PRINCE MOHAMMAD BIN FAHD UNIVERSITY

FINANCIAL AFFAIRS DEPARTMENT

POLICIES AND PROCEDURES

MANUAL 2013
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Salary Transfer (Promissory Note)

A. PURPOSE OF POLICY

- The purpose of this policy is to provide guidance:
  - PMU Staff and Faculty members applying for loans from Saudi Local Banks.
  - Prevent all new hires from applying bank loans.
  - Prevent employee with low salaries from applying bank loans.

B. POLICY STATEMENT

- Employees are eligible to get the said promissory after completing six months period at PMU.
- Any employee wants to apply for the promissory note before completing six months period have to submit a written approval from his/her direct superior.
- Employees who are making less than Three Thousand Saudi Riyals (SR 3,000.00) per month are not eligible to get the said salary transfer letter.
- Prior approval should be taken from the Director of Financial Affairs before issuing any salary transfer letter.
A. PURPOSE OF POLICY

- This policy sets out the guidelines and procedures for incurring expenses and their reimbursement for staff and faculty.

B. PROCEDURES

- The staff or faculty request for per diem should be signed and approved by their Department Head.

- The approved request will be forwarded by the Department Head to the Budget and Accounting Department for processing and calculation.

- The approved calculation for travel & subsistence expenses by the Director for Financial Affairs will be submitted to PMU Rector for final approval.

- The University has two types of daily allowance, local and international, based on the following guidelines:
<table>
<thead>
<tr>
<th>Destination</th>
<th>Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>Basic salary x 5% x No of days or SR 750.00, whichever is lower. Bahrain is considered as Local.</td>
</tr>
<tr>
<td>International</td>
<td>Basic salary x 10% x No of days or the amount stated below, whichever is lower:</td>
</tr>
<tr>
<td></td>
<td>**</td>
</tr>
<tr>
<td>Europe</td>
<td>1,500.00</td>
</tr>
<tr>
<td>North America</td>
<td>1,500.00</td>
</tr>
<tr>
<td>South America</td>
<td>1,500.00</td>
</tr>
<tr>
<td>Asian</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Gulf Countries excluding Bahrain</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Australia</td>
<td>1,500.00</td>
</tr>
</tbody>
</table>

- The daily allowance for faculty or staff travelling to countries not covered in the above mentioned location are subject to evaluation by the Director of Financial Affairs.
- The staff or faculty is entitled only for a 50% reimbursement if the hotel booking was made by the University.
- Staff and Faculty are entitled to daily allowances for only 30 days and 45 days a year respectively, effective 1<sup>st</sup> day of January.
- The Budget & Accounting Department is responsible for monitoring the daily allowances given to each staff and faculty. Schedule or the monitoring should be attached to each per diem request.
- Payment for per diem should be made only upon receipt of the calculation with approval of the PMU Rector.
- The PMU Rector's daily allowance is excluded from the above mentioned limitations.
PREPAID EXPENSES

A. PURPOSE OF POLICY

- To ensure that all prepaid expenses are recognized and recorded for the month and correctly charged to each cost center.

B. PROCEDURES

- Check and analyze all the prepaid expenses every month.
- Check the period covered to assess whether the prepaid expenses should be amortized or recognized.
- Prepare a working paper which is reconciled to the general ledger to identify monthly expenses, total amortization or expenses recognized to date and the remaining balance of the prepaid expenses.
- Prepare and record the corresponding journal entries into the financial system to the correct cost center.
- Journal Voucher is subject to approval by the Director of Financial Affairs.
PAYROLL

A. PURPOSE OF POLICY

☐ To ensure that all the PMU staff and Faculty are properly paid based on their approved salary, other benefits and attendance report.

B. POLICY STATEMENT

☐ Faculty members are paid every 21st of the month and the staff are paid every 25th of the month.

C. PROCEDURES

☐ Create a new file of payroll for the staff and faculty for the current month.
☐ Effect the adjustment on the payroll for the month on the following items:
  ○ Effect the recommended deductions submitted by the HR Department for lateness or tardiness at least 2 days before the pay day schedule based on the attendance report from the attendance system.
  ○ Effect the deductions for leave without pay.
  ○ Eliminate the staff or faculty from the payroll summary upon receipt of the request to hold the salary due to resignations and or vacations. Budget & Accounting will not be held liable for the employee who resigned without prior notice and still received their salary due to non-submission of the supporting documents to withhold their salary.
- Addition of the new staff and or faculty on the payroll should be made only after receiving the start date form and the employment offer from the HR Department signed by the authorized signatories.
- Staff and or faculty returning from their vacation will be added only on the payroll upon receipt of the Return to Work form from HR Department signed by the authorized signatories.
- Effect the deductions for the staff and faculty who have received cash advances based on the approved terms of deduction.

- Print the payroll summary report of the staff and faculty per cost center for review by the Director of Financial Affairs, HR Head and Departmental Heads.
- Prepare a summary report of staff and faculty who will receive their salary through checks, transfer to Samba Account, transfer to other bank accounts and wire transfer.
- Forward the summary of check and wire transfer preparations to the person in-charge for preparing the checks and the transfer.
- Prepare a letter to the bank to debit PMU bank account for the total amount of transfer for staff and faculty salary payments.
- Submit the payroll reports, checks and wire transfers to PMU Rector for signature and approval.
- Prepare the corresponding journal entries of the salary for the month and forward to the Director of Financial Affairs for review and approval.
BANK ACCOUNTS & BANK RECONCILIATIONS

A. PURPOSE OF POLICY

☐ This policy sets out the requirements for use of bank accounts, including opening, closing authorization, variations to terms and conditions, reconciliation of bank accounts and bank account transactions.

B. PROCEDURES

1. Opening Bank Accounts
Any new bank accounts to be opened for the business must have the authorization of the Chair of Trustees, University Rector and Director of Financial Affairs.

For each new bank account opened, the financial system must be updated and the bank account registered by the Head Cashier and Chief Accountant.

2. Bank Account Authorisations
For monies withdrawn from any bank account, whether by check, EFT or other online payment method, there must be 2 persons authorizing for each payment.

The authorized persons for bank account payments are:

   1. University Rector
   2. Director of Financial Affairs
3. Head Cashier

Each payment made must be supported by invoice, receipt or other appropriate documentation and the authorizations must be attached to this documentation prior to payment.

3. Variations to Bank Account Terms and Conditions

Any variations to banking arrangements can be made or varied by the Rector and Director of Financial Affairs

The Head Cashier and Chief Accountant are responsible for updating the financial system and/or bank account register with the new information.

4. Closing Bank Accounts

Where it is decided that a bank account is no longer necessary, the Chair of Trustees, Rector and Director of Financial Affairs will authorize the closure of the bank account.

The Head Cashier and Chief Accountant will then be required to complete the following:

- ensure all transactions with respect to the account (including cheques drawn) have been completed;
- lodge with the bank a letter, signed by Rector and Director of Financial Affairs as authorized signatories advising of the closure of the account;
- meet the bank’s requirements with respect to account closure; and
- update the financial system and bank account register.

5. Bank Account Transactions

All deposits received must be banked within 2 days.

Unallocated direct deposits of more than 30 days will be investigated fully to determine source of deposit. Where the source cannot be identified, the deposit will be allocated to a suspense holding account.

Checks outstanding for more than 6 months will be reallocated back to the business through the financial system.
Where a payment stop on a check is required, this will be authorized by Director of Financial Affairs.

The Head Cashier will be responsible for carrying out the following duties in regards to payment stop on a check:

- ensuring the check has not already been presented at the bank;
- getting authorization to action the stop payment using appropriate forms from the bank;
- ensuring the bank receives notification of the stop payment notice;
- receiving confirmation of action from the bank of the stop payment; and
- ensuring the details of the stop payment are kept in the stop payment folder.

6. Bank Account Reconciliation

- Check the opening balance per book and per bank to ensure that no adjustment was made after the previous reconciliation.
- Open the Cash In bank account data from the system and transfer the data to the excel file.
- Open the previous bank reconciliation and save as to create another file.
- Open the new file of bank reconciliation and open the extracted file from the system and then copy the data to the new bank reconciliation working paper. All credits at the extracted data should be added to the payments not yet cleared or debited by the bank and all the debits should be added on the previous collections not yet credited by the bank to our account.
- All the items presented or appeared in the bank statement should be matched to the bank reconciliation working paper. Post the amount credited or debited by the bank to the working paper to ensure that the amount booked per general ledger received and paid agree with the amount appeared on the bank statement.
- After posting all the amounts in the bank statement with records in the general ledger, the schedule of payments received not yet credited by the bank and the payments we made not yet debited by the bank on our account can be prepared.
- All items appeared in the bank statement but not recorded in the book should be considered or reported as bank reconciling items. A review of these items should be made to determine if the items are bank errors or unrecorded payments of collections.
- Print the bank reconciliation for the month with supporting schedules and forward to Director of Financial Affairs for review.
BUDGETING

A. PURPOSE OF POLICY

- This policy sets out the budget policy and how resources are to be allocated to each department.

B. PROCEDURES

Budget Preparation

- Questionnaire should be prepared by the Director of Financial Affairs to be circulated to all PMU Higher Management (Rector, Vice Rector's, Deans and Directors).
- Questionnaire includes the department recruitment and payroll requirements, asset requirements, research and development project, consumable materials and other expenses.
- Budget should be prepared based on the requirements submitted by each department.
- Initial Budget being prepared should be sent to PMU Board of Trustees for approval.
- Approved budget should be entered by Budget and Accounting to the Banner System.
- Any adjustment on the approved budget should require approval from the PMU Rector.
Cash Advances

A. PURPOSE OF POLICY

- To ensure that the new faculty members, Senior Staff and Administrators of the University can support their financial needs until they received their initial salary and the reimbursement of their visa processing.

- To ensure that the new staff who are entitled for 6 months housing advance and the staff who are entitled for the food allowance can support their financial needs before receiving their initial salary.

B. POLICY STATEMENT

- Upon arrival of the new faculty member, senior staff and administrators, they are eligible to receive a cash advance of SR 5,000.00 (linked to a visa processing reimbursement with maximum allowed of the same amount or amount that was stated on their employment offer).

- New staff who are entitled to receive housing allowance are eligible to receive the housing allowance advance for the first 6 months.

- New staff who are entitled for the food allowance are eligible to receive the cash advance equivalent to one month allowance.
C. PROCEDURES

- Cash Advance Form should be prepared by HR Staff or the new staff or faculty member, signed by the Director of Human Resources and for final approval of the Director of Financial Affairs.

- Approved Cash Advance form should be forwarded to the staff handling the cash releases.

- The cash advance should be deducted from the faculty member first pay cheque and the payment for the reimbursement of visa processing will be added in case the final approval was received on or before faculty payroll cut-off date which is every 15th of each month.

- The food allowance advance will be deducted from the new staff first pay cheque and the housing allowance will be deducted on a monthly basis.
**Departmental Petty Cash Fund**

**A. PURPOSE OF POLICY**

- The purpose of this policy is to ensure that all disbursements from the petty cash fund are properly documented and appropriately authorized.

**B. POLICY STATEMENT**

- The University has established/defined a maximum amount of a petty cash fund for the following departments:

<table>
<thead>
<tr>
<th>Department</th>
<th>Petty Cash Fund</th>
<th>Eligible Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>STUDENT AFFAIRS - MALE AND FEMALE</td>
<td>SR 15,000 per semester</td>
<td>- Student events</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Entertainment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Fuel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Urgent Office Supplies - supported by a request issued to Warehouse Section and signed by Warehouse Supervisor that no available stocks.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Computer Supplies - supported by a recommendation of IT Department to purchase the items.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Urgent Asset Items - should be physically checked and recorded at Warehouse Management System (WMS) by the Authorized Warehouse Personnel. The WMS report should be attached to the petty cash clearance.</td>
</tr>
<tr>
<td>Department</td>
<td>Amount</td>
<td>Items</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>-----------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>RECTOR'S OFFICE</td>
<td>SR 2,000</td>
<td>• Entertainment</td>
</tr>
<tr>
<td></td>
<td>per year</td>
<td>• Fuel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Office Supplies - supported by a request issued to Warehouse Section and signed by Warehouse Supervisor that no available stocks.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Computer Supplies - supported by a recommendation of IT Department to purchase the items.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Urgent Asset Items - should be physically checked and recorded at WMS by Authorized Warehouse Personnel. The WMS report should be attached to the petty cash clearance.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Miscellaneous items - with justification or explanation for why it was purchased through petty cash fund.</td>
</tr>
<tr>
<td>IT DEPARTMENT</td>
<td>SR 10,000</td>
<td>• Computer Supplies - receiving or completion report signed by Department Head should be attached on the petty cash clearance.</td>
</tr>
<tr>
<td></td>
<td>per year</td>
<td>• Urgent Asset Items - should be physically checked and recorded at WMS by Authorized Warehouse Personnel. The WMS report should be attached to the petty cash clearance.</td>
</tr>
<tr>
<td>UNIVERSITY COLLEGES/QUALITY CONTROL CENTER DEPARTMENT</td>
<td>SR 3,500</td>
<td>• Entertainment</td>
</tr>
<tr>
<td></td>
<td>per semester</td>
<td>• Mobile cards – to be used for interviewing international applicants.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Printing</td>
</tr>
<tr>
<td>ENGINEERING AND TECHNICAL AFFAIRS</td>
<td>SR 100,000</td>
<td>• Urgent building maintenance/PMU housing maintenance expenses required for the department daily operations.</td>
</tr>
<tr>
<td>(Including Auxiliary, Housing and Security Department)</td>
<td>per year</td>
<td>• Other expenses (excluding transportation expenses) - supported by a justification/explanation why it was purchased or paid through petty cash fund.</td>
</tr>
</tbody>
</table>

C. PROCEDURES

- Each Head of Department is responsible for overseeing the petty cash fund operation in their departments.
- All expenses must be properly documented and supported by the official receipts.
Each petty cash fund should be the responsibility of a single person who should have access to the fund (to the extent practical).

An authorized individual i.e. Head of Department other than the petty cash custodian must approve expenditure and advances for expenditure prior to disbursement.

Only the Rector’s Office and Engineering & Technical Affairs Department may replenish their fund when they have already used at least 50% of the allowed fund to make sure that there is available fund from time to time to cover the urgent expenses.

Petty cash is not allowed to be used for business trip expenses e.g. hotel and transportation expenses unless approved in advance by the Director for Financial Affairs and PMU Rector.

Replenishment of Petty Cash

All petty cash replenishment shall be signed and approved by the Director for Financial Affairs and the PMU Rector.

Attached is proposed form to be used in the petty cash fund replenishment of each department.

Budget & Accounting Department has the right to reject or hold the petty cash fund in the event that adequate documentation & evidence is not supplied to support expenditure.
Faculty & Staff Payments - Benefits & Other Allowances

A. PURPOSE OF POLICY

- This policy provides guidelines for the payment of faculty and staff approved benefits & other allowances.

B. POLICY STATEMENT

- The maximum amount of benefits and other allowances that can be added to the monthly payroll is limited up to SR 10,000.00 per employee. Benefits and other allowances more than the maximum amount stated will be processed separately and paid through checks or transfer to faculty/staff account.

- The faculty and staff approved benefits & other allowances include the following:
  1. Housing allowance advance for 6 months - not applicable for the 1st housing request when staff or faculty joined PMU. Additions to the payroll would only start on the 2nd request for housing allowance.

  2. 50% ticket encashment.

  3. Overtime/Overload payments.

  4. Reimbursements - Payment for new faculty visa processing or relocation allowance will be processed separately and be paid through checks or transfer to their account (See Relocation Expenses Policy).

  5. Other allowances.

C. PROCEDURES
- Request for payment with approval from the Director of Financial Affairs and PMU Rector will be included on the monthly payroll if it is received by the Payroll Section within the cut off period:

<table>
<thead>
<tr>
<th>Employee</th>
<th>Cut-off (per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty</td>
<td>15&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Staff</td>
<td>20&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

- All requests for payment received after the cut-off date will be added to the following month's payroll.
FIXED ASSETS

A. PURPOSE OF POLICY

☐ To ensure that all fixed assets are properly accounted and their corresponding depreciation expense is recognized and correctly recorded every month.

B. PROCEDURE

- Prepare a fixed assets schedule or working paper tallied with the general ledger balance using the attached format.
- Ensure that all assets have an asset tag and confirmed as physically present by the person in-charge of monitoring the asset(s).
- Ensure that the cost center for each asset is defined so that the depreciation expense is charged correctly.
- Depreciation of property and equipment is recognized over the estimated useful life of the asset as follows:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Useful Life (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>30</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>5</td>
</tr>
<tr>
<td>Software</td>
<td>5</td>
</tr>
<tr>
<td>--------------------------</td>
<td>---</td>
</tr>
<tr>
<td>Vehicles</td>
<td>5</td>
</tr>
<tr>
<td>Communication Sets</td>
<td>5</td>
</tr>
<tr>
<td>Computer System</td>
<td>5</td>
</tr>
<tr>
<td>Copy machine printers</td>
<td>5</td>
</tr>
<tr>
<td>Asset below SR 1000</td>
<td>4</td>
</tr>
</tbody>
</table>

- Ensure that the total value of assets per general ledger after deducting the corresponding accumulated depreciation is equal to the net book value of assets per working paper.
- Assign Five (5) Saudi Riyals as salvage value of assets or deduct Five (5) Saudi Riyals at the last month of recognizing the depreciation expense.
- Maintain the fixed asset salvage value of one (1) Saudi Riyal even if the assets are fully depreciated when it was still in use.
- Assets salvage value should be written off only upon receiving an advice or letter from the person in-charge of the fixed assets that the particulars items are already defective and for retirement. When the retirement was approved by the authorized signatories, adjustment should be made per accounting by debiting the accumulated depreciation of the asset for retirement and its acquisition cost, the difference should be recognized as loss for the University.
- When the disposed assets are replaced, the person in-charge of the fixed assets monitoring should assign an asset tag for the new assets, will define its location and forward the data to accounting to update the record together with the invoices for payment.
- A physical count of fixed assets should be made once a year at the end of the accounting period to ensure that all assets in the records still exist. Reconciliation should be made by the person in-charge and the variance report should be forwarded to the PMU Rector and Director of Financial Affairs for remedial action.
Financial Year End Close

A. PURPOSE OF POLICY

☐ The purpose of this policy is to provide guidelines for closing the accounts at year end.

B. POLICY STATEMENT

☐ In order to properly recognize and clarify the results of the University operations and the financial position, the accounting books should be closed annually. The accounting books shall also be tentatively closed at the end of each month for the purpose of internal analysis and for management reporting requirements.

C. PROCEDURES

1. Send the Balance confirmation to all customers, suppliers, petty cash holders and banks.
2. Conduct the fiscal count for all the fixed assets and other inventory such as (stationery– cleaning materials – books).
3. Record the accumulated depreciation for the fixed assets and the amortization for the pre-paid expenses.
4. The Fiscal Count Committee reviews the inventory of the cash and the checks in the main safe to compare it with the book balance and take the necessary action if there is any shortage or excess.
5. Check the trial balance and review all accounts individually.
6. Closing the net income at accumulated profit and loss account.
7. Preparing the provisions for doubtful debts, end of service, vacation, tickets and zakat.
8. Check all bank reconciliation to clear un-reconciled amounts.
9. Prepare the amendment entries (if needed).
10. Post all JV entries and close the financial year at the accounting system.
Acceptance & Administration of Cash

A. PURPOSE OF POLICY

- This policy sets out the guidelines for the acceptance and administration of cash.

B. PROCEDURES

Accepting and Transmitting Cash

- All payments received on behalf of the university must be promptly deposited to the credit of the university account within 2-3 days. All monies received must be deposited intact and inclusive of all receipts on hand. No expenditures may be made from cash receipts, and no receipts may be retained within a department for departmental use.

- All areas receipting funds daily should deposit or transmit to the Budget & Accounting Dept such funds daily. University funds received less frequently than daily should not remain in any unit longer than three business days prior to deposit or transmittal.

- Departments receiving monies on behalf of the University are responsible for maintaining the same degree of security when transferring a deposit from one location to another as is required when monies are handled by employees at their regular places of employment.

- Each employee handling cash should ensure that:
• Deposits are not mailed through inter-office mail.
• Security of cash is maintained at a maximum when extra large sums are handled.
• Adequate security is provided when transferring cash to other offices or banks.
• Bags containing cash are never be left open in vaults or safes.

• No organizational unit, department, or administrative office has authority to open an account and deposit university funds in a commercial bank, or any other financial organization, except when specifically authorized, in writing, by the Director of Financial Affairs, Rector and Chair of Board of Trustees.

Receipting and Depositing

• All departments or activities regularly receiving cash in routine operations must record each transaction in a pre-numbered receipt book, a receipt log, or record the transaction on a cash register in the presence of the customer or payer. A receipt must be delivered to the payer. When payment is received by mail, a receipt is not returned. This procedure may vary within departments. Receipts (other than from a cash register) should include the name of the payer, date of receipt, amount of payment, purpose of payment, account number to be credited, initials of the person receipting monies, and the form of payment (currency, coin, check, or credit card).

• Funds received by departments should be taken to the Budget & Accounting Dept accompanied by a transmittal report. When funds are deposited, the transmittal report should include:
  • Date the transmittal report is prepared.
  • Name of the department making the deposit.
  • Name of the person making the deposit.
  • Account number to which the funds are to be credited.
  • Amount of currency and coin to be deposited.
  • Receipt numbers included in the deposit.
  • List of checks if appropriate.
  • Amount of each transaction.
  • Signature of the person verifying the correctness of the transmittal.

• All checks representing a payment to the University should be made payable to Prince Mohammad Bin Fahd University. Checks should not be made payable to departments, department heads, or any university official or employee. Checks should be restrictively endorsed immediately upon receipt for deposit or transmittal.

No separate funds (other than official petty cash funds) may be maintained in any department.
Petty Cash (see separate Petty Cash Policy)

- Advances of petty cash will not be granted, nor will expenditures be reimbursed, unless the advance is officially requested and approved and reimbursements submitted in accordance with university regulations. Department heads should ensure that all individuals in his or her department using petty cash or involved in processing reimbursement requests are thoroughly familiar with the relevant university regulations.

- A petty cash fund is designed to meet the needs of certain departmental operations for off campus cash purchases of emergency minor items and/or change funds. A written request to establish a petty cash fund must be submitted by the department head to the Budget & Accounting Dept. The request must include proper justification for establishing the fund, the amount needed, and the department or unit head who is responsible and accountable for proper fiscal and physical control of the fund.

- The custody and control of petty cash funds may be delegated to appropriate personnel. However, accountability and responsibility for proper use and care of the funds remain with the designated department head. Upon this person’s termination of employment with the university or the department, the funds should be transferred or returned to the Budget & Accounting Dept. The funds should be verified prior to the exit of the fund’s custodian or department head. The new department head should notify the Budget & Accounting Dept in writing of his or her intent to assume responsibility for the departmental petty cash fund, indicating the amount of the fund.

- No organizational unit, department, or administrative office has authority to establish a petty cash fund, except when specifically authorized, in writing, by the Director of Financial Affairs and University Rector.

Accounts Receivable (see separate Accounts Receivable Policy)

- Departments which regularly have outstanding accounts receivable must keep adequate documentation. Individual account balances must be maintained, as well as a control system for determining current totals and for balancing individual accounts.

- To effectively control and reduce the amount of outstanding accounts receivable once all collection efforts have been exhausted, an itemized list of uncollectible accounts deemed appropriate for write-off can be submitted for approval to the Director of Financial Affairs.
Acceptance & Administration of Gifts

A. PURPOSE OF POLICY

- This policy sets out policies of the University that are applicable to the acceptance and administration of gift funds received from outside donors to support instructional, research, public service, student aid, or other recognized University functions or objectives.

Terminology

- The term "gifts," "grants," "cooperative agreements," and "contracts" are often used synonymously and are grouped together in source classification of institutional funds. However, in view of the considerable differences in policies pertaining to acceptance procedures and program administration, the following general distinctions will be observed.

Gifts. This term designates funds or property voluntarily bestowed upon the University without expectation of return or compensation on the part of donor. For institutional accounting and administrative purposes, "gifts" are classified into the following two main categories:

- Unrestricted Gifts. This term designates gifts upon which the donor has not
placed definite restrictions as to method or purpose of expenditure, therefore
leaving the determination of the appropriate use of such funds to the University.
This term may also be applied to gifts received under a continuing solicitation
program for general support of an institutional activity.

- **Restricted Gifts.** This term designates gifts upon which the donor has identified
definite restrictions on the purpose for which or the conditions under which such
funds may be expended or disbursed. The University will make every effort to
fulfill that purpose and conditions.

**Grants and Contracts.** The distinction between “grants” and “contracts” is less
pronounced than between these terms and “gifts.” In many cases, the distinction
depends only on whether the sponsor or grantor designates the governing document as
a “grant” or as a “contract.” General definitions are as follows:

**Grants.** Funds received from outside sources for the purpose of supporting the public
service, research, or instruction functions in a specific area of mutual interest to the
institution and the grantor. The governing documents furnished by the grantor at the time
of such grant awards usually designate the funds as “grants” and specify the degree of
accounting and reporting obligations on such funds.

**Contract Funds.** Funds received by the institution for specific services rendered to
agencies, corporations, or others under negotiated contracts. These contracts are formal
written documents which specify the rights and obligations of the parties involved.

**Cooperative Agreements.** A “cooperative agreement” is the appropriate relationship
between a governmental agency and a recipient when the principal purpose of the
relationship is to transfer money, property, services, or anything of value to the recipient
in order to accomplish a public purpose. The purpose may be categorized by:

- Support or stimulation authorized by governmental statute, rather than
  acquisition.
- Purchase, lease, or barter, of property or services for the direct benefit or use
  of the governmental entity.
- Substantial involvement between the agency, acting for the governmental
  entity, and the recipient during performance of the contemplated activity.

**B. POLICY STATEMENT**

- No solicitation of gift funds or property shall be made by anyone in the name of, or for
  the benefit of, the university without the prior approval of the Rector or his designated
  representative, the Supervisor General of Public Relations & Media Information. By
  administrative authority, all fund-raising activities of the University and its units are under
  the administrative supervision of the Supervisor General of Public Relations & Media
  Information.
• Any dean, director, faculty, or staff member who wishes to undertake any type of fund-raising program or solicitation of contributions in the name of the University from alumni, business, industry, foundations, or friends, or who seeks to establish a fund-raising program, shall follow the guidelines established for this purpose by the Supervisor General of Public Relations & Media Information.

C. PROCEDURES

Documentation

• To ensure appropriate accounting treatment and administration of gift funds in accordance with the wishes of, or agreement with the donor, departments must furnish the Supervisor General of Public Relations & Media Information with the official agreement or written documentation which designates the purpose or restrictions on the use of such funds. Such documents, information, and requests for account numbers will then be directed to the Director of Financial Affairs to receipt of this information, and such information is required for the permanent document files on each such account.

Accounting Treatment of Gifts

• Generally accepted accounting principles require "unrestricted gifts" be accounted for by the institution as revenue of Current Funds. Such funds may be budgeted, appropriated, and expended for any appropriate institutional purpose through the institution's normal fiscal procedures.

• Restricted gift monies available for current expenditure in accordance with the purpose designated by the donor will be credited to an appropriate restricted account within the specified college or department.

• The donor's written communication at the time of gift determines the placement of the funds and how the funds can be spent. If the donor does not clarify his or her intent upon donation of the gift, the funds are considered totally unrestricted. If the donor restricts the donation, then the funds are placed in an appropriate restricted account.
Bad Debt & Write Off

A. PURPOSE OF POLICY

- This policy is to outline the procedure for providing for bad debts (the making of a bad debt provision) and the writing off of bad debts within the University.

- A bad debt is an outstanding sum of money owed to the University that has not been paid, despite repeated efforts to collect the debt.

B. PROCEDURES

Student Fees Debt

- After two years of no-show as outstanding balance of PMU students, the Financial Affairs Department will notify the Legal Services Department in order to collect all the outstanding debts.

- Legal Services has the authority to waive up to 5,000 SR out of the outstanding balance of each case.

- In case of failure to collect the outstanding debts, the Legal Department has to submit a report to PMU Management in order to decide either to waive the debt or to proceed with further legal action.
Sundry Debtors

- At the end of each financial year a list of all outstanding sundry debtor accounts are obtained from the computer system.

- The list is scrutinized to identify those accounts, which are unlikely to be recovered. Factors such as the economic cost of pursuing small debts, the evidence to support the debt and the likelihood of recovery are taking into account in arriving at the provision.

- The provision is the total of all the accounts were it is unlikely that we will recover the debt.

Write-off

- When it is established that the debt is irrecoverable or uneconomic to pursue further the debt will be recommended for write off.

- The Legal Services Dept together with the Director of Financial Affairs and PMU Rector will approve write off of Bad Debts.
Mobile Phone Communication Expenses- POSTPAID LINES

A. PURPOSE OF POLICY

- To ensure that the Bravo Mobile and Mobily postpaid line charges are properly monitored and the consumption or usage in excess of the limit (amount that will be borne by the University) will be charged and deducted to each mobile line user(s).

B. POLICY STATEMENT

BRAVO MOBILE PHONE

- The University supplies the Bravo mobile phone to make sure that there are no delays in each department operations especially in relaying information.
- Bravo mobile phone are issued only to all staff holding a position in the University identified as moving or mobile such as security guards, IT technical supports, transportation coordinators, auxiliary services etc.
- Bravo Mobile phone shall be issued only to the qualified users after the final approval of the PMU Rector. Recommendation is also required by the Director of the Department of the concerned staff and approval of the Director of Financial Affairs.
- Each Bravo mobile phone maximum billing per month is One Hundred Fifty Five Riyals (SR 155.00) and any excess beyond the maximum level shall be charged and deducted from each user’s salary.
- The Budget & Accounting Department will review the monthly billing statement and the users will be notified if they exceed allowed limit.

MOBILY POSTPAID LINES
- The mobily postpaid lines shall be issued only to the staff holding the position of International Recruitment and not entitled for a monthly fixed communication allowance.

- The mobily lines shall be used only for the international calls to interview applicants and the University will reimburse bills up to five hundred Riyals (SR 500.00) every month.

- The Budget & Accounting Department will review the monthly billing statement and the users will be charged and deducted if they exceed the limit of five hundred Riyals (SR500.00) every month.

- The users will be charged for all the local/personal calls that will appear on the billing statement even if the consumption does not exceed the allowed limit.

- Reimbursement of mobile cards expenses for international recruitment is no longer allowed upon receipt of the mobily postpaid lines.
PREPARATION AND RELEASING OF PAYMENT (CHEQUE OR WIRE TRANSFER)

A. PURPOSE OF POLICY

- To ensure all disbursements have approval of the authorized signatories and are properly paid.

B. PROCEDURES

- Receive the documents from the Payable Accountant together with the accounting entry.
- Ensure that the document received has the approval of the Rector.
- Check the amount to be paid and the name of the vendor/supplier.
- Check the mode of payment to be made (if it is thru check or wire transfer).
- Print the check or Bank Transfer Form.
- Prepare the accounting entry for that particular transaction.
- Enter the transaction in the Budget Control in the Excel Sheet.
- Log the transaction in Record Book for monitoring and transmittal purposes.
- Transmit the prepared check or transfer form together with the documents received and the accounting entries for signature of the Director of Financial Affairs and Rector (being the authorized signatories).
- Receive the signed check or Transfer Form from the Director of Financial Affairs.
- Photocopy the signed check.
- Inform the person or vendor/supplier that the check is ready for collection.
- Release the check to the person or authorized representative and ask for the receipt voucher.
- Ask the person or representative to sign on the photocopy of check as a proof of receipt.
- Log the date of release in Record Book for monitoring purposes.
- Prepare the accounting entry for all released checks for the day.
STUDENT ACCOUNTS – INCOME RECEIVABLE

A. PURPOSE OF POLICY

☐ Ensure that student tuition fees are properly billed and paid based on the approved terms & conditions.

B. POLICY STATEMENT

☐ We have different types of fees charged to the student listed below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Fee (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition (12 and above billing hours)</td>
<td>22,500</td>
</tr>
<tr>
<td>Admission</td>
<td>500</td>
</tr>
<tr>
<td>Educational Fees and Software Aids</td>
<td>2,500</td>
</tr>
<tr>
<td>Books</td>
<td>2,500</td>
</tr>
<tr>
<td>Locker and Insurance</td>
<td>250</td>
</tr>
<tr>
<td>Bus (for female students only)</td>
<td>2,000</td>
</tr>
<tr>
<td>EMBA Tuition (2 semesters)</td>
<td>78,750</td>
</tr>
<tr>
<td>EMBA Admission</td>
<td>660</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-----</td>
</tr>
<tr>
<td>Social Welfare Program (per semester)</td>
<td>12,000</td>
</tr>
<tr>
<td>Pre Master Program</td>
<td>12,000</td>
</tr>
<tr>
<td>Pre Master Admission Fee</td>
<td>660</td>
</tr>
</tbody>
</table>

C. PROCEDURES

- There are four types of students at the University: (1) regular students, (2) students under scholarship or sponsorships; (3) Social Welfare and (4) EMBA students.

1. Regular Students

- Students who enrolled 12 billing hours and above should be charge a fixed amount of SR 22,500.00

- Student who enrolled below 12 billing hours should be charged per hour. The cost per billing hour is SR 1,875.00.

- A regular student should be charged a total of SR 5,000.00 for the Educational Fees/Software Aids and Books fees (SR 2,500.00 each). The cost of the books claimed by the student from the bookstore should be summarized before the end of the semester and the difference between the actual cost of books and the SR 2,500.00 allotted for the books should be charged or deducted from their account.

- Admission fee amounting to SR500.00 should be charged and paid by new students before taking the placement test or the entrance exam.

- Tuition fees payments can be paid in full amount or on an installment basis and can be made via the following:
  - Cash payment - accepted only for registration fee or admission fee, locker fees and bus fees.
  - Checks – certified or regular checks.
  - Mastercard, Visa Card and ATM card through the PMU span machine.
  - Direct deposits or transfer to PMU Samba Account # 0170008576 – proof of payments, transfer form or deposit slip should be presented to the cashier of issuance of Receipt Voucher.

- A penalty of SR 200.00 will be charged to the student for every returned check.
- Posting of payments on the system should be made on a daily basis based on the Receipt Voucher issued by the cashier to keep the records updated.
- All students who are paying their tuition fees in installments will be charged SR 500.00 for every late payment.
- Reversal of the late payment charges can be made only if duly approved by the Director of Financial Affairs.

2. Students under Scholarship and Sponsorship Program
- PMU grants scholarship to students with good scholastic records and to those who cannot afford to pay their tuition fees. Listed below are the types of scholars:
  - Top ten students (Academic Scholars)
  - Scholars under PMU program
  - Scholars under sponsorships of private companies and government institutions (HR scholar and Scholar of Ministry of Higher Education (MOHE)).

- Students who want to apply for the scholarship should complete the application form available at the Office of Financial Aid.
- The Scholarship Committee should assess the student application and will determine if the students are qualified and fulfill the requirements. The Scholarship Committee will recommend and forward the documents of students who passed based on their assessment to the Office of the PMU Rector for final approval.
- Approved Scholarship application should be forwarded to Budget and Accounting for recording.

Scholarship coverage:
- Top ten students (Academic Scholars) - Tuition fee of SR 22,500.00 as PMU Exemption.
- Scholars under PMU Program - Tuition fee of SR 20,000.00 charge to sponsor and SR 2,500.00 as PMU exemption.
- Scholars under sponsorships of private companies - Under Dr. Munira Abba Hussain tuition fee amounting to SR 20,000.00 was paid and the remaining SR 2,500.00 and the SR 5,000.00 for books and Educational fees/Software Aids as PMU exemption. Under Rawabi Company, tuition fees amounting to SR 22,500.00 was paid.
- Government Institutions (HR) – Tuition fee amounting to SR 22,500.00 will be paid by the HR and SR 2,500.00 as PMU exemption.
1. Ministry of Higher Education (MOHE) – Maximum amount of SR 40,000.00 is paid for Engineering students and SR 20,000.00 for other courses.

3. EMBA Students
   - Admission fee amounting to SR 660.00 should be charged for every new EMBA students.
   - Tuition fee amounting to SR 39,375.00 every semester should be charged to each student.
   - Payment of tuition fees can be made in full amount or installment plan.

   - Student who wants to take a leave of absence, withdrawal from the current course and complete withdrawal from the university should complete the corresponding form. The students can release only the documents or any papers from the university upon settlement of his/her account. The authorized signatories from the Accounting Department will sign the form to signify that the student’s account has been settled.
   - Students who want to completely withdraw from the university and with over payment on their account. The following options can be applied:

     - Refund – Complete the tuition fee refund form and with authorized signatories and verified by the Accountant. The form should be forwarded to the person in-charge for the preparation of checks or transfer to process the refund.
     - Transfer to other Students - overpayment can be transferred to other student account as long as the student with overpayment have request to transfer and it was verified by the Accountant and approved by the Director for Financial Affairs.

   The Receivable’s Accountant is responsible for reconciling the receivable balance based on Banner and on the existing accounting system. Also, they are responsible for reviewing and ensuring the correctness of the accrued income per student account.
Reporting and Investigation of Potential Financial Misconduct

A. PURPOSE OF POLICY

- To protect the University and all its members from undue financial risks, this policy provides the guidelines to help everyone properly respond to situations that indicate financial misconduct.

B. POLICY STATEMENT

- All members of the PMU community have a responsibility to ensure that University funds and resources are used only in activities that support the missions of the University; to protect University funds and resources from theft, misuse, misappropriation and other conduct that may be injurious to the financial welfare and reputation of the University; and to ensure the integrity of the University's financial records through accurate reporting.

- Financial misconduct refers to any intentional act to acquire financial gain for oneself or for those of relatives, friends, or associates from or through activities and transactions related to the business of PMU. Financial misconduct of any member of the University community results in material or financial detriment to the University. It may subject the University to serious consequences such as penalties, fines, disqualification from participation in international programs, debarment from research programs and withdrawal of various kinds of support from donors and agencies. Financial misconduct committed in any area of the University also poses harm to the reputation of the University as a whole and the University's ability to advance its missions of education, research and public service.
To make sure that the University's response to potential financial misconduct is consistent, effective and fair, all members of the University community are required to follow the procedures established in this policy on how activities believed to be financial misconduct should be reported and investigated. The University provides confidentiality and ethical conduct at all times.

Situations that Indicate Potential Financial Misconduct

All members of the University community have a responsibility to report known or suspected financial misconduct associated with the conduct of University business. Financial misconduct typically involves theft, forgery or embezzlement. Examples of financial misconduct include, but are not limited to:

- alteration of records including financial reports, attendance and timekeeping reports;
- submission of fraudulent business expenses for reimbursement;
- acceptance of kickbacks from vendors;
- overriding the University's internal controls such as the established review and authorization processes for business expenses;
- falsification or records related to financial transactions funded by external agencies (such as student loan providers and research funding sources);
- falsification or alteration of various records related to accounting and financial reporting;
- deliberate misrepresentation in financial reporting to University leadership and other recipients of financial reports, including donors, granting agencies and other governmental bodies.

C. PROCEDURES

Reporting Potential Financial Misconduct

- When financial misconduct is suspected or uncovered by any member of the University community, it should be reported promptly and in a confidential manner. To report known or suspected financial misconduct, contact the Internal Financial Auditor of the University's Office of Internal Financial Audit (OIFA), Extn 8548. Alternatively, you can also contact the University Secretary General, Extn 9262.

- Heads of any department or unit of the University who receive reports of potential financial misconduct from any member of their staff are required to contact OIFA. All are advised to refrain from conducting an investigation on their own or from taking any action to resolve the irregularity before consulting OIFA.

- All information regarding known or suspected of financial misconduct is deemed privileged and confidential. The University protects the identity of both those who alert the University to any irregularity and those suspected of wrongdoing.
- All reports of potential financial misconduct are promptly reviewed by the OIFA. The department's auditor evaluates necessary records and information to verify the validity of the reports and to make a preliminary determination whether an investigation is warranted.

- When an investigation is in process, all units of the University are required to respond promptly to OIFA inquiries and to provide access to relevant records.

**Reporting Results**

- OIFA will prepare a report at the conclusion of the investigation that will summarize issues investigated, procedures followed, conclusions reached, and actions taken by administrative units of the University including the unit on which the investigation centered. The report will be provided to senior officers of the University, including the Rector and University Secretary General and General Counsel and the administrative or academic officers responsible for appropriate actions.

**Disciplinary Action**

- The initiation of employee discipline, when warranted, is the responsibility of the College or Department. When disciplinary action is being considered, colleges and departments are advised to contact the University's Human Resources Department to ensure compliance with University personnel policies. Human Resources must be informed of any disciplinary action being considered to also ensure that employee rights related to compensation and benefits are protected and harmonious employee relations are maintained.

- Individuals who have been suspended from their post cannot be reassigned to their customary duties until the investigation has been completed and OIFA has released its recommendations.

**Claims for Restitution**

- If the University has suffered a financial loss as the result of financial misconduct, the OIFA will provide a financial summary to the Office of General Counsel who will effect restitution.
A. PURPOSE OF POLICY

- This policy sets out the guidelines for the acceptance of new suppliers.

B. PROCEDURES

Vendor/Contractor Application

- All Vendor's/Contractor's must complete and provide all the necessary documents needed (mentioned in the FORM). Registration FORM is also available on the PMU website.

- The completed form will be returned to PMU with the "REGISTERED COMPANY SEAL".

- After submitting and receiving the forms, all vendors/contractors' are subject to verification and approval of all documents submitted e.g. Company Profile, Zakah Certification, Financial Audit etc.

Approval & Categorization

- Approval and Categorization/Classification of Vendor's and Contractor's into 3 Classes; A, B and C:
  - Class A: 500,000.00 S.R. up (Project's or Purchase Orders)
  - Class B: 499,999.00 S.R. to 100,000.00 (Project's or Purchase Orders)
  - Class C: 99,999.00 S.R. below (Project's or Purchase Orders)
• Evaluation of Vendor's/Supplier's classifications;

Supplier's/Vendor's classification will be according to the below;

a. Company Profile
b. Company CR Capital
c. Company Current Projects

• Vendor's/Contractors who are qualified and approved will automatically receive an invitation to bid or request for quotation/proposal (RFQ & RFP) from Purchasing Department.

• Vendor's/Contractor's Numbers are given/issued after receiving the approved Purchase Order or Contract (Automatically available in the Budget & Accounts Department - Banner System).
A. PURCHASING DEPARTMENT:

Department which are allow to transact, purchase, negotiate and procure equipments, supplies of materials and services from the suppliers with the authorization and approval of Budget and Accounting Director and Rector.

B. PURCHASER

Responsible for writing specification, awarding contracts, making recommendations and connected with requisitioning of procurement of equipment, supplies and services used by the purchasing department shall not solicit nor accept, under any circumstances, any discounts, personal gifts or gratuities, or lodging expenses from the suppliers which might influence for the selection or purchase of such materials or services.

C. THE GENERAL RESPONSIBILITIES AND FUNCTIONS OF PURCHASING DEPARTMENT ARE AS FOLLOWS:

1. To purchase supplies, materials and equipment to related services for the various departments of the University.
2. To assist in expediting the delivery of materials to meet the requirements of the end-user (departments)
3. To handle complaints, claims adjustments to supplier for the return of materials and arrange for the other settlements.
4. To handle all correspondence with suppliers relating to quotations and purchase orders.
5. To set-up standard specifications for materials and supplies commonly used on the University.
6. To consolidate purchases if possible to obtain quantity discounts for volume order.
7. To provide requirement contracts with supplier for favorable prices to be obtained.
8. To request estimates of cost or quotation from suppliers.
D. DELEGATION OF PURCHASING AUTHORITY:

1. Assume full responsibility for making awards to the qualified and responsible low bidder and properly handling these transactions in accordance with the Purchasing Policy and Procedures.
2. For the convenience and expediency, nonrecurring single purchases of goods and services defined as small Purchases may be paid for by properly approved department petty cash funds with receipts.

E. BIDDING POLICIES AND PROCEDURES:

When possible, all specification for materials, supplies, equipments and services shall be worded or designed to permit competitive bidding for the supplying of the articles, commodities, or services to which they apply.

Department are requested to anticipate their needs as far in advance as possible to ensure deliveries can be made when needed. If the requisitioning department or the Purchasing department may require submission of satisfactory evidence of the ability to perform, and may seek approval to require a performance bond from the supplier. Upon approval by Administrative Office the suppliers can be required (at its own expense) to deliver the supplies of materials and receive to Warehousing and/or department requesting the item.

Bidding Policy:

Bidding requirements are governed by ranges of the value of the purchase as defined the Vice Rector for Finance and Administrative Affairs. Purchase defined as Small Purchases will be delegated to departments. As the value range increases, bidding requirements will move from requiring only verbal or written quotes from qualified sources, to requiring additional Administrative Approvals for high value procurements.

Acceptability of Late Sealed Bids:

All sealed bids must be received in the Purchasing Office on or before the date and hour specified for bid opening. Sealed bids not meeting this deadline will be rejected. No qualifying letters or statements from the suppliers will be considered as justification to accept late bids.

Specifications:

It is understood that reference to available specification shall be sufficient to make the terms of such specifications binding on the contractor. Any reference to brand names and numbers in the Invitation to Bid clearly describes the articles offered and how it differs from the referenced brand item as specified in the Invitation Bid.

The Purchasing department reserves the right to determined whether a substitute offer is equivalent to and meets the standards of the quality indicated by the brand names references.
When the Purchasing received from successful bidder is not considered to be an equal by the department placing the order, it will return to supplier, shipping charges collect. Any substitutes must be approved by the Purchasing Office prior to shipment.

Awards:

The award shall be made to a qualified and responsible bidder whose articles or services conform (considering quality, purpose and use) to the specifications, who can guarantee the delivery date specified in the Invitation to Bid.

Acceptance or Rejection of Bids:

Purchasing reserves the right to reject any or all bids, to waive any informality in the bids, and to make awards as indicated on the bid documents. Such cancellation will be made by the Purchasing Office by written notice to supplier.

F. PURCHASE CONTRACTS:

An award shall be made to qualified and responsible supplier with the lowest bid whose article or services best meet the conditions specified. The Purchasing department reserves the right to cancel purchase orders or part of purchase orders without penalty and without the consent of the supplier. If the supplier does not comply with the terms and condition of the contract, does not perform the work with promptness or diligences, and does not make the shipments within the agreed or specified time. It is the requisitioning department’s responsibility to record and retain evidence of warranties on items purchased. It is also the department’s responsibility to determine the warranty terms are fulfilled.

G. TYPES OF PURCHASE ORDERS ISSUED:

The Purchase Order is the official document for all purchasing activities. It is the formal record and reference document for the actual purchase transaction. The terms and conditions of the purchase order give legal protection to the initiating department and to the university. It provides a legal reference and backup in disputes arising from problems in shipping, quality, damage, etc. Each requisition processed by the Purchasing office generally results in the issuance of a purchase order. It is sent to the supplier to initiate and/or confirm a purchase items.
Types of Purchase Orders Covering in Different Situations:

a. **Standard Purchase Order** – this is an order for supplies, equipment, or services issued by the Purchasing Office as a result of a department submitting a properly approved purchase requisition form.

b. **Confirming Purchase Order** – a confirming purchase order is issued when the formal written order is sent to the supplier after the order has been placed verbally, usually by telephone. The order is marked “Confirming” to advise the supplier of the previous placement and to avoid duplication. This procedure is normally used to expedite order placement and delivery.

c. **Blanket Order** – a blank order covers purchases made during a specific time period and may be issued to cover a variety of purchases. Generally, blanket orders are issued items up to a fixed value limit (as determined by the Purchasing Office and indicated on the blanket order) from the supplier within a specified time period, for a specific items in estimated quantities to be purchased during a given time period.

d. **Standing Order** – This type of purchase order is issued for numerous shipments of specified items during a given time period. The items are shipped by the supplier in accordance with a predetermined schedule stated on the order.

e. **Change Order** – If any change is to be made in a purchase order, issued in the same manner as the original purchase order which is alter.

H. PURCHASE REQUISITION:

*Purchase requisition* comes from the end-users or departments which to be submitted to Purchasing Office to get the sufficient and specific requirements for their request items. It should be forwarded in advance to Purchasing Officer to allow time for securing bids, processing the order, and delivery.

I. ISSUANCE OF PURCHASE ORDER:

*Purchase orders* are issued by the Purchasing Office with properly approved requisition originated by the departments. After the Purchasing Office has issued the purchased order, copies will be distributed to the supplier and the department responsible for the accounts payable in accordance with University procedures. Any discrepancies should be reported to the Purchasing Office immediately.

J. DIRECT PURCHASE VOUCHERS:

*Direct Purchase Vouchers* may be prepared for the procurements of all supplies and services defined as Small Purchases by the Vice Rector for Finance and Administrative Department. When the materials has been received by the departments officials, the copies of Original direct voucher will be forward to Budget and Accounts with proper and complete documents to arrange the payment of the items.
K. EMERGENCY PURCHASES:

Justification for an emergency purchase arising from the unforeseen causes occurs when time is limited and products or services are needed to protect the lives or health of person, to prevent or minimize damage to University property, or to meet other critical requirements. The Purchasing Office should be notified by telephone as soon as possible to expedite the purchase.

L. DEPARTMENT CREDIT CARD:

Department credit cards approved by the University may be used for purchase of goods and services made directly by departments. It is also an additional procurement tool for individuals and departments making purchases on behalf of the University for which the University is financially stable.

M. SOLE SOURCE AND PROPRIETARY PURCHASES:

A sole source product or service is one that is unique and possesses specific characteristics that can be obtained from only one source.

The determination as to whether a product or service may be classified as a sole source will be made by Purchasing Office when;

a) The vendor possesses exclusive and/or predominate capabilities, or the item contains patented feature providing a superior utility not obtainable from similar product.

b) The product or service is unique and easily established as one of a kind.

c) The program requirements cannot be modified so competitive products or services may be used.

d) The product is available from only one source and not merchandizes through wholesalers, jobbers or other retailers.

e) The products must be interchangeable or compatible with existing products.

A proprietary product or service is one that is manufactured, marketed or provided by the person or firm that has exclusive rights to manufacture, perform, or sell the product or service. The request for all proprietary purchases must be supported written documentation.
N. RESTRICTION ON CERTAIN PURCHASE:

The Purchasing Office is not authorized to make purchases for individuals. It is the general policy of the University that all memberships and subscription must be purchased in the name of the University and must be directly related to the mission of the department for which the membership or subscription is purchased. It is also the policy of the University to pay dues for only those professional organizations in which the University maintains an institutional membership.

O. VENDOR COMPLAINTS:

When a department feels a vendor has not satisfactory delivered the goods or services as requisitioned, the user department initiates a documented contact with the vendor through the Purchasing Office, along with proper documentation. If the issue is not resolved, the case should be referred to the Director of Budget and Accounting Services of the Vice Rector for Finance and Administrative Affairs for further action.

P. ADVANCE PAYMENT TO VENDOR:

The basic policy of the University relative to payment for goods and services is that payment will be not be made until after goods have been received or services have been rendered. Exceptions may be granted and remittances may be made in advance at the item an order is placed if the exception is fully documented and approved in advanced by the Vice Rector for Finance and Administrative Affairs or his designee.

Q. UNIVERSITY RECEIVING AND SHIPPING:

Before acknowledging receipt from the delivering agent by signature on the bill of lading, freight bill, or delivery ticket, departments accepting delivery of supplies and materials should check the shipment to ensure the number of cartons or packages agrees with that specified on the document and should examine the shipment for possible damage in transit. Any visible damage or shortage should be noted on the delivery document and the driver’s or deliveryman’s signature obtained thereon.

R. INVENTORY AND CONTROL OF UNIVERSITY EQUIPMENT:

The policy sets for the guidance of personnel charged with responsibilities over University assets, the basic policies relative to inventory and control or movable equipment. **The equipment inventory system** of the University involves the identification of each separately inventoried item with a numbered inventory tag, an annual printed list to each department of its movable equipment inventory, verification and certification of the annual inventory lists by the department or unit.
A) **Responsibility:**

In general, the custody and control of University movable equipment follows normal college and departmental lines with the department chair being the official primarily responsible for adherence to established policies and procedures in the acquisition, use, maintenance, control, and the annual verification of equipment in his or her custody.

**The Office of Budget and Accounting Services is responsible for:**

a) Providing accurate and concise inventory information to the University Administration

b) Providing Deans, Directors, and Department heads with an accessible reference of movable equipment inventory under his or her custody and control.

c) Maintaining and recording records of capital assets.

d) Preparing property inventory control sheets for each item of movable equipment.

e) Affixing University identification bar codes to each item of movable equipment.

f) Maintaining a University-wide inventory control system based on the latest management and technology innovation.

B) **Object Code Classification System:**

The University’s object classification system is based on the nature of the services, articles, or other items for which payment is being made. However, since the proper classification of equipment items on invoices or vouchers when they approved for payment controls the entry of the items into the inventory system. It is important that classification of equipment be made on a uniform basis throughout the University. Department personnel charged with the responsibility of processing invoices and vouchers should be thoroughly familiar with the definition of equipment as approved by the University, and with the equipment classification codes.

C) **Annual Inventory Certification:**

The University requires an annual verification of all movable equipment. Department heads are responsible for the accuracy of the annual departmental movable equipment Inventory lost provided by Director of Budget and Accounting Services. Certification of the annual equipment list by the department head acknowledges the existence and usage of the equipment on the list.

**S. CONTROL AND DISPOSABLE OF MOVABLE EQUIPMENT:**

For the maintenance of an accurate inventory system, it is necessary for deletions to the inventory records be promptly made to reflect trade-ins, sales theft, destruction, equipment cannibalizations or transfers of property items. When the equipment is disposed of or removed from departmental custody or control, documentation, as required by the University, should be sent to the Director of Budget and Accounting Services or his designee.
A) Rented or Leased equipment:

In some situations, it is more economical for the university to rent or lease equipment rather than to purchase it. Under such rental or lease arrangements, the payment should be classified as rentals and not as equipment acquisitions. For leased purchase arrangements, the items should be treated as equipment. If title to leased equipment (not lease-purchases) is subsequently transferred to the University upon completion of a lease agreement, a written report must be made to the Director of Budget and Accounting Services or his designee in order for the equipment to be proper recorded into the System and tagged as University equipment.

B) Personally Owned Equipment on University Premises:

There are occasions when faculty and staff members keep and use items of personal equipment in the University offices and laboratories. Any such personal equipment in University premises should be tagged or labeled to clear indicate personal ownership. Unless there is a written agreement to the contrary, such personal equipment remains at the owner’s risk.

C) Borrowed Equipment, Exhibits and Demonstration Equipment:

There are occasions when equipment is loaned to or borrowed by the University by official use. All such arrangement for non-owned equipment should be approved by the appropriate Dean or Vice Rector. A written agreement should be executed with the owner detailing the University’s obligation and responsibilities in connections with the equipment. If University accepts responsibility in writing for damage to or loss of non-owned equipment, a copy of the agreement must be forwarded immediately to the Director of Budget and Accounting Services or his designee in order that proper insurance coverage may be obtained.

T. INVENTORY PROCEDURES:

All consumable supplies used in the ordinary course of business and items purchased for resale and/or materials used to produce items for resale should be included in each department inventory. Items in this category located at different sites from the department should also be included. Either a perpetual or periodic system can be used.

A) Perpetual System:

Purchases at cost are recorded directly to the inventory account. Items expended are deducted from the inventory account and charged to a cost of the physical inventory on hand. As a control feature, spot counts should be made throughout the year and reconciled with the perpetual inventory records to determine the accuracy of these records. A physical inventory of all items should be taken at least once a year to verify the validity of the perpetual records and to adjust for breakage, theft, obsolete items, etc.
B) **Periodic System:**

Purchases at cost are recorded directly in the purchased account. Beginning of the year opening inventory remains the same throughout the year and is adjusted at year end when a physical inventory is completed.

C) **Adjustment of Inventories at Year End:**

Regardless of when a physical inventory takes place, departments are required to adjust their inventories to account for all related transactions through the end of fiscal year. Inventory adjustment should be made using the special forms available from the Office of Budget and Accounting Services.
Consumable policy

POLICY PURPOSE:

- The policy purpose is to facilitate and expedite the procurement of consumable materials needed continuously by the University College and Departments.
- The policy explains when price quotations are required.
- The business Affairs, IT and Technical Affairs Department, may need consumable materials for special purposes. The policy is to facilitate and expedite the consumable materials.

POLICY STATEMENT:

- The University Purchasing Department establishes annual contracts with reputable and trustworthy vendors or suppliers to ensure availability of all consumable materials in campus whenever required.
- For the purchase of any commodity of the total value equal to a less than 50,000 SR, no three quotations of prices from three different vendors are required.
P.S. Materials required can be procured through direct purchased.
- The Vice Rector for Business Affairs and The Supervisor General of Technical and Engineering Affairs are authorized to procure directly the requirements of their Departments of consumable materials without obtaining prior approval.
PROCEDURE:

- The University Purchasing Department will prepare a list of all consumable materials required by Colleges and Departments Continuously. Annually.
- The University Purchasing Department shall identify best available vendors for the different items in consultation with concerned Departments.
- The University Purchasing Department shall establish annual contract with identified vendors.
- The Purchasing Department can pay to the vendors a cash advance whenever required.
- No prior approval of the procurement of the consumable materials is required.
- Only the cheque to the total value of the consumable materials to be forwarded to the Rector for his signature.
### Business Process Title: PURCHASING

<table>
<thead>
<tr>
<th>Steps</th>
<th>Business Processes</th>
</tr>
</thead>
</table>
| 1. | **Purchasing Process (CURRENT)**  
Received Approved End User Request in a form of Purchase Request  
(from warehouse dept.) Or Approved Request in a form of Memo Letter  
Note:  
Approval from Department Head / Director (Supplies / Asset's Request Form)  
Approval from Budget & Accounting Director, Noted by: Warehouse keeper  
(Purchase Request Form) |
| 2. | Prepare RQF for (3) vendors - if required (Send by: Fax and Email) |
| 3. | Prepare P.O (attached with approved vendor) |
| 4. | Approval of P.O. 'S (Finance dept and Rector's office) |
| 5. | Releasing of Purchase Order (Vendor, concern dept., file) |
| 6. | Prepare Down/Advance Payment Request (If there is any) -attached with approved P.O. then submit to Rector's office for approval |
| 7. | Approved down/advance payment request (submit to acctg. Dept. for cheque preparation.) |

### Business Process Title: PAYMENT PROCESS

<table>
<thead>
<tr>
<th>Steps</th>
<th>Business Processes</th>
</tr>
</thead>
</table>
| 1. | **Payment Process- P.O. only (CURRENT)**  
Documents attached to process the payment: Copy Approved P.O.,  
Original/Copy of Invoice and **Delivery Note** (from: warehouse),  
**Receiving Sheet** (from: warehouse), **Material Receiving Report**  
(from: Purchasing) and Copy of Down payment (if there is any) Note:  
Must be signed by all concerned depts./person in charge |
| 2. | Prepare a payment request letter address to rector's office attached with all documents above. |
| 3. | Approved Request (copy, file and forward to acctg. Dept for cheque process). |
| 1. | **Payment Process - P.O. with contract / terms and conditions**  
Documents attached to process the payment: Copy Approved P.O.,  
Original/Copy of Invoice and **Delivery Note** (from: warehouse),  
**Receiving Sheet** (from: warehouse), **Material Receiving Report**  
(from: purchasing), **Completion report/technical report** (from: concern dept), and Copy of Down payment (if there is/are any) Note: Must be signed by all concerned depts./person in charge |
| 2. | Submit Payment Request with documents to rector's office for approval. |
| 3. | Approved Request (copy, file and forward to acctg. Dept for cheque process). |
Fees for Bidders (Bidders Participated in a Project/Contract with PMU)

TABLE OF FEES

Bidders Fee
Upon participating and confirmation on the invitation to bid for a certain project/contract. A registration as Bidders Fee is payable by the corresponding fee category. The fee is for the expenses incurred in procuring the request bid such as plans, BOQ, BOM, announcement and the likes.

<table>
<thead>
<tr>
<th>Fee Category</th>
<th>Up to 200,000.00-500,000.00</th>
<th>Up to 500,001.00-1,000,000.00</th>
<th>Up to 1,000,001.00-5,000,000.00</th>
<th>5,000,001.00 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cat. I Bid between 200,000.00-500,000.00</td>
<td>500-1,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cat. II Bid between 500,001.00-1,000,000.00</td>
<td>1,500.00</td>
<td>2,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cat. III Bid between 1,000,001.00-5,000,000.00</td>
<td></td>
<td></td>
<td>2,500.00-5,000.00</td>
<td></td>
</tr>
<tr>
<td>Cat IV 5,000,001.00 and over</td>
<td></td>
<td></td>
<td></td>
<td>5,000.00 over</td>
</tr>
</tbody>
</table>

Project Bond
After payment of registration fees, the participated vendor/supplier shall comply with type of Bonds applicable to them. However, the winning shall assume the bonds details as follows:

a) 1% (Bid Bond) - of total project bids of winning vendors/suppliers to be refunded upon signing of contract; and

b) 5% (Performance/Security Bond) - upon completion of the project to be refunded if there is no deviation on the specifications/scope of work on the approved plans, BOQ, BOM.

Terms and payment conditions:
The following conditions setforth for each category based on the following:
Category I Bank Guarantee against 50% Downpayment
Category II PMU Standard with Bonds
Category III & IV PMU Standard with Bonds
APPROVED PURCHASE REQUEST FORM (From: Warehouse/Store Keeper)
Supported by attached approved documents (Supplies / Assets Request Form)
Approval by: Manager / Department Head / Director's

PURCHASING SECTION:
1. Prepare RFQ FORM (Request for Quotation) at least Three (3) Vendors if required
2. Secure Approval before processing the P.O.
   (Approval by: Budget & Finance Director or Dr. Issa if required)
3. Prepare and Process the P.O. (after the approval)
4. Prepare Payment Request – Advance / Down Payment (if there is any)

RECTOR'S OFFICE: (For Rector's approval)
Forward to Rector's Office all signed and approved Documents with the Internal Copy of P.O.
and Payment Request (if there is any)
Note: Internal Copy of P.O. must signed by the RECTOR (Dr. Issa)

PURCHASING SECTION:
All signed P.O. will be forwarded to Budget & Accounting Director
for signature of the ORIGINAL COPY OF THE P.O

RELEASING OF PURCHASE ORDER:
Send thru FAX / E-mail / or Issue Original copy of P.O. to the vendor
Note: Secure Internal Copy of P.O for the following:
1. Concern Department
2. File
PROCUREMENT OF CONSUMABLES FOR THE UNIVERSITY

A. POLICY PURPOSE

- The policy purpose is to facilitate and expedite the procurement of consumable materials required by the University.

B. POLICY STATEMENT

- The University Purchasing Department establishes annual contracts with reputable and trustworthy vendors or suppliers to ensure availability of all consumable materials in campus whenever required.

C. PROCEDURES

- The University Purchasing Department will prepare a list of all consumable materials required by Colleges and Departments on an annual basis.
- The University Purchasing Department shall identify best available vendors for the different items in consultation with concerned Departments.
- The University Purchasing Department shall establish annual contracts with selected vendors.
- The Purchasing Department can pay vendors a cash advance whenever required.
WAREHOUSING

A. PURPOSE OF POLICY

- To ensure that all items in the warehouse are properly accounted and no items are missing.

B. PROCEDURES

Receipt

- Upon supplier's delivery, the warehouseman should physically check the items delivered and compare it to the Purchase Order and the supplier's invoice and delivery note.
- All items received should be centralized to the warehouse to ensure that all items being purchased were received completely and in good condition.
- Warehouseman should prepare the receiving sheet with item description, unit, quantity and cost and supplier's invoice, delivery notes and corresponding P.O for signature of the Warehouse Supervisor.
- Warehouseman should enter the item received in his working paper.
- Receiving Sheet should be attached to supplier's billing and delivery notes and forwarded to the Purchasing Department to process the payment.

Issuance

All items issued should be accompanied by the Office Supplies Request Form which should be authorized by the Department Head requesting the items.
Return to Supplier

- Material is physically provided by the supplier. Material is determined to be the incorrect product or does not meet specifications.
- Perform research to identify the problem with the material, the date received and, if necessary, decide who received the material.
- Notify Purchasing and Central Warehouse of the need to return the material.
- Place the material into the designated “to be returned” area with supporting documentation.
- The supplier is notified that material is to be returned. If the supplier agrees to accept the return of the material immediately the material is set aside to be picked up by supplier.

Year End Inventory Count

- Year-end inventory is conducted. Computer generated report denoting the inventory level of all stocked items is run.
- Staff conducts a physical inventory and notes count of each item. The physical inventory count is then reconciled with the computer inventory levels and adjustments are made to the inventory to reflect the number of actual stock items on hand.
- Discrepancies are reported to the Director of Financial Affairs for further investigation.
ACCOUNTING FOR BOOKSTORE

A. PURPOSE OF POLICY

☐ To ensure that all inventories in the bookstore are properly accounted and no items are missing.

B. PROCEDURES

Receiving Stock

☐ Check the suppliers billing or invoices and compare with the receiving reports prepared by the person in-charge of the bookstore.

☐ If the receiving reports reconcile with the suppliers invoice, the Payable Accountant will proceed in recording the invoices in the accounting system.

☐ If the receiving reports do not reconcile with the suppliers invoice, the person in-charge of the bookstore should identify the discrepancies and submit them to the Director of Financial Affairs for further action.

Managing Stocks
☐ Receivable Accountant should check and record the daily bookstore sales submitted by the person in-charge in the male and female bookstore with approval of the PMU Bookstore Head.

☐ A reconciliation of outstanding inventory per actual count submitted by the person in-charge in the bookstore against the balance per general ledger should be made and a variance report should be submitted to Director of Financial Affairs.

☐ The Director of Financial Affairs will review the variance report and take the necessary steps to resolve discrepancies.