscellaneous income is recorded as revenue of the appropriate restricted fund.

3) Accepting and Depositing RHU Revenue

Revenue Generating Activities

- The finance director is responsible of establishing appropriate internal controls and accounting procedures for revenue generating activities;
- The personnel authorized to establish Revenue Generating Activity shall be responsible for the prudent management and appropriate internal controls in his/her area;

- The President or delegate VP for administration and Finance approves a schedule of fixed charges covering the use of RHU facilities and/or the provision of RHU services and/or event hosting for Community organizations. The schedule of fixed charges shall be reviewed and updated periodically to reflect current costs and market conditions.

To safeguard RHU assets and ensure that:

- Controls are applied;
- Financial reporting and bank reconciliations are accurate;
- Transactions comply with RHU, and other governmental or private reporting requirements and
- If applicable, sponsor / donor intentions are followed

RHU units that collect revenue from any source must:

- Ensure that all revenues are accurately recorded at the time of receipt.
- Keep all checks and currency in a secured location until the funds are deposited.

The Vice President for Administration and Finance must pre-approve any banking or credit relationship established for the purpose of collecting or depositing RHU funds or using the University's name or a derivative. RHU personnel are not authorized to open or close any bank accounts. Departments that identify a need for a separate banking relationship may submit such a request to the finance department.

Operations and Maintenance Revenue

Departments may generate revenues through activities funded from Operations and Maintenance accounts. This revenue must be recorded to the appropriate general ledger account. Departments may spend this revenue on activities consistent with the mission of the unit.

Refunds

When revenues are received in error, the finance department must claim the revenue and process a (refund) payment.

Special Funds

If funds are collected for a special event such as scholarships whereby the raised funds are intended to remain under the ownership of the University, they must be deposited under a recognized RHU activity code.

Student Organizations

Student organizations are part of RHU entities and are subject to all responsibilities and entitled to all privileges thereof; any funds collected through these organizations must be pre-approved by the Dean of student affairs and the finance director.

Endowments and Gifts

The BOT delegates the president the responsibility of accepting all endowments and gifts. The acceptance of a gift (USD 30,000 and below) is delegated to the VP for Administration and Finance.

Proposed gifts may be refused if the gift would subject the University to unacceptable liability exposure, or undue administrative costs and burdens, or is inconsistent with RHU's mission, or against any of the governmental law and regulations.

Gifts shall be processed immediately upon receipt. Receipts should be issued for every gift received, regardless of the amount.

Standard receipts are not to be issued for gifts in kind and for gifts which shall be valued by independent appraisal such as securities and real estate. Donors should receive a letter of acceptance from the President or VP for Administration and Finance.

For accounting and administrative purposes, gifts are classified into two main categories:

Unrestricted Gifts

These are gifts upon which the donor has placed no restrictions as to the method or purpose of expenditure; thereby the University is to determine the appropriate use of such funds. These unrestricted gifts should be accounted for by RHU as revenue of current RHU general fund, unrestricted. These funds may be invested, budgeted, appropriated and expended for any appropriate institutional purpose through RHU's standard procedures.

Restricted Gifts

These are gifts where a donor has placed specific restrictions on the purpose for which the funds may be expended or disbursed. Restricted gifts available for current expenditure in accordance with the purpose designated by the donor shall be credited to an appropriate current restricted fund until expended. Other restricted gift amounts that are not available for current expenditure, shall be credited directly to specially designated funds.

Gifts of Securities

Unless otherwise approved, gifts of securities will be liquidated immediately and, funds will be invested in the appropriate investment pool in accordance with the approved RHU allocation policy.

C. Cash Handling:

The Finance director or delegate shall ensure that collected cash and checks are accurately recorded and processed to safeguard against loss or theft and deposited promptly into the bank accounts. Cash handling requires special control measures that must be continually monitored by supervisory personnel to detect any weaknesses. One seemingly insignificant weakness can result in a substantial loss. Basic information and guidelines are given below:

The Finance director shall ensure that the following principles are adhered for cash handling:

- Duties are adequately segregated between cash handling and recording

- All personnel handling and recording cash shall be well- informed of their specific duties and responsibilities and should be adequately trained in the cash handling procedures.

Cash Collection

- Only RHU cashiers or an external entity such as a bank authorized by the VP for Administration and Finance shall collect cash/checks;
- The Finance director may establish temporary or permanent cash collection facilities at remote locations as requested by departments/ colleges;
- An authorized receipt shall be issued as an evidence of collection by the authorized cashier. The receipt shall be generated from RHU's financial management system; the original copies of receipts are to be issued to the payer, and additional copies are to be retained for balancing with cash deposits and for audit purposes. The same principle applies to cash register tapes; the original is issued to the payer, and additional (transaction) tapes are retained.
- Cash/ Checks shall be stored in a safe or other secure place until deposited.
- All received checks shall be payable to "**Rafik Hariri University**".
- When cash is transferred from one person to another (even for a short period of time), it should be counted in the presence of both parties. The amount should be recorded on a receipt, and the receipt should be signed by the person accepting custody. This is necessary for the purpose of establishing responsibility relating to a shortage.
- Daily cash reports shall be prepared by each cashier, reconciling cash to receipts and accounting for overages and shortages.
- Cash shortages and overages must be reported on the cash transmittal form.

Security

- A Campus Security escort is required for all cash deposits exceeding USD 10,000 made outside the office of the cashier.
- Cash processing areas shall be secured from entry by unauthorized people.
- Cash shall be stored in a safe location when not in use and in a register, locked drawer or locked box at the cashier's window. Cash in unlocked drawers or boxes should never be left unattended.
- The cash-handling and record-keeping functions should be separated. If the office is small and separation of duties is impractical, the supervisory personnel who do not handle cash should perform specific verification that provides for reasonable and sound internal controls. It is the specific responsibility of supervisory level personnel to review cash-handling documents that are prepared by personnel who report to

them. Assistance from the Office of Internal Audits should be requested when needed.

Authorization to Open and Close Bank Accounts

- The President has delegated the VP for Administration and Finance, the authority and the responsibility to open bank accounts for checking, savings, depository and other investment banking services for the benefit of RHU.
- Requests for closure of accounts earmarked for investment activities shall be initiated by the Finance director. The Finance director shall notify the appropriate individuals that the bank account has been approved for closure and that all activity in the account is suspended. Unused checks shall be returned to the bank or appropriately destroyed.
- Balances remaining in accounts marked for closure shall be transferred to RHU's primary bank account.

D. Petty Cash Funds:

RHU shall maintain petty cash funds with departments/ colleges to allow for the reimbursement of appropriate business expenses in an efficient and cost effective manner. Each approved petty cash fund shall have a custodian, who is responsible for reconciling the fund on a regular basis, maintaining required records regarding disbursements that have been made from the fund and replenishing the fund within the approved level for the fund. The custodian of the Petty Cash Fund shall be a full time employee within the department/ college.

The VP for Administration and Finance has the responsibility of establishing the appropriate level of petty cash funds for colleges/ departments and setting guidelines regarding the use and replenishment of petty cash funds. He/she is also responsible for the oversight and modifications of these funds.

Each custodian of a Petty Cash Fund shall ensure that the fund is:

- Kept separate from any other funds;
- Maintained with effective documentation and a regular conduct of cash counts as this will be subject to scheduled and unscheduled audit;
- Preserved with adequate security and, when not in use, kept in a locked compartment/ receptacle or safe;
- Sustained with Original Receipts that shall support all expenditures from the fund.

Purpose and Use

Petty cash can be used to reimburse individuals for non-travel, out-of-pocket expenditures. Petty cash can sometimes be used in place of RHU purchasing process where appropriate, for example, as reimbursement for small, incidental department expenses when it is unfeasible or impractical to use normal purchasing means.

Prohibitions

Petty cash should not be used for the following:

- Travel expense reimbursements;
- Travel advances;
- Payment for items that are to be purchased through the purchasing system according to the RHU purchasing policy;
- Payments to vendors for invoices submitted directly to the department where a purchase order was issued;
- Payments to independent contractors, consultants, awards, etc., to non-RHU employees;
- Payments to employees for services, awards, bonuses, etc.;
- Payments of a taxable or non-taxable benefit to an individual;
- Personal borrowing.

Initiating a Petty Cash Fund

➤ Procurement Petty cash

Petty cash used to purchase items with unit price value less than **USD 300**; and the procured items are not divided to by-pass the policy, the total amount that can be granted for petty cash is **LBP 5,000,000** if required, in justified cases, Petty cash may be used to purchase items with unit price value less than **USD 500** this applies to the procurement manager or delegate.

➤ College/ Student Affairs Petty cash

Petty cash may be used to purchase items with unit price value less than USD 300; and the procured items are not divided to by-pass the policy, the total amount that can be granted for petty cash is USD 500 per regular semester and USD 250 per Summer session.

➤ Finance Petty cash

The total amount that can be granted for petty cash is **LBP 2,000,000**

In all cases, the finance department will review each request for appropriateness based on documentation provided at the time of the request.

Petty Cash Custodian

The department is responsible for appointing a custodian, who is a full time faculty member or staff, to monitor its use and replenishment. Appointment and approval should be made by the department's head; a custodian cannot appoint or approve himself/herself. In addition, there should be restricted access to the fund.

The Finance department must be notified if there is a change in the petty cash custodian. In

order to ensure accountability to the new custodian, the Finance Department and/or the internal audit will review and document the fund at the time of the change.

Responsibilities

The custodian of petty cash is responsible for the following:

- ✓ To ensure that the petty cash fund is used to cover only those expense reimbursements for which it is not possible, or is infeasible, to use normal purchasing methods such as purchase order.
- ✓ To ensure that fund use is consistent with the manner described in the documentation that initially established the fund.
- ✓ To enforce any related RHU policy.
- ✓ To perform a full reconciliation of the fund at least quarterly, which he/she will provide to the Finance Department.
- ✓ To report all instances of loss of funds, including filing a report with Campus Police, as soon as the loss is discovered.

Documentation

Proper documentation should be performed for each transaction in the following manner:

- ✓ Submit a detailed journal of all transactions, identifying all pertinent information (who, purpose, transaction detail and date of expense). Identify each cost and the Accounting String to be charged.
- ✓ Tape original receipts onto an A4 sheet, referencing each receipt's corresponding transaction on the detailed journal.
- ✓ Submit a summary page that shows only the total amount charged to each center/account code. This data will be the basis for accounting transactions in the ERP Financial System.

Reimbursement Process

When the fund is reduced to a balance that can support approximately 5-7 business days of activity, the custodian should perform reconciliation and send it, along with a request to replenish the fund, to the Finance Department. Before submission, this reimbursement request must be approved by the immediate supervisor of the fund custodian. The Finance Department and/or the Internal Audit will review the request to ensure that proper documentation has been provided. It should be further noted that reimbursements will not be made for the items detailed in the prohibitions section.

Once the audit is completed and the reimbursement request approved, a payment will be prepared for fund replenishment.

Changing the Fund Amount

If there is a situation where it is determined that the size of the petty cash fund should be increased or decreased, a request should be forwarded to the Finance Department, requesting this change. This should be performed prior to requesting a replenishment of

funds. An increase to a petty cash fund is subject to the approval of the VP for Administration and Finance/ or delegate, as well as the department head, similar to when the fund is initially established.

Closing a Petty Cash Account

The petty cash fund should be closed with the Finance Department when the purpose for which the fund was established has been completed, as determined by either the head of the department or the petty cash custodian. In addition, the Finance Department reserves the right to conduct periodic usage reviews and, based on the results, can request closure or reduction of the fund. When closing the fund, the custodian should deposit all remaining funds at the Cashier's, completing a Financial Services receipt form, and ensuring to credit the petty cash account. Along with the final reconciliation of expenses, this will relieve the balance in the petty cash fund as established for this use. The final reconciliation of funds and expenses must be provided to the Finance Department.

Moreover, all petty cash funds must be settled at the year-end closing. The Finance department will inform all departments of the closing dates and new petty cash will be automatically re-issued with the beginning of the new fiscal year, unless otherwise requested by the department head or custodian.

Audit

Petty cash accounts will be subject to audit by the Finance Department employees. In addition, RHU's Internal Audit will perform periodic unannounced audits of the fund to ensure proper control is maintained.

E. Cash Advances:

RHU may provide cash advances for employees and students as outlined in the **"Delegation of Authority Matrix Manual"**.

Employees and students Advances shall be authorized by:

1. The relevant Director/Dean and the Director of Finance if advance payment amount is less than USD 1,000.
2. The respective Vice president and the Vice President for Administration for advance payments from USD 1,001 up to USD 5,000.
3. The respective Vice president and the President should approve any advance payment for USD 5,001 and Above
4. These advances may be given to full-time university employees or students only (Accounts Receivable must be notified of any advances to students).

Only one advance may be outstanding for an employee/student at any time

Cash Advances for Travel

Cash advances for travel are always subject to the approval of HR, as per the HR policies and procedures.

Cash Advances for Non-travel

All expenditures, related to non-travel cash advances, must be in compliance with applicable rules, regulations and related RHU policies.

Cash Advance holders must account for cash advances within 30 days of the activity end date, by submitting an expense report. Receipts, cash distribution logs, transaction justifications and other support documentation accounting for the cash are required when an expense report, accounting for the expenses and the cash advance, is submitted.

Non-compliance

If expenditures are not properly substantiated or any unspent funds are not returned with the 30-day time limit, approvers may choose to deny all or any portion of the expenses submitted and request that the cash advance be paid back to RHU. In such cases, the Payroll section will then establish a payment plan under which the amount owed is deducted from the employee's payroll when necessary.

F. Expense Reimbursement:

- Membership and Accreditation fees:
RHU may hold membership in various professional societies, accreditation bodies and consortiums.
Annually, the president or his/her delegates, the Vice Presidents, shall authorize such memberships and allow appropriate membership fees and related charges to be paid.
- Furthermore, RHU recognizes that there may be occasions when an RHU staff or faculty member incurs an expense on behalf of the University. Such expenses may be reimbursed by the Finance Department, upon approval by the budget holder. A documented justification should be provided along with the reimbursement request. In case there is no adherence to RHU policies and procedures, RHU reserves the right to refuse the request and consequently the payment for such personal expenses.

G. Business Hosting Expenses:

RHU President, Vice Presidents, Deans and Administrative Directors may be reimbursed for necessary and reasonable business hosting expenses. Business hosting includes necessary and reasonable expenses for facilities rental, including decorations supplies, advertisement and marketing expenses and supplies, transportation, meals and beverages.

- Alcoholic beverages expenditures are prohibited.
- Hosting activities may include donor events and high level employee recruitment efforts.

H. Accounts Receivable:

Accounts receivable represent balances owed to RHU for tuition fees, student loans, employee advances, vendor pre-payment or advances and credit sales of goods or services to external customers. Prompt and timely collections of accounts receivable are essential to increase RHU's purchasing power and reduce its reliance on funding from other sources.

The Finance director and delegate/s shall establish, maintain and continuously improve accounts receivable recording, follow-up and collection processes.

Whenever possible, RHU shall obtain advance payment for all services provided. Credit facilities shall be extended by the finance director for a maximum period of 30 days from the date of the invoice/bill, if required.

Granting Credit

The extension of credit on accounts to individual customers or organizations can be costly in financial terms as human resources would be expanded in collection efforts, and in maintaining good customer relations. While cash sales are the most optimal and least risky form of transacting with customers, it may also be in the University's best interest to allow several customers to purchase goods or services from RHU on a credit basis.

This policy applies only to external customer accounts receivable of RHU. It does not apply to:

- Student tuition and fees receivable; and
- Research contracts and grant receivables, which are monitored separately based on specific agreements.

Extending Credit to Customers

RHU departments that provide goods or services to customers on a credit basis or that are involved with invoicing sales of goods or services must ensure that transactions of this nature flow through Accounts Receivable at the Finance Department.

When goods or services in excess of USD 5,000 are provided on a credit basis, a formal contract or written agreement should be executed and approved by RHU's legal representative and the Finance director. In certain circumstances, a deposit from the customer may be required. Here, an invoice should be used to obtain a deposit payment. RHU's standard term of payment is 30 days from the invoice date. Before offering extended payment terms to customers, departments must receive prior approval from the Finance Department. Extension of credit beyond 30 days may only be granted when justified by unusual circumstances. Arrangements to extend the payment terms must be documented in writing with the specific credit terms shown on the face of the invoice.

If an invoice is more than 30 days overdue, RHU, with proper notification, reserves the right to offset the amount indicated on the invoice against any outstanding payments RHU owes the customer.

Criteria for Granting Credit Privileges

- The decision to grant credit to a customer takes into account the following considerations:
 - capacity for payment
 - credit worthiness
 - past payment history/if applicable
 - value and terms of transactions
 - customer references
- Credit will not be granted to customers making one-time purchases of goods or services. These types of purchases must be paid by cash, check, or credit card. No exceptions will be made as the excess administration time required for processing these invoices is not economically justifiable.

Invoicing a Customer

- ERP financial system must be used when invoicing a customer.

Collection of Accounts Receivable

- Accounts Receivable at the Finance department initializes any collection efforts that may be required, including phone calls, reminder notices, etc. In the event that a customer disputes a charge, the appropriate department head will be responsible for resolving the disputed item(s). *Detailed collection procedures will be covered through the financial procedures manual.*

Exceptions

Small Value Items: Invoices should not be prepared for small value items. The administrative cost of processing a small value invoice (for example USD 20 for the sale of a book) exceeds the amount to be collected. For small value items, payment is to be collected at the point of sale, or by prepaid order.

Consequences for Noncompliance

Employees who extend credit to customers without following due process may be subject to disciplinary action. If external customer credit is not managed in accordance with this policy, it could be costly to RHU and customer relations may be damaged.

Customer Payments

1. Customers are directed to send payments, with the invoice number identified, directly to Accounts Receivable at Finance Department.
2. Revenues from invoicing are credited to the originating department upon completion of the invoice.

3. If a payment is mistakenly sent to the originating department, it should be forwarded immediately to Finance Department - Accounts Receivable Section, with the invoice number identified, for receiving and processing.

Overdue Amounts

The Finance director or delegate shall ensure collection of all overdue amounts. Overdue amounts are RHU receivables not paid by the due date specified. Overdue amounts shall be acted upon as follows:

For Students (by Deans of Colleges) – Mark sheets, certificates, degrees and other testimonials will not be handed over to a student, unless the respective college has confirmed that there the student has cleared off all amounts owed to RHU. Dean of Student affairs may authorize a waiver of the transcript held, if required for employment purposes, provided a guaranteed schedule of payments accompanies the request.

For Staff (by Head of Payroll Section) – Overdue amounts from staff will be recovered promptly from their payroll or final settlement checks, as necessary; and

For Others (by Head of Revenue Section) – The University reserves the right to suspend any further service to an external party unless the party has cleared off all amounts owed to RHU. The VP for Administration and Finance, with approval from the President, may initiate legal proceedings in accordance with the contract for the recovery of money owed to the University.

Bad Debts and Write-off Authorization

Bad debts shall be regularly recognized in the Accounting system to ensure that realized revenue is reflected properly. Bad debts will be identified as soon as specific accounts are determined to be uncollectable or more than **180 days** in arrears, whichever is earlier. The authorization for write-off of bad debts will be issued only after all collection efforts are considered to be completed.

The VP for Administration and Finance shall approve all write-offs upon recommendation from the Finance director. Write-offs shall be initiated by the department responsible for the collection effort and supported by documentation of collection activity and justification for the write-off.

Credit Balances in Accounts Receivables

Credit balances in accounts receivables represent funds held by RHU on behalf of other individuals or entities.

- When accounts with credit balances of USD 200 or more exist, for a period longer than six months, then refund checks shall be generated and mailed to the respective account owners;
- Accounts with credit balances less than USD 200 shall be written off as unclaimed property account once every two years.

Refund of Tuition Fees

As a general rule, all fees / charges received by RHU are non-refundable, with the exception of the following:

Student tuition fees paid shall be refunded to the student, according to the following

schedule:

Spring and Fall Semesters

- Before official beginning of Classes – 75%
- During or before the Drop and add period – 50%
- After the Drop and add period – Not refundable.

VI. Managing Capital Assets:

RHU requires every school, department, or unit to acquire, record, inventory, and dispose of capital assets according to the guidelines provided in this document.

Capital expenditures must follow an established review and approval process to ensure their appropriateness. Capital assets are also subject to various legal provisions (e.g., building codes, copyright laws, property rights, etc.). Consequently, to ensure RHU compliance, all individuals involved in any transaction related to capital expenditures must understand and possess the essential knowledge of all applicable laws, regulations, and requirements, as well as maintain records related to the acquisition, recording, inventory and disposal of the RHU's capital assets.

A. Receipt of Capital Assets: Capitalization Policy:

Capital assets are permanent in nature and held for purposes other than investment or resale. RHU shall capitalize all property and assets that, in general, have a useful life of more than two years and a unit value equal to or greater than USD 1,000. The item purchased must be intended for RHU use only.

Components with unit costs of USD 1,000 or more may be considered as capital equipment if they are easily separable and can function apart from the main unit.

Library books are capitalized at \$1 per volume, except for rare books that will be valued based on their market value.

B. Valuation of Capital Assets:

For the purpose of recording capital assets, the value, whether purchased or constructed, is based on cost. Cost includes all expenses incurred in delivering and installing an asset at its current location and includes freight, custom duties and taxes.

In order to value capital assets, RHU separates these into five categories as follows:

- Purchased Assets (Including Software such as ERPs)
- Assets Purchased through Grants and Contracts (Including Software such as ERPs)

- Donated Assets (Including Software such as ERPs)
- Constructed Assets
- Leased Assets

C. Recording and Reporting Assets:

The Finance director, or delegate, shall ensure that all capital assets are recorded, tagged and accounted for in the Fixed Assets Register.

D. Depreciation:

The Finance director shall establish a depreciation schedule, which shall be approved by the VP for Administration and Finance. All capitalized assets, with the exception of Land, shall be depreciated annually using the **“Straight Line Method”**.

E. Transfer of Assets:

When any RHU unit plans to transfer capital equipment to another RHU unit, the “Support Service Department” and the “Finance Department” shall be notified to ensure that accurate RHU records are maintained.

Note: When equipment is purchased through a grant or a contract, a determination shall be made if there are restrictions on the equipment’s use.

F. Physical Inventory of Assets:

The finance director, or delegate, shall ensure that a physical inventory count of RHU assets is conducted every two years. The basis for inventory reports is the list of capital asset records maintained in the Fixed Assets Register.

Any discrepancies between recorded data and physical assets shall be reconciled through appropriate action. The VP for Administration and Finance shall approve any updates to the Fixed Asset Register for adjustments arising out of the physical inventory.

Assets “required” to be tracked in the RHU Asset Management System:

All property (consists of tangible property, such as furniture, fixtures, equipment and machinery, vehicles, individual works of art and historical treasures, and intangible personal property like software*) with a unit cost or market value of USD 1,000 or more and having a probable useful life of at least two years must be tracked in the RHU’s tracking system. Some granting agencies may require assets be tracked in the tracking system for assets less than USD 1,000 or assets not titled to RHU but used in association with a specific grant or contract. Consult specific granting agency guidelines or check with your grant administrator.

All real property (consists of land, land improvements, buildings, assets under construction, infrastructure, and building equipment such as lab fixtures) with a unit cost or market value of \$1,000 or more must be tracked in the tracking system.

Assets with the “option” to be tracked in the UC Asset Management System:

Tracking assets with a unit cost of less than USD 1,000** (unless specifically required by contractual obligations of grants and contracts***) are not required to be tracked on the UCAMS.

Although not required, an Organizational Unit may opt to track their non-capital assets in the tracking system in lieu of manually tracking these assets on their own.

G. Asset Inventory Audit Overview:

As stated above the University Financial Policy requires the finance department to schedule and perform physical audits of capital assets at least every two years, as well as periodically perform scheduled audits. Organizational Units are responsible for stewardship of university assets under their control. Stewardship of capital assets includes basic safeguarding and physical security; compliance with university; maintaining assets in good working condition and using them safely and properly.

Organizational Units are responsible for arranging appropriate insurance coverage where required for compliance with sponsored project agreements.

The scope of the audits focus on performing a physical inventory of each capital asset for which an Organizational Unit is responsible, verifying inventory tags are properly displayed on the asset, the asset is in the location (building/room) identified on the capital asset listing, the asset record includes a manufacturer serial number and that University policies regarding Moveable Capital Assets are being adhered to. Prior to the audit the Organizational Unit must verify the location, inventory tag number and serial number for each asset and submit any needed Asset Acquisition, Asset Disposition, or Replacement Tag Requests. This allows time for the Finance Department to make accounting entry(s) to reflect additional acquisitions or dispositions and generate requested replacement tags and bring them along on the day of the audit. Following the audit, the finance department prepares a Draft Audit Report summarizing the audit results and findings. The Organization Unit is provided an opportunity to submit a response that is included in the Final Audit Report. The Organizational Units are given a period of 30 days of notification. In conjunction with this 30-day requirement, a follow-up audit is performed by the finance department to verify all corrections have been made. Following the 30-day follow-up audit a Final Audit Report is issued.

H. Personal use of Capital Assets:

Personal use of RHU property is generally prohibited.

I. Disposals of Assets:

All RHU properties and scrap materials must be sold, disposed or donated to a non-profit organization. Any scrap that has a value is property of RHU and must be disposed or utilized to RHU's best advantage. No scrap may be given away without the auction committee's approval.

VII. Investment of RHU Funds:

RHU shall invest its financial resources to improve the overall utilization of available funds.

All investments shall be made in line with RHU's stated objectives and purposes. The VP for Administration and Finance shall act as an internal investment advisor to the President and the BOT.

A. The Investment Function:

The VP for Administration and Finance shall develop and propose the investment plan to the President and the BOT for approval. The finance director shall have the responsibility of implementing the plan.

All investment transactions involving the purchase and/or liquidation of financial assets require the prior approval of the VP for Administration and Finance. No person may engage in any investment transactions on behalf of RHU except as provided for under the terms of this policy.

Representatives of the BOT shall meet semi-annually to review investment plan compliance, asset allocation, portfolio and manager performance, and other policy issues.

Requests for exceptions to already approved investment plans shall be addressed to the BOT for approval.

B. Investment Goals and Fund Groups:

Investment Goals

Investment operations are conducted to achieve the following goals:

- Endowment and other funds are invested to provide the income and long-term growth required to support the educational goals and objectives for which the endowments were received
- The cash balances on unexpended capital funds, loans and current funds that are not required for immediate use are invested on a short-term basis, in order to provide additional funds to the University.

C. Investment Pools:

RHU shall invest its funds in the following pools:

- Short Term Investment Pool (STIP); and
- General Endowment Pool (GEP).

Each of these investment pools has different investment objectives, requirements and restrictions.

a) Short Term Investment Pool (STIP)

The STIP is an interest only cash investment pool in which all RHU fund groups participate. The STIP includes excess cash from all funds that are not invested elsewhere.

b) General Endowment Pool (GEP)

The GEP is RHU's primary investment pool. Unless otherwise specified by a donor or an independent rhu fund-raising organization, all endowment funds shall be pooled for investment purposes.

The investment policy shall recognize the long-term nature of endowment funds and seek to maintain balance between present and future support. The investment objective therefore, is to preserve the real value of the endowment pool assets and target a growth rate approved by the BOT.

Endowment pool investments shall be distributed to a number of asset classes to minimize investment risk through diversification and to provide enhanced investment performance.

The BOT shall review and specify the permissible asset classes and target allocation ranges for the GEP. The endowment portfolio shall be rebalanced at periodic intervals to keep all asset classes within the allowable allocation ranges.

c) Separately Invested Funds

There may be endowments where a donor has stated that these funds may not be mingled with other funds. These endowments, that are invested separately, shall emulate the general endowment pool investment program, adopted by RHU. Each separately invested endowment fund shall be reviewed periodically to determine if it may be included in the general endowment pool.

D. Distribution of Investment Income:

As a general rule, net investment earnings are credited to the fund source used to generate the revenue. Individual RHU funds, which are combined to form an investment pool, have income distributed back to the fund source based on each fund level of participation in the pool. The Finance director shall ensure that investment income and related expenses are properly recorded and allocated to the appropriate fund groups.

Distribution of Investment Income from the STIP

At the end of each quarter, investment income that has been earned by the STIP shall be distributed to the participating funds by prorating income.

Distribution of Investment Income from the GEP

The GEP shall be invested with an emphasis on long-term growth and returns and shall use a total return concept for performance evaluation. The growth in the GEP shall be evaluated on the total investment return, comprising both capital appreciation and income generation.

Distribution of Investment Income from Specially Invested Funds

All revenue earned by investments in these funds shall be distributed directly into the fund that held the investments.

E. Investment Reporting:

1. The Finance Department shall submit monthly investment reports to the Vice President for Administration and Finance; in turn the VP for Administration and Finance shall submit the reviewed report to RHU's BOT within the required time frame established by the BOT but no later than 60 days from month's end.
 - a. Such reports shall summarize the University's deposits and investments of funds within each pool or portfolio that has

- been under its custody or control at month end. These reports shall provide a description of the asset including the cost and market value amounts for each investment where applicable.
- b. The secretary of the BOT shall place the report on the agenda of the next regular BOT meeting.
 - c. No later than 3 calendar days prior to each regularly scheduled meeting of the BOT, the Vice President for Administration and Finance shall have delivered to the BOT a copy of the investment reports as described above along with any comments or explanations.
2. The BOT chair shall review the investment reports prior to the BOT meeting and may request additional information or explanations from any RHU official or employees.
 - a. During the BOT meeting, the chair shall present the investment reports to the Trustees with any comments or recommendations she/he wishes to make.
 - b. The Trustees, after receiving the investment reports, shall give their opinion and feedback.
 3. Each year, RHU shall prepare a summary report of its fund management activities for the prior fiscal year. This report shall include RHU's External Auditors opinion regarding:
 - a. The fairness of presentation of the report in accordance with IAS principles; and
 - b. This report shall be submitted to the BOT.

F. Accounting for Investments:

- Investments shall be valued by applying the principles stated in the relevant IAS.
- Accounting for pooled investments shall provide for an equitable distribution of investment income and a means for determining a participant fund's equitable share of gains and losses, both realized and unrealized, on investments.
- Investment income shall be recognized on an accrual basis.
- Net realized gains and losses on maturity/ liquidation of investments shall be recorded at the time of maturity/ liquidation.

- The Finance director shall be responsible for the accounting and reconciliation of all investment transactions and shall conduct a monthly reconciliation of all investment holdings to the accounting records of RHU's custodian banks.

VIII. Payroll Operations:

The purpose of this policy is to ensure that employees are paid on time and are provided payroll information efficiently and accurately. Additionally, these policies shall govern payroll operations, systems and processes and, together with associated Human Resource policies, establish compliance with applicable regulations, ensure sound fiscal management and support a positive workforce.

A. Salaries and Benefits Payments:

Salaries, wages and associated benefits constitute a significant portion of RHU's overall expenditures.

The VP for Administration and Finance has delegated the responsibility for designing, implementing and maintaining processes related to the timely processing and disbursement of salaries and benefits to the Finance director.

Colleges and departments are required to provide all payroll related information to the Human Resources Department as per the payroll cycle established by the Finance director.

The Human Resources Department shall ensure that all fixed and variable payroll elements are in conformity with the approved salary and benefit amounts.

Employee salary payments shall be based upon an employee's appointment and salary and benefit information in the employee record. Adjustments to an employee's gross salary are made by exception.

RHU shall make salary and benefit payments only by electronic transfer to an employee bank account or by check, if requested in writing by the employee. Cash payments shall not be made.

Further, due to the sensitivity of the payroll related information, it is essential that all safeguards be implemented to ensure confidentiality of payroll related information.

B. Payroll Cycles:

1. All RHU employees (academic, professional and administrative staff), shall be paid on a monthly cycle. The pay date is in the last week of the month, except when there are scheduled holidays starting in that week. The pay date, in those instances, shall be prior to the holidays. Each year, RHU will publish a listing of pay dates.
2. HR manager shall be responsible for processing appropriate payroll actions in a timely manner, and in accordance with the schedule of due dates as established by the Finance director.
3. In the event of a disaster, major disruption or any other event which is beyond the control of the University, RHU reserves the right to pay employees on a different date than the regularly scheduled pay date.

4. The Finance director and VP for Administration and Finance shall authorize the payroll sheet prior to payment.

C. Off-cycle Issuance of Pay Checks:

Off-cycle payments shall be mutually approved by the Finance director and the Human Resources Manager and following receipt of a properly authorized request from the Dean/Director of Department.

D. Overtime Payments:

- ✓ Overtime payments shall be made through RHU's payroll system.
- ✓ Payment for overtime hours shall be made in accordance with the employment contracts and the requirements of local regulations.
- ✓ Overtime hours and value must be in line with the HR Policies and Procedures.
- ✓ Deans/Directors of Departments shall be responsible for approving the payment of job related overtime.

E. Payroll Advances:

RHU discourages the use of salary advances other than annual leave advances that may be paid in advance. Nevertheless, RHU recognizes that, on certain occasions, employees may have an unexpected or exceptional personal need to receive a salary advance. Under such extraordinary circumstances, RHU may consider an eligible employee request for a salary advance, although such a request would be subject to the requirements and limitations set forth in this policy.

Restrictions and Limitations

An **Eligible Employee** may request a salary advance only in extraordinary emergency or personal circumstances and subject to the requirements, limitations and approval requirements set forth below.

An otherwise eligible employee may not request or receive a salary advance if, the employee is under probation or the employee is working within a performance improvement plan.

In the event a salary advance is approved, the following will apply:

1. The employee may not request or receive more than one salary advance within a 12 month period;
3. The amount of salary advanced may not exceed the amount of one basic salary.
4. Repayment of the amount advanced must be made in full from the next regularly-processed paycheck unless otherwise is approved by the VP for Administration and Finance.

Request and Approval Process

All salary advance requests must be approved ahead of time by the eligible employee supervisor and by the Vice President for Administration and Finance.

F. Retroactive Pay:

The Human Resources Manager shall authorize any retroactive payment. Retroactive payment justifications must be documented and filed in the employee's records. Retroactive salary adjustments will normally be included in the employee next regularly scheduled paycheck.

G. Payroll Deductions:

RHU may deduct from an employee paycheck amounts as required and permitted by law, regulations, policies and procedures or as authorized by the employee in writing.

Deductions from an employee payroll shall be made under the following circumstances:

- To recover amounts due to RHU on account of amounts advanced to an employee and not settled by the employee on the due date;
- To recoup salary advances and any salary overpayments;
- To recover the monthly instalment of any financial aid availed by an employee from RHU;
- To recover personal costs and other charges (e.g. club charges, rentals, etc.) on an employee account;

Payroll deductions shall not be made unless appropriately substantiated with supporting documents. All deductions shall be based on written signed documentation. All documentation shall include the employee's name, authorization date, amount to be deducted, deduction schedule and reason. Payroll deductions shall be processed promptly upon receipt of documentation and in the appropriate payroll period as determined by the supporting documentation.

HR is responsible for maintaining the deduction process.

External Requests

RHU shall comply with all requests from governmental sources such as courts and agencies for deductions from employee as required by law.

RHU will not deduct amounts requested by nongovernmental sources except as ordered by courts or specified by other authorities such as RHU's BOT Counsel.

Payments of Student Accounts

Employees may arrange to have amounts deducted from their paychecks to pay their own or their dependent's student account. All payment arrangements of this nature must be calculated to pay the academic year balance in full by the last payroll of the fiscal year. These payment arrangements are made with the Office of Student Affairs who is responsible for delivering them to HR.

Contributions to RHU

Employees may arrange to make contributions to the RHU through Payroll Deduction. These arrangements are made with Institutional Advancement.

IX. Purchasing Responsibilities:

This policy, together with an associated Procurement Policy, specifies procurement authorization responsibilities of RHU constituents. All procurement activities shall be duly authorized by the relevant budget holder.

Based on the value of the requested goods or services, a decision will be taken on the procurement method that will be used to purchase requested items. This could include Petty Cash, Direct Order Procurement, Purchase Order Procurement, Practice Procurement, and Tenders depending on estimated value. The Finance director, or delegate, shall have responsibility for the management of internal service units and petty cash including development and administration of guideline and procedures for the programs. These include:

1. Internal Service Units are used when one RHU unit provides goods and/or services to another unit. Related costs are billed to the receiving department using and approved recharge rate.
2. Petty cash may be used to purchase items with value less than USD 500;
3. RHU Contracts are those agreements that have been negotiated to provide goods and/or services with favourable terms for pricing, delivery and other factors. These contracts provide department users with efficient access to commonly purchased goods and/or services. Prices, terms and conditions of sale have been pre-approved and agreed on by RHU's Procurement Department.
4. RHU may participate in consortiums and other buyer cooperatives and use other modern procurement methods, including electronic cards, to acquire goods, materials, equipment, travel and other services.

The President, or delegate VP for Administration and Finance, shall order a review of USD procurement limits and threshold amounts every two years, and make adjustments to reflect efficient business practices and improved delivery of goods, materials, equipment and services.

The president shall file a report with the BOT notifying of any changes to current practices.

X. Disbursements and Accounts Payable:

The purpose of this policy is to ensure that:

- Processing efficiencies are maximized and cash management strategies are supported;
- Invoices are paid as per the agreed terms;
- Payments are made when due and payable;
- Liabilities are recorded fully;

- Stakeholders and Supplier relations remain positive.

A. Policy Statement:

No payments made on behalf of the University are to be approved with the understanding that any part of such payment is for any purpose other than that described on its supporting documents.

- The financial authorities for check signing are specified in the DOA
- RHU shall disburse funds for payment of goods and services only when certain conditions have been met as follows:
 1. Expenses are for a valid business purpose;
 2. Goods or services have been procured in accordance with RHU financial and purchasing policies;
 3. An individual with decision-making authority and accountability for the funds being disbursed has properly approved transactions;
 4. Goods and/ or services have been received or prepayment properly authorized;
 5. Transactions shall include complete and accurate supporting documentation; and
 6. Transactions shall bear appropriate account codes, in accordance with established accounting policies.

B. Receiving Vendor Invoices:

The Procurement Manager shall instruct vendors/ suppliers to send invoices directly to the Finance Department – Accounts Payable Section; referencing the purchase order against which the goods were delivered/ services were rendered.

Vendor invoices should be mailed directly to the Finance Department – Accounts Payable Section; many departments mistakenly have the vendor mail the invoice to them, causing a delay in payment.

C. Matching Invoices with Orders:

To ensure that only valid payments are made for goods and services received, Accounts Payables personnel shall match various documents associated with a standard or contract purchase order prior to releasing payment to a vendor.

Vendor invoices without a purchase order, direct purchases, may also be processed for payment. However, the President, Vice Presidents and Director/ Dean shall approve the invoice as outlined in the procurement policy.

D. Receipt of Goods and/ or Services:

Payments to vendors/ suppliers shall not be made without a confirmation of the receipt of

goods and/ or services as stated in the purchase order/ contract from the requisitioning unit and/or Stores.

Whenever a commodity is purchased by any of the University units, receiving must be posted in the relevant ERP module. "Support Service Department - Central Receiving" is responsible for recording stock received report information on all items delivered through Receiving. On orders that bypass receiving, it is the responsibility of the campus department to notify the "Support Service Department - Central Receiving".

E. Advance Payments:

Advance payments can be made in certain cases. As outlined in the DOA

1. The Director of Finance/or delegates and the Purchasing Manager or delegates shall jointly approve any advance payments to vendors for amounts up to USD 10,000.
2. If the requested advance payment exceeds USD 10,000, then it should be protected by obtaining a bank guarantee for an amount equivalent to the advance payment from a bank in Lebanon.
3. Where submitting a bank guarantee is not possible, the Vice President for Administration and Finance may approve an advance payment without a bank guarantee for amounts less than USD 50,000 based on a reasonable assessment and evaluation of the vendor done by the Procurement Department.

The above restrictions will not apply for advances given to research projects with collaborating institutes. However, the advance payment amount must be specified in the signed contract (subcontract agreement).

F. Tolerance Policy:

There is an allowable tolerance for the total payment amount to be greater than the total purchase order amount and or/agreement. This variance allows for items such as shipping charges and small incidental fees that may not have been anticipated when the PO or agreement was originally created. .

Based on the accountant (who is performing the payment) assessment the tolerance allowed in this policy is 10% or USD 50, whichever is lower. In other justified cases the Finance Director may approve tolerance up to USD 100. Above these thresholds, however, a change order is required to increase the value of the original PO and/or agreement.

G. Methods of Payment:

All type of payments (Checks, Wire letter...) must be dually signed by the Vice President for Administration and Finance and the president.

The president may delegate this responsibility to other officials in the University such delegation should be in writing and documented. In all cases the bank should be immediately

informed about any changes to the above policy.

Checks

Checks shall be drawn to order and crossed "Not Negotiable". The amount payable on checks shall be expressed in words and figures.

Payments in Foreign Currency (Other than USD and LBP)

The Accounts Payable personnel shall process foreign currency bank drafts or transfer requests when the contract with the vendor requires payment in foreign currency.

Electronic Funds Transfer

Electronic funds transfers include payments made via wire transfer or other electronic method. Payment by wire transfer is appropriate under specific conditions, such as payment to a foreign vendor, utility payments and corporate credit card payments.

Petty Cash Payments

The departments/ colleges may pay vendors/ suppliers from their petty cash fund where procurements are for supplies as described in the relevant procurement policy.

Unclaimed / Un-cashed Checks

The Finance Department should attempt to contact the payees of unclaimed and un-cashed checks.

The standard time for following up on un-cashed and unclaimed checks should be performed before the lapse of six months after the check's issue date as the subject check will no longer be valid after this period.

The above follow-up action guidelines apply to both unclaimed and un-cashed checks. Such checks should be cancelled after a six-month period.

Stop Payments / Cancelled Checks

In certain cases, checks may be issued incorrectly or lost or stolen which then requires a stop payment order and issuing of a new check.

Departments/ colleges requiring a stop payment for a check should contact the Finance Department immediately after realizing that a check may be lost or stolen. The Finance Director should send a stop payment instruction to the Bank and issue a replacement check.

The Finance Director shall also be responsible for the cancellation of a check due to inaccurate amounts, or incorrect vendor name/address.

XI. Internal Control, Auditing and Safeguarding of RHU Assets:

The purpose of this policy is to provide guidance on aspects that support effective financial management and cover the following:

- Internal Control;
- Internal Audit;
- External Audit; and,
- Employee Responsibility for the University Assets.

A. Internal Control:

Internal controls are activities designed to determine, direct or command processes in order

to achieve a desired outcome. They are an integral part of RHU's financial and business processes and are keys to ensuring good administrative governance.

An internal control system encompasses the policies, procedures, processes, tasks, behaviors and other aspects of an organization that, taken together:

- ✓ Facilitate effective and efficient operations by enabling the organization to respond to its significant risks;
- ✓ Assist in ensuring the quality of internal and external information and reporting;
- ✓ Assist in compliance with applicable laws, regulations and internal policies and procedures; and
- ✓ Provide management with the capability to monitor and assess the level of compliance with organizational internal controls.

The President (or his/her delegate, VP for Administration and Finance) shall:

- Develop organizational structures that provide appropriate segregation of functional responsibilities;
- Implement authorization and record-keeping procedures that give reasonable accounting control over assets, liabilities, revenues, expenses, and changes in the balance of funds;
- Deploy sound practices that ensure a high degree of compliance with approved authorization and record-keeping procedures; and
- Hire employees with appropriate capabilities to execute their prescribed responsibilities.

ORGANIZATIONAL STRUCTURE

RHU's organization structure shall be developed to ensure that operating, custodial, accounting and internal auditing functions are independent of each other and responsibility, authority, operating policies, and procedures are defined clearly.

AUTHORIZATION AND RECORD-KEEPING

Appropriate records and reports shall be maintained as evidence of transactions conducted for RHU'S operations and of their approval and subsequent review. Records should contain:

- Reconciliations between control accounts and subsidiary ledgers, where appropriate;
- Meaningful classification of transactions; and
- Sign-offs by appropriate supervisory personnel.

SOUND PRACTICES

RHU shall adopt practices that enhance the integrity of authorizations, recordings, and custody of financial and related data. These practices include a continuous review or internal check of routine transactions, whereby the work of one person is proved independent of or is complementary to the work of another. These practices seek to enforce a division of duties and responsibilities such that no one person has complete control over all aspects of a financial transaction.

EMPLOYEE RESPONSIBILITY

A properly functioning internal control system depends on the selection of personnel with ability and convenient experience. Operating personnel shall be capable of carrying out prescribed procedures efficiently. Personnel are to be trained in the position they will perform, and the necessity of adhering to outlined procedures and controls should be emphasized to them.

EXCEPTIONS TO CONTROL PROCEDURES

The deployment of internal controls should be considered in light of their economic utility, practicability, and protection of personnel.

At instances where the cost of deployment would far outweigh possible losses or proposed controls would cause significant inefficiencies, the concerned unit head in consultation with the Internal Auditor shall decide if certain controls are not feasible and alternatives may be more appropriate.

REVIEW

The system of internal control shall be under continuous review by administrators and supervisors at all levels to determine that:

- Prescribed policies are being interpreted properly and are being carried out;
- Changes in operating conditions have not made the procedures cumbersome, obsolete, or inadequate; and
- Corrective measures are taken promptly when system breakdowns appear.

Major Internal Controls Checklist:

This list is not intended to provide an exhaustive list of internal controls required for each department. This listing is designed to assist and provide guidance on the main features of an effective system of internal controls. Each department is required to identify its significant risks and tailor the system of internal controls accordingly in order to mitigate these risks. Components of an effective system of internal controls should include:

Segregation of Duties: For instance staff member who raises a purchase requisition, transaction approver, and custodian and account reconciler should not be the same individual. In the case of cash handling, one individual should not be responsible for the initiation, processing, recording and reporting of the transaction

Authorization: Those charged with the responsibility of approving transactions should be of an appropriate level of management / seniority within the department. Transaction approvers should be familiar with RHU policies and procedures, terms and conditions of the transaction or terms of endowment / project contract terms in order to provide informed authorization and approval for the transaction

Reconciliations: Financial reports related to the department should be prepared on a periodic basis and reviewed by management. Significant accounts (in quantum or sensitivity) should be reconciled to supporting documentation on a periodic basis

Governance / Performance Review: Executive management in each department should perform a regular review of academic and administrative resource inputs and outputs to ensure intended quality and value for money is obtained;

Error Handling via journal entry should be approved and documented by an individual of relevant authority in a timely manner in addition to the sign off of the preparer of the journal;

Budget Review: Comparison of budget income and budget expenditure to actual income and actual expenditure should be performed on a monthly basis and approved by department management;

Books and Records: Sufficient records should be maintained by the department for the time periods suggested by RHU's BOT.

Safeguarding of Assets: Assets purchased by the department:

- ✓ Should be safeguarded
- ✓ Reviewed to ensure proper insurance cover is maintained
- ✓ Each Director/Dean has the responsibility of implementing appropriate systems of internal control to prevent mismanagement, fraud, theft or personal use of RHU assets.

Conflict of Interest: Staff in each department should be aware of any potential conflict of interest in department activities and the need to demonstrate fairness at all times in decision making. Appropriate action to avoid actual / perceived conflict of interest should be taken in each department to ensure that all staff adhere to RHU's policy on conflict of commitment and conflict of interest.

Employee Responsibility: Employees should identify and report activities that they believe may represent possible violations to their immediate supervisor, who shall act promptly and take the following steps in investigating alleged violations:

- Preserve the confidentiality of the parties involved; and
- Prepare or assist in the preparation of a written report containing findings and recommendations for submission to the next supervisory level and to the Finance director.

B. Internal Auditing:

The BOT has delegated authority and responsibility to the President to hire an Internal Auditor to independently examine and evaluate RHU's various activities. The objectives are to assist RHU constituents in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations and information concerning the activities audited and to promote effective systems of internal control. The objectives of internal audit include:

- Determining whether RHU's overall internal control system and unit administrative controls are adequate, effective, and efficient;
- Assessing the reliability and the adequacy of the accounting, financial, and reporting systems and procedures;
- Ensuring that RHU activities conform to RHU policies and procedures, applicable laws and regulations, contractual obligations, and good business practices;
- Exploring the extent to which RHU assets are accounted for and safeguarded from losses of all kinds, and verifying the existence of those assets; and
- Evaluating operational procedures to determine whether results are consistent with established objectives and goals, and whether the procedures are carried out as planned.
- Partnering with administrative units on new processes and procedures to determine the most effective and efficient methods of doing business for RHU commensurate with cost/benefit to the University and adequate internal controls.

Internal Audit has the responsibility of conducting the audits of all organizations and external units (such as suppliers) responsible to RHU, if specified in the relevant contract/ agreement. In addition, internal auditors may also be called upon to conduct or support investigations as required or as directed.

The general scope of audit coverage is University-wide and no function, activity, or unit of RHU is exempt from audit and review. No officer, administrator, or staff member may prohibit internal auditors from examining any RHU record or interviewing any employee or student that the auditors may deem relevant to their audits and reviews.

While offering service to management, internal audit is not an extension of, or substitute for, line management, who remain fully responsible of having appropriate and adequate internal controls. The Internal Audit Office does not design, implement or operate control systems, although it may provide consultancy services / an opinion at the time of implementation.

The role of internal audit is to determine whether the systems, procedures and controls that management operates are being complied with and are adequate. It is a system-based approach which aims to encompass all aspects of a department's functions and responsibility.

The Internal Auditor reports directly to the President, however the Internal Auditor has the authority to report directly to the chairman of the BOT for any critical issue he/she feels is appropriate.

C. External Auditor:

The BOT requires the financial records of RHU to be audited annually by a certified public accounting firm and to provide an audit opinion on RHU's financial statements.

The auditors should be committed to conduct their engagement in accordance with international generally accepted auditing standards. As such, the audit report should express an opinion as to whether the financial statements of RHU fairly present the financial position, results of operations, and cash flows of RHU.

The Auditor should prepare a management letter addressed to RHU's BOT, that identifies

areas of concern or weaknesses encountered in the examination of the financial statements of RHU, recommendations for improvement, and management's response to the concerns raised or that advises the BOT that no significant concerns or weaknesses were discovered. The appointment of the external auditors shall be approved by the BOT at remuneration to be specified by the BOT for a period of one year. The appointment of external auditors shall either be reconfirmed or new external auditors shall be appointed. In all cases, external auditors shall be changed after a consecutive term of five years. The Finance director shall here serve as a liaison with external auditors.

D. Reporting and Investigation of Fraud:

Fraud generally involves intentional misuse or conversion of RHU property or resources for personal use. Employees are prohibited from obtaining an unauthorized benefit for themselves or others by deception, misrepresentation or other unethical means. Examples of fraud covered under this policy include any unlawful act by an employee including accepting or offering bribes, kickbacks or rebates; embezzlement; forgery; misappropriation of funds or equipment or property; theft of cash, funds, or services; and actions to conceal or perpetuate any unlawful act.

MANAGEMENT RESPONSIBILITY

The President, Vice Presidents, Deans and Directors of Departments are responsible for detecting fraudulent activities in their areas of responsibility and should be familiar with the types of improprieties that might occur in his/ her area and be alert of any indication of improper or dishonest activity. When dishonest or improper activity is detected or suspected, appropriate and timely action shall be taken to determine whether an error or misunderstanding has occurred or whether fraud may exist.

Managers who fail to carry out their responsibilities, as hereinabove stated, will be subject to disciplinary action, up to and including termination of employment.

EMPLOYEE RESPONSIBILITY

RHU employees have the responsibility of safeguarding RHU resources and ensuring that these resources are used for authorized purposes, in accordance with RHU rules, policies, and applicable laws. It is a violation of RHU policy, for any employee, to receive or use RHU resources for non-UNIVERSITY purposes or personal gain.

Any employee who has reasons to believe that fraud has occurred is obligated to report the incident(s) and all relevant information to an appropriate RHU authority. When fraud is suspected, observed or otherwise made known to an employee, the employee shall report the activity to his supervisor. If the employee has reason to believe his supervisor may be involved in the fraud, the employee shall report the activity to the next higher level of management or to other RHU officials or the RHU's Internal Auditor.

Employees of RHU must not engage in any illegal activity and must not, in the performance of their duties, commit any act of fraud, whether or not adverse to the interest of the University.

Any act of fraud ascertained upon internal investigation, or pursuant to a criminal conviction, or through written acknowledgement by the employee concerned, shall result in disciplinary action up to and including termination of employment.

For the purposes of this policy, fraud shall include, but not be limited to:

- ✓ Theft or misappropriation of RHU assets.
- ✓ Submitting false claims for payment or reimbursement.
- ✓ Accepting or offering a bribe, or accepting gifts or other favours under circumstances that might lead to the inference that the gift or favour was intended to influence an employee's decision-making while serving the University.
- ✓ Accepting a commission from, or paying same to a third party (kickbacks).
- ✓ Blackmail or extortion.
- ✓ "Off book" accounting, or making false or fake entries.
- ✓ Knowingly creating and/or distributing false or misleading financial reports.
- ✓ Payment of excessive prices or fees where justification thereof is not documented.
- ✓ Violation of RHU policies and procedures with the aim of personal gain or to the financial detriment of the University.
- ✓ A dishonorable, or irresponsible, or deliberate act against the interest of RHU.

Penal Action

- ✓ RHU will take appropriate action in response to any complaints, including disciplinary action, up to and including termination of employment, against any person who, in RHU's assessment, has acted in violation of this policy, and informing the appropriate authorities in accordance with applicable policies.
- ✓ Employees who deliberately or maliciously lie to cover up or conceal an act sanctioned by the policy, obstruct the reporting of, or fail to report or monitor a fraud that they become aware of, will be considered to be accessories after the fact and may be subject to disciplinary action and discharge.
- ✓ RHU reserves the right to press charges against employees and to report any criminal action to the appropriate authorities.
- ✓ RHU reserves the right to sue employees before the civil law in order to force restitution of any loss that RHU may have suffered.
- ✓ The personnel files of employees disciplined under this policy will record the reasons for the disciplinary action.

XII. Financial Planning and Budgeting:

A. Financial Planning:

Financial planning shall align proposed funding, staffing requirements and resource allocations to instructional, research, public services, academic and institutional support services and administrative priorities that are reasonably consistent with RHU's academic and operational plans. Financial planning should provide timely useful information to facilitate strategic, academic and operational control decisions.

Financial Plans shall include Capital Projects, Capital Equipment and Annual Operating Budget forecasts.

The Vice President for Administration and Finance shall oversee the development of multi-year funding projections and Annual Financial Plans that reflect balanced budgets within defined time periods.

The Finance director and his/her staff shall have the responsibility of the preparation and monitoring of the Annual Financial Plan and any subsequent modifications.

B. Budgeting and Monitoring:

To ensure that resources are directed towards meeting the priorities of RHU, revenues and expenses shall be budgeted in a comprehensive manner and changes in budgetary expectations shall be forecasted and managed.

The budget process serves as the primary planning and control tool for linking RHU's various programs and financial resources necessary for its success. Budgets shall be finalized and entered into RHU's financial system before the beginning of each fiscal year. Budgets shall include both operating and capital components, which shall be aligned to reflect the effects of capital activity on the operating budget.

The BOT shall approve the budget requests.

The Finance director shall have the responsibility of preparing, reviewing and monitoring the approved budget.

Each Director/ Dean has the responsibility of preparing budget proposals for submission as part of the annual budget development process. The budget requires an understanding of the major budget components by the Academic and Research departments/centers and unit heads. Responsibilities for budget details are typically delegated to faculty and staff, who have operational decision-making authority. Departments, colleges and Research Centers are responsible for accurately budgeting revenues and associated expenses for all of their activity groups

Under the direction of the Vice President for Administration and Finance, the Finance director or delegate shall propose the format and the structure for the submission of budget proposals and shall assist Vice Presidents, Deans and Department Heads in the creation of plans and may also provide a set of centrally supported financial planning tools to help in the creation of specific proposals as well as the entire process of financial planning, monitoring, and reporting.

C. Administration of Financial Records:

RHU's accounting records provide information regarding financial transactions against established fiscal plans in the form of appropriations, budgets, and other expenditure authorities. Financial administration ensures the propriety of financial transactions

conducted by RHU's various officers and that access to financial documents and records is confined to authorized individuals.

Administration of Financial Records covers the following:

- Approval of Financial Documents;
- Access to Financial Systems; and
- Retention of Records.

Approval of Financial Documents

Signature authority on the bank accounts or/and estates and trusts contracts and approval to execute contracts or agreements that create an obligation to RHU is outlined in the authority matrix.

The Approval authority for general operating and equipment expenditures within a budget approved by the BOT is delegated to Vice Presidents, Deans and Directors of departments; and

Within each department/ college, the directors/deans are responsible for the overall financial administration of the department/ college and may delegate transaction approval authority.

A signature, either on paper or in electronic form, transaction shall evidence the approval of transactions. The approval of a financial transaction attests to its completeness, accuracy, and validity. Executed transactions shall carry evidence of approval in the form of the unique ID of the approver or some other auditable means of identification.

Access to RHU's Financial Systems

Access to RHU's financial systems shall be granted where there are valid business reasons. Vice Presidents, and Directors/ Deans shall decide and approve the access level of the employees in their respective areas/ colleges.

RHU employees with access to financial records are responsible for the proper use of access privileges and are accountable for any inappropriate transactions or access, and inappropriate use of RHU information. Employees shall be assigned unique IDs, which shall not be shared. Users are responsible for maintaining the security of ID's and passwords. Information shall be kept confidential and shared only with authorized employees.

Retention of Financial Records

RHU records shall be maintained for a period of ten years and in a manner that supports operational needs and internal control directives, and also meets any legal and regulatory requirements. Such records shall be destroyed according to established destruction schedules mutually approved by the Vice President for Administration and Finance and the Director of internal Audit. Document retention standards and systems shall ensure that transactions and related authorizations are fully supported in the event of an audit, litigation, or other external action.

Record retention and disposition schedules apply to records in all formats, including paper records, computer files (e-mail, word-processed documents, spreadsheets, databases, and materials in imaging systems).

The VP for Administration and Finance and the Internal Auditor shall propose guidelines and standards for the retention and management of RHU financial records.

Ownership of RHU Records

The RHU's financial records are the property of RHU and do not belong to personnel who prepare such records or to their official custodian.

Accessibility of Records

Financial records shall be retrievable for examination by authorized personnel. The Finance director shall instruct departmental employees on procedures for labeling and record keeping, ensuring documents can be retrieved in a timely manner. The Finance department employees are responsible for retrieving records upon request, by any party authorized by the Vice President for Administration and Finance or by a recognized legal authority. Access to electronic records shall be subject to RHU's policy governing information access and security.

XIII. Tax reporting to the governmental Entities:

This Policy establishes a framework for how the University will comply with applicable legal requirements in the administration of taxation laws.

This Policy applies to all matters that have taxation impact. The taxes covered are:

1. Salary and Wages Income Tax (الضريبة على الرواتب والاجور) to be reported to the ministry of finance. On quarter basis and annual basis (Every February)
2. Value Added Tax (VAT) declaration and VAT redemption request, to be reported to the ministry of finance on annual basis. تقديم التصريح الدوري تادية الضريبة على القيمة المضافة لكل سنة و كذلك تقديم طلب الاسترداد
3. Withholding tax reporting to the ministry of Finance on annual basis (Every January). تصريح المؤسسات المستثناة من ضريبة الدخل من غير الشركات
4. Payment of National Social Security Fund subscriptions on monthly basis دفع اشتراكات الصندوق الوطني للضمان الاجتماعي
5. Submission of the annual nominal declaration before 31 March of the following year (تقديم التصريح الاسمي السنوي قبل 31 آذار من العام).

Procedurals information and other detailed policies are listed on the ministry of finance website as well on the website of the national social security.

XIV. STAKEHOLDER IMPACT AND SCOPE

It is the responsibility of each RHU academic and nonacademic member to familiarize themselves with policies and procedures relevant to their area of work, and to adhere to its contents.

XV. APPROVAL AND REVIEW

Approved by RHU Administrative Board on October 22, 2024

Definitions:

Account Code Categories

An account code category is a grouping of similar general ledger accounts that describe an account class (for e.g. administrative expenses, general expenses, etc.).

Accounts Receivable

Monetary amounts existing as valid claims from RHU against debtors for services provided or sale of goods.

Accrual Basis of Accounting

A basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate.

Capital Assets

Capital assets are defined as tangible items that are held for use in the supply or production of services or goods, for rental to others, or for administrative purposes and are expected to be used for more than 2 years, and for an acquisition cost of USD 1,000. . The value of capital assets includes the purchase price, costs of acquiring (shipping and handling), installation charges, and all other expenses incurred to prepare the item for its intended use. It also includes improvements that increase the value or extend the useful life of capital assets.

Capitalization

Capitalization is the recording of the cost as a capital asset subject to depreciation over its estimated useful life, rather than as an expense for one accounting period.

Capital Budget

The capital budget is part of the capital improvements program approved by the BOT that includes all capital projects for which funding is appropriated in a fiscal year.

Capital Improvements Program

The capital improvements program includes all capital projects, regardless of size, financed with State and RHU funds. The capital improvements program is an ongoing process of assessing capital needs, opportunities and resources, evaluating the conformity of potential projects with academic priorities and facility investment strategies, and establishing priorities for project implementation.

Capital Project

A capital project is defined as any non-recurring capital expenditure for the acquisition, construction, or improvement of a permanent facility. Capital projects are classified into four types:

1. Construction of a new facility for new, expanded, or enhanced programs/uses, replacement of an existing facility, or the acquisition of land or a facility.
2. Adaptation of an existing facility for new, expanded, or enhanced programs/uses.
3. Renewal of an existing facility with no expansion of programs/uses.
4. Non-building projects.

Cash Collection Point

A permanent or temporary location established by the Director of Finance for facilitating the receipt and disbursement of cash and checks.

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

Depreciable amount

The cost of an asset, or other amount substituted for cost in the financial statements, less than its residual value.

Eligible Employee

Means full-time faculty members, and regular full-time staff members.

Endowments and Gifts

Endowments and gifts are donations received by RHU in the form of cash, securities and other assets for unrestricted and restricted purposes.

Fiscal Year

A period of twelve months agreed on by RHU for the Preparation of Financial Statements. Currently, this is from 1 September to 31 August.

Fair value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Petty Cash Custodian

A designated person who is responsible for the safekeeping of a petty cash fund as well as adherence to RHU policy for all reimbursements and payments made from the fund.

Record Retention and Disposition Schedule

A schedule that specifies the period for which specific RHU information will be stored. The schedule also specifies the record/ document and their format for storage.

Residual Value

The net amount, which the entity expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

Sponsored Students

These are students that are sponsored by various entities. RHU will maintain a list of approved entities that can sponsor students.

Sponsoring Organization

An organization that sponsors students at RHU for the purpose of education and/or any other programs/ events.

Straight Line Method

This is a depreciation method based on the passage of time, recognizing equal periodic charges over the estimated useful life of an asset. The calculation is as follows:

$$\text{Depreciation Expense} = (\text{Asset Cost} - \text{Residual Value}) / (\text{Years of estimated useful life})$$

Useful life of capital assets

The period of time over which an asset is expected to be used by RHU.

Un-cashed Check

A check mailed or delivered to the payee that has not been cashed.

Unclaimed Check

A check held by any RHU office for issuance or delivery to the payee including checks mailed to a payee that were returned to RHU.