جامعة المستقبل
Mustaqbal University
أول جامعة أهلية بمنطقة القصيم

Financial Policies and Procedures

Prepared by:

Finance Department

2nd Edition
January 2025

Policy Identification Card

Policy Name	Financial Policies and Procedures
Code	UOM-FIN-FIND-POL-001-V2
Objective	Guiding the University Finance Department and other administrative departments, colleges, and affiliates concerning the financial policies and procedures
Owner	Finance Department
Reference(s)	- The standards of the Saudi Organization for Certified Public Accountants (SOCPA) - The International Financial Reporting Standards (IFRS). - The Saudi Companies Law - The Zakat, Tax, and Customs Law - Labor Law
Scope	Finance Department and all the University's academic and administrative units
Approved by	The University Executive Director
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1. Introduction

1.1 Policy References

The financial policy is based on generally accepted accounting principles, the standards of the Saudi Organization for Certified Public Accountants (SOCPA), and International Financial Reporting Standards (IFRS). These standards govern the recording of assets, liabilities, revenues, and expenses, accounting records, and the preparation of financial statements. It is also consistent with the Saudi Companies Law issued by the Ministry of Commerce, which regulates accounting books, financial statements, management responsibilities, governance, and disclosure. Furthermore, it is consistent with the Zakat, Tax, and Customs Law issued by the Zakat, Tax, and Customs Authority (ZATCA), which includes value-added tax (VAT), income tax, zakat, electronic invoicing, and all matters directly impacting financial records.

Furthermore, it is consistent with the Labor Law and its implementing regulations issued by the Ministry of Human Resources and Social Development regarding salaries, benefits, end-of-service benefits, and financial obligations towards employees.

1.2 Purpose of the Policies

This regulation outlines the policies, principles, and fundamental rules of the financial system to be followed at Future University and the owning company. It defines authorities and procedures within the Financial Department.

1.3 Terms and Definitions

- **Company:** Mustaqbal University Company (Limited Liability).
- **University:** Mustaqbal University.
- **General Manager:** The General Manager of the Company.
- **Director of the Financial Department:** The financial officer responsible for all financial and accounting activities of the company, or their delegate.
- **Financial Department:** The department responsible for the company's financial affairs.

1.4 Approval of Policies

These policies are approved by the General Manager. Amendments may only be made through an official decision. Any changes must be circulated at least one week before implementation.

1.5 Scope of Application

These policies apply to all financial transactions of the company and all matters related to safeguarding its assets, records, and documents. The manual aligns with GAAP, SOCPA standards, and international standards.

2. Regulations and Policies

Chapter One: Financial and Accounting Policies

Article (1): Fiscal Year of the Company

The fiscal year consists of twelve Gregorian months, beginning on 01/07 and ending on 30/06 of the following year.

Article (2): Accounting Registration

All accounting records shall be maintained in accordance with GAAP, SOCPA standards, and international standards.

Article (3): Financial Statements

Financial statements shall be prepared in accordance with GAAP, SOCPA standards, and international standards.

Article (4): Fixed Assets

- Fixed assets are recorded at historical cost, including all expenses necessary to make the asset ready for use.
- Fixed assets appear in the statement of financial position at historical cost minus accumulated depreciation.
- Depreciation is calculated using the straight-line method.

Article (5): Intangible Assets

Recorded in accordance with GAAP, SOCPA standards, and international standards.

Article (6): Current Assets

Recorded in accordance with GAAP, SOCPA standards, and international standards.

Article (7): Foreign Currencies

- Transactions in foreign currencies are translated into Saudi Riyals at the exchange rate on the transaction date.
- Foreign-currency assets and liabilities are translated at the exchange rate on the date of preparing the financial statements.

- Exchange differences are recorded in the income statement.

Article (8): Detailed Authorities and Responsibilities

Director of the Financial Department

Organizational Relationship: Reports to the Executive Director.

Responsibilities

1. Preparing and Updating the Financial System

- Updating the chart of accounts.
- Writing and updating accounting policies and procedures.
- Training staff on changes.
- Testing system updates.

2. **Reviewing Revenues and Expenses**

- Weekly review of revenues and expenses.
- Monthly reporting comparing actuals to budget.
- Ensuring correct classification and tax accuracy.

3. **Managing Financial Accounts and Transactions**

- Opening/closing bank accounts.
- Recording all financial transactions.
- Preparing payment orders.
- Executing payments after required approvals.

4. **Managing Student Financial Affairs**

- Implementing installment plans.
- Processing exemptions and scholarships.
- Issuing refunds within 10 working days.
- Issuing financial clearance certificates.
- Following up on delinquent students.

5. **Representing the University Financially**

- Attending meetings with banks, donors, ministries, and regulators.

6. **Coordination with External Auditors and Regulators**

- Responding to auditor inquiries.
- Ensuring timely submission of tax and zakat returns.
- Communicating with ZATCA and the Ministry of Education.

Accounting Unit

Organizational Relationship: Reports to the Director of the Financial Department.

Responsibilities

1. Preparing the Budget

- Extracting closing balances.
- Performing adjusting entries.
- Ensuring accounting equation accuracy.
- Reconciling key balances.
- Preparing draft financial statements.
- Supporting external audit.
- Finalizing and publishing approved statements.

2. Recording Daily Journal Entries

- Recording all daily financial transactions.
- Reviewing and posting entries.

3. Auditing Advances and Loans

- Reviewing supporting documents.
- Verifying purpose and closing advances.

4. Preparing and Issuing Checks

- Preparing checks or transfers.
- Ensuring dual signatures.
- Delivering checks to beneficiaries.

5. Reviewing Faculty Transactions

- Reviewing overtime, allowances, and bonuses.
- Coordinating with HR and Financial Director.

6. Bank Reconciliation

- Daily/weekly reconciliation of current accounts.

- Monthly reconciliation of all accounts.

7. Preparing Trial Balance and Adjustments

- Monthly trial balance.
- Accruals, inventory adjustments, depreciation, and provisions.

8. Auditing Revenues and Expenses

- Monthly and quarterly review.

9. Auditing Invoices

- Verifying purchase order, delivery, invoice, and VAT compliance.

Tax Unit

Organizational Relationship: Reports to the Director of the Financial Department.

Responsibilities

- Registering and updating university information in ZATCA.
- Preparing VAT and zakat returns.
- Preparing payment orders.
- Verifying supplier VAT compliance.
- Responding to ZATCA inquiries.
- Educating departments on tax requirements.

Cashier Unit

Organizational Relationship: Reports to the Director of the Financial Department.

Responsibilities

- Collecting tuition fees.
- Recording payments.
- Following up on overdue students.
- Archiving student financial documents.
- Processing refunds.
- Supporting students in financing programs.
- Responding to student inquiries.
- Issuing financial statements.

Development and Quality Unit

Organizational Relationship: Reports to the Director of the Financial Department.

Responsibilities

- Updating financial and administrative procedures.
- Documenting improvements.
- Simplifying processes.
- Measuring satisfaction.
- Managing the annual improvement plan.

Article (9): Spending Authorities

- **Salaries:** Prepared by HR → reviewed by Financial Director → transferred via bank → approved by General Manager.
- **Bonuses and allowances:** Submitted by HR → reviewed → paid after GM approval.
- **Advances:** Requested by departments → paid after GM approval.
- **Invoices:** Paid directly through the bank.
- **Purchases:** Three quotations → reviewed → best offer approved by GM

Chapter Two: Periodic Reports and Final Accounts

Article (10): Accounting Entries and Records

All assets, liabilities, revenues, and expenses are recorded in accordance with GAAP, SOCPA, and international standards.

Article (11): Periodic and Quarterly Reports

Prepared by the Financial Director or delegate and submitted to the General Manager.

Article (12): Final Accounts and Financial Statements

The Financial Department prepares:

- Statement of Financial Position
- Income Statement
- Cash Flow Statement
- Statement of Changes in Equity

A licensed external auditor reviews the annual financial statements.

Chapter Three: Estimated Budget

Article (13): Preparing the Estimated Budget

The Financial Department prepares an estimated cash budget at the beginning of each fiscal year.

Chapter Four: Financial Resources

Financial resources include:

- Revenue from operational and non-operational activities
- Investment of company-owned land
- Training programs and courses
- Partnerships with government and private entities

Chapter Five: Payments

Article (14): Company Expenses

All capital and operational expenses necessary for the institution to perform its mission.

Article (15): Procedures for Approving Expenditures

1. Request from concerned department.
2. Verification by Facilities Department.
3. If unavailable, forwarded to Purchasing.
4. Three quotations with recommendations.
5. GM approval.
6. Delivery report confirming specifications.
7. Annual contracts follow contract terms.
8. All steps follow project management methodology.

Chapter Six: Permanent and Temporary Advances

Article (16): Responsibility for Advances and Spending Procedures

- Advances may be issued after GM approval.
- Advances are closed after:
    - Spending within approved purpose
    - Submitting original documents

    - Approval by Financial Director
- No new advance may be issued until the previous one is closed unless justified and approved by GM.