

Guide Lines of

FINANCIAL POLICY

OF

ZIAUDDIN UNIVERSITY, 2021

Financial Policies and Procedures

ANNUAL BUDGET

OBJECTIVE:

These policies and procedures governs preparation of annual budget, its monitoring / utilization and revision as an approved Final Budget.

BUDGET CALENDAR:

1. The budget process shall start from 1st January of each year, with the circulation of prescribed proforma (to be devised) of budget proposals for the next fiscal year to all Heads of departments / faculties. The proforma contain columns regarding comparative figures of:
 - a) Receipts during the current year and expected receipt during the next fiscal year with details of enrolled students in various disciplines / subjects or programs;
 - b) Current year allocation and budget demands (Development / Non-Development) for the next fiscal year under various heads of account; and
 - c) Expected expenditure / utilization (Development / Non-Development) of budgetary provision during the current year upto June 30 and during the next fiscal year budget, with progress, if any in percentage.
2. The target date of submission of proforma to Finance Department by the end of February
3. The Finance Department shall compile information as per columns of the proforma received from concerned departments, print out the provisional Budget Proposals which will be circulated to all concerned departments / faculties, for verification, addition and alteration, in the first week of March. The departments / faculties shall return the proforma to Finance Department before the end of March, positively
4. The preliminary meeting under the Chairmanship of Vice Chancellor will be held with the Heads of departments in the first week of April, to examine, consider and discuss the proposals in the light of changes through re-appropriation / SNE for current year with justifications, made by the departments, if any, not later than 30th April.
5. Then after another meeting under the Chairmanship of Vice Chancellor shall be held in Finance Department in the 1st week of May with all Heads of Department, to consider and finalize the Budget proposal for the next fiscal year. In the meeting the proposals of SNE and re-appropriation under various heads of account and savings if any, during the current year will also be finalized and to be submitted to the Finance and Planning Committee for review and make its recommendation of approval to Board of Governors.

6. The Board of Governors shall discuss and consider the budget in the light of recommendations made by the Finance and Planning Committee and accord its approval, in the meeting to be held upto 15th June. The approved budget then shall be submitted to the Controlling Authority for assent, not later than 30th June.
7. The new Budget shall now be circulated amongst all concerned accordingly with release of funds, for implementation, effective from July of the new fiscal year.
8. For evaluation and monitoring fiscal progress, the bimonthly, quarterly and half yearly meetings under the Chairmanship of Vice Chancellor shall be held in Finance Department at the end of the period to review release of allocation, expenditure and achievement physical progress in percentage during the period.
9. The quarterly and half yearly progress reports will be submitted to the Governing Body for consideration and approval which will then to be submitted to Chancellor for perusal and orders, if any.
10. Effective monitoring and evaluation system shall be ensured, in order to achieve viable targets.

BUDGET RESPONSIBILITIES:

1. The Finance Department shall be responsible to:
 - Ensure the budget is monitored as a continuous process and that income and expenditure are maintained at levels, as outlined in that budget.

POLICIES:

1. The operational and functional targets are properly established and monitored. Each and every head, sub-head of account shall be properly identified with estimated cost, target of expenditure and achievements during the current budgetary year and in case of further extended period, escalating cost shall be appropriately mentioned.
2. The allocations of new budget shall be made, keeping in view the allocations made during the current / previous year and shall be evaluated in accordance with the future demand.
3. The significant variances shall however, be brought to the notice of Vice Chancellor by the Finance Department.

PROCEDURE:

1. All operating departments shall be required to complete each and every column of the budget proposal proforma.
2. Proposals for head of accounts in accordance with the approved programs for the year.
 - a. Number of students indicated in the agreement with records.
 - b. Proposals will be reasonable, as compared to the current year's budget and actual expenditures to-date.
 - c. Expenditures shall be realistic and not be included merely only on the basis of previous year's budget.
 - d. Redundant activities should be curtailed.
 - e. Realistic cost escalation adjustments shall be provided.
 - f. Fixed assets proposed to be acquired are backed by adequate justification and tentative cost estimates.
 - g. Stores / stock in hand are reflected in proposed procurement plans.

- h. Expenditure shall not be prima-facie extravagant.
 - i. Acquiring of items on rent shall be avoided, in case the purchase could be comparatively cheaper.
3. The Finance Department shall:
- a. Ensure that the program costs for each department are computed using the information in budget proposals, submitted and applicable cost drivers.
 - b. Enter the data from budget proposal proforma in to main budget data file for compilation.
 - c. Compute on aggregate as is expected revenue for the budget period by using the following information:
 - i. Number of students enrolled and expected to participate in the various academic programs.
 - ii. Fee structure proposals for the budget year.
 - iii. Admission policy for the budget year.
 - d. Review the comparative extracted summaries with the individual proposals and calculations provided by the relevant departments.
 - e. Incorporate the corrections and observations, provided in the summaries and extract the draft Budget for submission to the FPC.
4. In the preliminary annual budget meeting to be chaired by the Vice Chancellor, following particular points shall also discuss:
- a. The overall financial position of University.
 - b. Financial results for the current year, significant variances, and reason thereof.
 - c. Special instructions and guide lines issued by the HEC and Governing Body.
 - d. Ongoing capital / development projects and priorities for their allocation / expenditure for the year.
 - e. Key priorities for academic programs.
 - f. Key common services and programs, expedient to be launched.
 - g. Policy for continuation or curtailment of subsidies for programs presently provided by the University.
 - h. Changes in budgeting procedure and proforma from previous year.

5. The overall position of the budget shall be monitored on bimonthly, quarterly and half yearly basis by the Finance Department and reports shall be submitted as per prescribed proforma with written commentary to the FPC & Governing Body.
6. Any changes in the Budget within the financial year i.e. Budget re-appropriations shall be made after FPC& Governing Body approval.

CAPITALIZATION OF FIXED ASSETS

PURPOSE

To establish guide lines for capitalization of asset of Ziauddin University, Karachi, their maintenance, transfer / disposing and calculation of depreciating value.

POLICY:

Fixed Asset plays an important role in the development of the University and represent the significant resources of investment. This policy establishes the standards and procedures for ensuring that:

1. The inventory of fixed assets of the ZU shall be maintained, for the appropriate control and safeguard of the assets.
2. The ZU accounting process for capital assets and their depreciation are in accordance with the guidelines and objectives of ZU management viz-a-viz International Accounting Standards.
3. The proper control procedures shall be followed for all fixed asset acquisitions, transfers and their disposals in order to maintain internal control of capital equipments and to assist in reporting.
4. The departmental Heads shall be responsible and accountable for proper maintenance of moveable and immoveable assets including office furniture and fixtures, equipments & machinery, electronic equipments, Vehicles and any other fixed assets under their departmental jurisdictions and control.
5. The departmental Heads shall specifically ensure for retrieving of all ZU property, including fixed assets, from University employees, well before their departure from the ZU's employment.
6. Ultimate responsibility and monitoring the fixed assets shall rest to the respective department.

SCOPE:

This policy and procedure applies to all ZU capital assets based on the factors stated hereunder.

FIXED ASSET DEFINITIONS AND GUIDE LINES:

The moveable and immoveable including tangible / intangible assets shall be acquired for their unlimited operational utilization beyond the calculated life period. Such as land, its development, construction and improvements of buildings structures their maintenance and rehabilitation, vehicles, machineries, equipments, infrastructures (Land associated with infrastructures should be reported, which will be other than the part of the cost of the related infrastructure assets). A Fixed asset is a capital asset that has a value equal to or greater than the capitalization threshold established for each type of asset. Capitalized assets are to be reported for the purpose of financial reporting.

FIXED ASSET CLASSIFICATION:

The ZU possesses wide range of fixed operational tangible (immoveable and moveable) assets, which are broadly classified, as under:

- Land and its development
- Buildings / Building Structures.
- Machineries & Equipments.
- Computer and Accessories.
- Furniture and Fixtures.
- Motor Vehicles.
- Library Books.
- Sports Equipments etc.

INTANGIBLE ASSETS AND AMORTIZATION

- a. ZU possesses different types of intangible assets, including computer soft wares and license fees etc. Preferably the cost of which is directly associated with the economic benefit, for more than one-year utilization.
- b. Intangible assets are stated at cost less accumulated amortization and impairment losses, if any, these are amortized using the straight line method over the period of three years,
- c. Reflecting the pattern in which the economic benefits of the assets are consumed by the ZU.
- d. Full year Amortization charge on year of purchased, utilizing the “full year convention”.

ASSETS UNDER CONSTRUCTION:

Assets including under construction or substantially incomplete buildings structures, other structures, infrastructures, additions, alterations, rehabilitations, installations, maintenance and repairs, reflects the economic development activities.

Depreciation value shall not be calculated on the assets which are under construction / incomplete structure. The capitalization of under construction assets shall be effective after their completion their operational or physical possession.

FIXED ASSETS RECOGNITION AND MEASUREMENT:

The capitalization of assets will include the net invoice cost of any vendor after compatible discounts, plus sales tax, freight charges and all other significant or necessary charges, to be included in procurement / purchase of an asset. Besides, the other capitalized costs may also be included i.e. initial inspection, testing, and installation costs and all related expenses. Expenditures that does not meet the Capitalization Criteria, their requirement must be expensed. The cost of contract maintenance on equipments and soft wares shall be expensed, when paid.

MINIMUM MONETARY LIMITS FOR CAPITALIZATION:

The minimum financial limit of item-wise capitalization, as fixed asset, is as follows:

(Limit in Pak Rs.)

Land / Land Development	all are capitalized
Buildings / Building Structures	all are capitalized
Machinery & Equipment (including cell phones, walky-talkies, A-Cs, splits, Fax Machine, Microwave Ovens, Refrigerators, Generators, Projectors, UPS, Paper Shredder etc.)	Rs.5,000 and above
Computer and Accessories (including laptops, PC's, storage, servers, network security devices all software)	Rs.5,000 and above
Furniture and Fixture (includes tables, cabinets, sofa-sets, partitions)	Rs.3,000 and above
Library Books	all are capitalized
Sports Equipment	Rs. 3,000 and above
Motor Vehicles	All are capitalized

OTHER FACTORS FOR CAPITALIZATION:**Life**

The item must have a useful utilization life of more than one year i.e. unlimited period, by the University.

Nature

The cost on procuring the item, the maintenance and repairs of capital assets, cannot be treated as expenses on Fixed Asset, even if they exceed the monetary threshold.

TAGGING OF FIXED ASSET BY THE USER:

- a. Addition form along with invoices on Fixed Asset, P.O Delivery Orders, acquired by the asset holder shall be forwarded to Finance Department, within 15 days, positively.
- b. On the receipt of such form, a Fixed Asset Number tag will be generated by the Finance Department.
- c. The tag will be provided to the originator, who shall attach the same to the asset. However, the requirement of tagging does not apply on items, such as on Car Tracking Devices, Networking equipment, small T Equipment / cabling, Cellphones, etc. which cannot be practically tagged.

FIXED ASSETS RECEIVED AS DONATION AND PROCURED AGAINST GOVERNMENT GRANTS:

1. When Fixed Assets are received as a donation or procured against any grants, for the specific purposes, these Fixed Assets should be recorded, separately in the General Ledger (GL) and under the different code in the GL, for identification purposes.
2. Donated property must be recorded at its estimated fair market value or cost of its acquisition, on the date of acquisition, after reasonable market survey.
3. The method used to appraise the value computed for gifts and donations should be based on a reasonable assessment. This method must be fully documented and maintained on file to support the value.

DEPRECIATION POLICY

1. Depreciation is charged / applied on the reducing balance method, where the cost of asset is written off, over its estimated service life.
2. Full year depreciation charge on year of purchase, utilizing the “full year convention” and no depreciation charged on the basis of disposal year.

3. Maintenance and normal repairs are charged to income and expenditure account, as and when incurred. Major renewals and improvements are capitalized and the assets, so replaced, if any are retired.

<u>Fixed Asset Category</u>	<u>Depreciation Method & Rate (per annum)</u>
Land/Land Improvements.	No Depreciations
Buildings/Building Structure.	Diminishing Balance Method @5%
Machinery & Equipment	Diminishing Balance Method @20%
Computer and Accessories.	Diminishing Balance Method @33.3%
Furniture and Fixture.	Diminishing Balance Method @10%
Motor Vehicle.	Diminishing Balance Method @20%
Library Books	Diminishing Balance Method @20%
Sports Equipment	Diminishing Balance Method @20%

Note: A fully depreciated fixed asset will remain mentioned in the fixed asset register, until the fixed asset is retired from service.

IMPAIRMENT OF FIXED ASSET:

The existing costs of Fixed Assets are assessed at each reporting date to ascertain, whether there is any indication of impairment. If any such indication exists, then the assets recoverable costs would be estimated. An impairment loss is recognized, as an expense in the profit and loss, for the amount by which the asset's existing cost exceeds its recoverable cost. The recoverable cost is the higher than of an asset's fair valueless cost to sell and value in use.

TRANSFER OF FIXED ASSETS

1. The transfer of fixed assets between ZU locations or Campus should have no impact on its net book value. All assets are transferred at their net book value with no recognition of a gain or loss by the department, transferring the asset.
2. The transfer of assets will be reported to the Fixed Asset Accountant / Finance Department with the details includes description, asset tag No. (if applicable), serial number, current location, and the location that will receive the asset.
3. Laptops and desktop computers cannot be transferred directly between locations or other departments. Instead they must be returned to the Information Technology (IT) department, for inspection, data collection, and erasing of data before being given to a new user.

4. When an item of Fixed Asset is transferred from one user to another, whether in the same department or not, following procedure shall be adapted:
- a) The formal Transfer Request form of fixed Asset will be submitted, duly approved by the head of transferor and transferee departments.
 - b) The formal Transfer Request form of fixed Asset shall be sent to the transferee. One copy of form will be sent to Finance Department, while another will be retained by the transferor.
 - c) The transferee, on receipt of request will verify the data and ensure that the fixed asset item has been received in good order. He / She should sign the original receipt and forward copy to Finance Department and the transferor.
 - d) Finance Department will record the transfer of the fixed assets in the Fixed Asset Register only on the receipt of original copy of Transfer request of the transferee duly acknowledged indicating receipt of fixed asset by the transferee.

DISPOSAL & SALE OF FIXED ASSETS:

Purpose:

To properly accounting for the disposal of University owned equipments.

Disposal of Fixed Asset:

Non-disposal of obsolete or excess equipments, which are unnecessarily occupied space and economically not viable rather to deprives the institute of income. University is, therefore, encouraged the disposal of such assets / equipments, subject to proper checks, so as to ensure that these items could not be utilized by any other establishments of ZU.

Factors needs to be considered are:

1. Decision to be taken by the Head of department, for disposal of items, shall be based on a fair assessment of current market value of each item and subject to the condition of the equipments.
2. The decision shall be under taken, using external evaluation services, if required, for example specialist items.
3. The Head of department shall also take into the consideration:
 - i. The original purchase price;
 - ii. The age of the equipment.

- iii. An assessment of utilization of the equipment and of its possible current market value.
- iv. Consultation with Finance Department and Information Technology Department (in the case of IT equipments) shall be essential.
- v. case of IT equipments) shall be essential.
- vi. All data storage devices must be reformatted to erase all contained, prior to disposal.

Disposal Process:

If any item is identified by the Head of department as being obsolete, completely damaged beyond repair, become junk or if repairable, but the repair cost could be higher, compared to original cost of item, and propose to dispose of such asset, the department must take the following steps:

- a. Obtain written authorization to dispose of such item from the Registrar and the Vice Chancellor of University.
- b. Complete the Asset Disposal request and transmit the same to Finance Department.
- c. The Finance Department will review the request and approved, if it is found appropriate. In such case, the concerned department will be advised to remove the tag from the equipment and send it to the Fixed Asset Department.

Reasons for disposal:

Item scanner be available for disposal, because they are:

- a. Required to be disposed of under a particular policy e.g. motor vehicles;
- b. No longer required, due to changed procedures, functions or usage patterns;
- c. Occupying storage space unnecessarily and not being needed in the near future;
- d. Reaching their optimum selling time to maximize returns;
- e. Found to contain hazardous materials;
- f. Beyond repair but able to be sold for scrape.

Responsibilities of the Head of Department:

Heads should be aware that:

- a. Each department is responsible for the disposal of aging and surplus items / assets;
- b. They are accountable for all decisions, taken in the disposal process;
- c. They should take into an account the costs factor of undertaking disposal activities; and
- d. Proper accounting and audit procedures should be observed and all decisions are duly documented.

Options for the Disposal of Assets:

Assets identified for disposal may be dispensed with using the procedures listed below:

- Sale by Tender;
- Sale to Staff;
- Donate to a community service or organization; and
- Scrape Sales.

The most appropriate choice for disposal option, will normally be influenced by the nature of the goods for disposal and by their location viz-a-viz market value. In all cases, assets disposed of should however, be reported on an “*Asset Disposal Request*” to ensure that the disposed assets are removed from the University’s Fixed Asset Register.

Asset Disposal Forms& Fixed Asset Register:

- 1) It is essential that the disposal of any asset disposals are correctly handled, to ensure transparency and accountability.
- 2) Asset disposal request should be recorded the authorization of the disposal by the appropriate staff and the assessment of value or values achieved by it. Any departmental disposal of an asset, whether the sale by tender, sales to staff, donation and scrape sales etc., must be provided in written advice to the Finance Department.
- 3) The ZU Assets Register will require updating to remove the assets following the receipt of the appropriately authorized Asset Disposal Request.

FINANCIAL AND PHYSICAL CONTROL:

1. Physical Inventory of the Fixed Assets should be carried out on the cyclical basis (Perpetual Inventory), according to formal plan, once in a two years. The physical inventory should be reconciled with the Fixed Asset records and adjusted, accordingly.
2. Each department will be notified of the counting procedures and the dates of the physical inventory. Fixed assets that are not accounted for after the physical inventory shall be investigated, reported to the appropriate Department Manager and based on the value of the write-off, the appropriate level of Management shall be informed.
3. Following are the important aspects, which requires the maintenance of proper record that helps in preparation of the Financial Statements:
 - i. Periodical reconciliation of the underlying fixed assets record with the accounting record (General Ledger).

- ii. Reconciliation of the periodical physical inventory of the Fixed Assets with the fixed assets record.

- iii. Determination of Cost and Accumulated depreciation of each fixed asset, it matches the time of disposal and or retirement.

FIXED ASSETS RECORDS:

Adequate item-wise record of fixed assets should be maintained which at the minimum, must indicate the following:

- a. Detailed description of each item;
- b. Original cost of the item;
- c. Date of its acquisition;
- d. Classification of the Item;
- e. The rate of depreciation; and
- f. Accumulated depreciation.

INSURANCE OF THE FIXED ASSETS

Fixed Assets under the custody of the ZU should be adequately insured particularly for the fire and theft. The Cost of the Fixed Asset for the Insurances should be ascertained by the Director Finance, any change, due to impairment and revaluation should be adjusted, accordingly.

Fixed Assets Additions Form:

Fixed Asset Category: -----

Fixed Assets Description: -----

Requesting Department: -----

Cost of Fixed Assets: -----

Other Charges (Capitalized): -----

Total Cost of Assets: -----

Vendor Name: -----

Purchase Order Number: -----

Payments Details: Cheque No -----Amount-----

Fixed Assets Tag Number: -----

Fixed Assets Custodian: -----

Head of Requesting Department: Signature: -----

Head of Procurement Department: Signature: -----

Head of Store Department: Signature: -----

Head of Administration Department: Signature: -----

Head of Finance Department: Signature: -----

Remarks-----

Fixed Assets Transfer Form:

Fixed Asset Category: -----

Fixed Assets Description: -----

Fixed Assets Tag Number: -----

Transfer from Department: -----Transfer to Department: -----

Transfer from Campus: -----Transfer to Campus: -----

Transfer from Location: -----Transfer to Location: -----

Requested by: -----

Approved by: -----

Fixed Asset New Tag Number: -----

Fixed Asset Cost: -----

Fixed Asset Accumulated Depreciation: -----

Fixed Assets Written Down Value: -----

Fixed Assets Custodian: -----

Head of Transferor Department: Signature: -----

Head of Transferee Department: Signature: -----

Head of Administration Department: Signature: -----

Head of Finance Department: Signature: -----

Remarks-----

Fixed Assets Disposal Form:

Fixed Asset Category: -----

Fixed Assets Description: -----

Fixed Assets Tag Number: -----

Fixed Asset Cost: -----

Fixed Asset Accumulated Depreciation: -----

Fixed Assets Written Down Value: -----

Fixed Assets Custodian: -----

Fixed Assets Selling Price: -----

Gain or Loss on Disposal: -----

Mode of Disposal: -----
 Requested by: -----
 Approved by: -----
 Name of the Purchaser: -----
 Purchaser Address: -----
 Purchaser Telephone Number: -----
 Head of Requesting Department: Signature: -----
 Head of Administration Department: Signature: -----
 Head of Finance Department: Signature: -----

Remarks-----

TAXATION

OBJECTIVE

To comply with all applicable tax regulatory requirements, in respect of tax chargeable to employees and all payments made to third Parties / Outsiders.

EMPLOYEES' TAXATION POLICY:

- a. The University shall comply with all applicable regulatory requirements, as per the Income Tax Ordinance, 2001 or any prevailing law.
- b. The Director Finance keeps abreast fall tax legislation having an impact on the financial transactions and on University's financial results.
- c. Significant exposures of the University under currently applicable tax legislation include:
 - i. Responsibility to deduct income tax from payment to employees as prescribed under the Income Tax Ordinance, 2001 and any changes made in the Federal Budget, each year.
 - ii. Submission of statement of income tax, withholding tax etc., as prescribed under the Income Tax Ordinance, 2001 or any other prevailing tax law / regulations.
 - iii. Submission of any other statements or returns required to be filed under the Income Tax Ordinance, 2001 or any other prevailing tax law or regulations.
 - iv. Deposit the tax deducted, at source, in Government treasury within the prescribed time.

- v. Income Tax shall be deducted from any payment made to permanent / contract staff, at the applicable tax rate.

PROCEDURE:

1. At the commencement of each financial year, Payroll Section shall calculate and assess, whether the employees' salaries are subject to Income Tax, as per tax slab, applicable for the current tax year.
2. The Accounts Section shall provide comprehensive tax calculations and other relevant details in respect of annual taxable income, annual tax liability and tax returns, as applicable in the law and as approved in the Annual Federal Budget. The Payroll Section shall ensure the accuracy of all the data and calculations.
3. Payroll Section shall review and revise the tax liability of each tax payer employee on periodical basis, especially when salary income is increased, due to increments and other allowances or fringe benefits are paid.
4. Finance Department shall inform all tax payer employees through circular to abide by tax rules and annual requirements which are given hereunder:
 - Submission of Income Tax Return / Wealth Return.
 - Final date of tax return filing.
 - Tax Credits and allowable deductions from tax liability.
 - Advice about tax saving methods e.g. investment schemes etc.
 - Provide tax computation and tax deduction certificate to concerned employees.
 - Facilitate all tax payer employees for filing of Income Tax / Wealth Return electronically.
5. Income Tax deducted at source from salaries shall be deposited in Government Treasury within prescribed time.

DEDUCTION AND DEPOSIT OF WITHHOLDING TAX FOR GOODS AND CES:

1. Income/sales tax shall be deducted from bills of suppliers, contractors and services providers under the provision of the Income Tax Ordinance, 2001.
2. Income tax deducted at source from the suppliers of goods and services shall be deposited in Government Treasury within the prescribed time.

3. Finance Department shall file the details of tax deposited electronically each month within the prescribed time.
4. Finance Department shall issue certificates of withholding tax deducted from salaries of employees, and tax deducted to the outsiders for the goods and services.
5. The Institute shall obtain expert advice on tax matters from the tax practitioner / Professional, whenever required.

PAY ROLL

OBJECTIVE:

Salaries, wages, and associated benefits constitutes a significant portion of the University's overall expenditures (non-development budget), and are subject to regulations approved by the Governing Body and imposed by the provincial government and other agencies. The University has established compensation structures, systems and processes to promote compliance with all applicable regulations and its own fiscal management responsibilities and objectives.

POLICIES:

1. This policy describes the University's payroll process by employment classification, payroll schedules and payment methods. It includes the policy for allowances and other benefit as well as payroll deductions.
2. Finance Department relies on Human Resources Department, who is primarily responsible for providing basic information relating to employment, fixation of salaries, remunerations and other fringe benefits. Moreover, they are also responsible for ensuring that salary and wage payments are authorized in accordance with established policies and are appropriate within the annual budget approved by the Governing Body.
3. Payroll comprises regular, contract and adhoc employees.
4. All payments to faculty (Full time and Part time) and staff members as well as to temporary workers, other than reimbursement of minor expenses, are made through the payroll.
5. Payroll is verified and signed by Director Finance each month while approving instructions for transfer of salaries to employees' bank accounts.

6. Payroll for every month is reconciled with the preceding month's payroll for new appointments, resignations, terminations and retirements, increments, any other benefits given and deductions made and reviewed by the Director Finance.
7. Addition / deletion of an incumbent to / from the payroll is made with the approval of the Competent Authority.

PROCEDURE:

1) PAY ROLL PREPARATION:

- a. Any changes in the salary structure of employees or any extraordinary payments/ dues are to be intimated by 22nd of every month by the Human Resources Department to Payroll Section of the Finance Department.
- b. Addition of an incumbent to the payroll is made after obtaining the appointment letter and joining letter from the Human Resources Department.
- c. Finance Department shall obtain information relating leave availed, leave without pay, Medical and other benefits for the employees, if any.
- d. Deletion of an incumbent from the payroll will be made on the receipt of retirement, resignation or termination letter alongwith the acceptance letter from the Human Resources Department as required under the rules.
- e. Salary of employee, leaving the University will be with-held for the last month served, and will be paid as a part of his / her final settlement.
- f. Director Finance receives approved letters, advising increments and changes in particulars of the existing employees from the Human Resources Department and any other instructions, duly approved, for changes in the payroll.

- g. HR Department shall also send notifications / circulars issued by the Management, time to time in respect of salaries, allowance and other benefits for the ZU employees.
- h. Payroll Section also prepares a reconciled current month's payroll with the previous month's in respect to the following:
 - 1. Appointments;
 - 2. Cessations;
 - 3. Increments;
 - 4. Promotions;
 - 5. Adjustments;
 - 6. Deductions (Loan, advances etc.); and
 - 7. Any other charges from previous month.
- i. Before the monthly payroll disbursement is effected; payroll shall be verified and signed by the Resident Auditor and approved by Director Finance.

2) PAY ROLL DISBURSEMENT:

- a. Payroll Section of the Finance Department shall prepare Bank transfer letters covering salary of employees and dispatch to banks before the first of every month.
- b. Pay slips are emailed to the respective employees soon after the transfer instructions are sent to the banks.
- c. Hard copies of pay slips are also forwarded to only those employees who do not maintain email accounts (e.g. temporary workers etc.).
- d. On the receipt of pay slip if the employee has not raised any question or objection on the pay, immediately, then the salary for the month will be considered, as final and correctly paid.

- e. In case of excess payment, made to the employee, it shall be recovered / adjusted from the next month pay or as deemed appropriate by the Director Finance. Simultaneously, it is also prime responsibility of the employee to immediately intimate the excess payment and return it, accordingly.

REMUNERATION TO ADJUNCT FACULTY:

- a. The Program Offices shall report the number of sessions taken by a visiting / part-time faculty before 5th of each month to the Finance Department.
- b. Finance Department shall process and release the payments by 10th of each month.
- c. As per policy, 20% of the monthly remuneration of Part Time Teachers shall be retained. Which will be released on the receipt of clearance from the program offices, after the submission of semester results, along with their attendance registers, so that the sessions paid during the semester are reconciled and adjusted (if required), accordingly.

ADVANCE AGAINST SALARY:

- a. Advance against salary shall be considered only in case of emergency need. (Death of a family member, hospitalization, etc.).
- b. Only salary payable for the current month shall be allowed and to be paid in advance.
- c. The advance salary shall be considered after the 15th of each month.
- d. The advance salary shall be adjusted through the current month payroll.
- e. Finance Department will also ensure that there is sufficient leave is in balance / provident fund is available, as a security against the advance salary to the employee.

ADVANCE SALARY POLICY:

- a. **On Religious Events:** Employees shall be entitled for one advance salary during the year, on the following events, which shall be recovered in six monthly instalments:

“Eid-ul-Fitr / Eid-ul-Azha / Christmas / Easter / Holi / Diwali”

- b. **On Medical Expense:** In case the medical expenses are exceeded of entitled amount. Such exceeding amount shall be recovered in maximum twelve (12) monthly instalments).

NOTE:

The employees who opt to resign from ZU or proceeding on long leave, shall not be allowed advance salary, it will not be possible to recover the advance through the current month payroll.

FULL AND FINAL SETTLEMENT:

- a. The process of full and final settlement will start soon after the submission of resignation by the employee to HR Department or the Institute terminates or refuses to renew the contract period of the employee.
- b. On receipt of resignation from the employee, the HR Department shall also provide a copy of resignation to Finance Department, for appropriate action i.e. stoppage of salary and other deductions etc.
- c. Employee shall have to submit the ‘No Due Certificate’ on the acceptance of resignation.
- d. In case of the retirement of regular employee, including attaining the age of superannuation, the HR Department will send a notification to the Payroll Section of Finance Department, at-least a month before the last day of his / her retirement date to prepare the details of the applicable dues including P.F. etc.

- e. As soon as the Finance department receives the No Due Certificate issued by all the HoDs, the payroll Section prepares the Final settlement of the concerned employee.
- f. Final payment shall be made through a Crossed Cheque of final payment included all dues and admissible deductions, in the name of the employee.

RECOVERY / ADJUSTMENT OF ADVANCES TO EMPLOYEES

OBJECTIVE:

To lay out transparent criteria for recovery / adjustment of advances to employees.

POLICY / PROCEDURE:

Advance against expenses is granted to an employee, when the circumstances requires immediate financing, to meet the operational needs, such as to:

1. Conduct any event such as testing activity, seminar, conference, workshop etc.
2. Make arrangements for transport, travelling, accommodations etc.
3. Provide bridge financing against approved or possible external funding by the donor.

Only one advance can be granted at a time to an employee□other than in case of exceptional circumstances.

ADJUSTMENT OF ADVANCE:

1. Employee shall submit proper bills / receipts of expenses to Finance department immediately upon the completion of activity (for which the advance was granted).

2. The employee shall deposit remaining balance of advance, if any, in ZU's bank account, immediately and submit the bank deposit receipt to the Finance department.
3. Employee shall obtain certificate for clearance of an advance granted against the employee's name from the Finance department.

BRIDGE FINANCING CASES FOR ATTENDING CONFERENCE, SEMINAR, WORKSHOP, ETC.:

1. The employee shall obtain the consent of Dean / Chairperson & Registrar, in writing, on his / her proposal to attend the conference, seminar or workshop, etc. The proposal shall indicate the funding source for each type of expenses, such as registration fees, accommodation, air travel, etc.
2. Employee shall send the funding request to HEC prior to 6 weeks from the date of Conference or Event (or to other prospective donor) in advance of the event planned to be attended.
3. Application should be prepared in accordance with the prescribed procedure laid down by HEC / donor.
4. Employee shall pursue the case himself / herself, till the decision, on application.
5. The bridge financing from ZU funds requires an approval by the Dean & Vice Chancellor of the University.

RECOVERY OF ADVANCES:

1. In case the employee has been unable to submit adjustment of advance within:
 - 15 days from the date of completion of event or activity; or
 - 15 days from the date of rejection of funding application, by the donor.

The outstanding balance of an advance will therefore, be recovered from the monthly salary of an employee at the rate of 20% of gross monthly salary or outstanding advance amount, whichever is less.

2. The employee may also opt to allow the Finance department to deduct / adjust the outstanding balance of advance, at the rate of more than 20% of the salary.

CREDITORS / PAYMENT TO THIRD PARTIES

OBJECTIVE:

This policy and procedure governs the recording of liability against purchase of goods / services, execution of Contracts and for its payment. The ZU follows the accrual basis of accounting as applicable under prevailed International Accounting Standards. The operational currency shall be Pakistani Rupee for all types of payments.

POLICIES:

1. The liability against goods and services shall only be recorded, when the University has a legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.
2. All payments relating to suppliers, services providers, construction contractors or any other payments to any person outside the University, shall be made through crossed Cheque or transfer through banking channels (irrespective of the amount to be paid). In principal, no cash payment shall be approved or paid.
3. Payments shall be subject to deduction of withholding taxes as per Income Tax and Sales Tax Rules except where the payee submits certificate of tax exemption.
4. All purchase orders shall be placed in rupees, in order to avoid any exposure to foreign currency fluctuations.

5. Payment of the invoices shall be made on payment authorization from the transaction authorities (or relevant purchase offices) duly verified by the Auditor.
6. The Individuals (including employees) shall be reimbursed the actual cost or expenses, which are incurred wholly, exclusively and essentially in the performance of their duties of or work exclusively for the University.

PROCEDURE:

1. The Finance Department shall receive the invoices, for goods supplied & services rendered thereto, from the suppliers along with copy of delivery challan, work / purchase order and other supporting documents.
2. On the basis of invoice and supporting documents, the Finance Department shall process voucher with complete specifications as follows:
 - Debit account title and code
 - Amount of invoice
 - Adjustment of advance or security, if any
 - Description of expense
 - Purchase / work order number
 - Invoice number
 - Cost / revenue sources
3. Then the invoices shall be sent to the transaction authority for its checking and issue of payment authorization.
4. In case an original bill is misplaced, a duplicate invoice may be submitted, specifically marked as 'Duplicate'.

5. On the receipt of payment authorization in the Finance Department, the payment voucher shall initially be prepared with supported documents against that particular invoice, by the office.
6. The payment vouchers shall then be verified by the next higher authority in the Finance Department to ensure that:
 - All particular details have been given in the payment voucher;
 - Completion of the transaction as per relevant rules; and
 - The requisite payment has not been made, earlier.
7. After verification, the payment voucher, along with supported documents, shall be forwarded to the Director Finance, for the approval of payment.
8. The transaction authority is responsible for providing the supported documents required to process the payment.
9. After the approval of Director Finance, the payment voucher will be forwarded to the Auditor or Section to:
 - i. Ensure that all laid down policies and procedures have been adapted;
 - ii. Ensure that the unit prices have been correctly charged;
 - iii. Review the cost comparisons (quotations), so as to ensure that the competitive bids were obtained and relevant rules have been followed;
 - iv. Record his observations (if any) and return to the Finance Department for resolution of queries. When the queries are

resolved or where there are no queries, signify his consent in the voucher, and then forward the payment voucher to Finance Executive-Payments for Cheque preparation;

- v. The audited payment voucher then shall be forwarded to the Accounts Section for preparation of Cheque;
- vi. The voucher along with the un-signed Cheque shall be submitted to the authority signature.
- vii. The signed Cheque shall be entered into the Cheque Register by the accountant for immediate onward distribution / delivery to the payee.
- viii. The Cheque shall be delivered to original payee or his authorized person only on the production of a written authorization letter bearing signature of the original payee and specimen signatures of authorized person duly verified, alongwith attested copies of CNIC, of original payee and authorized person. The receipt of Cheque shall be duly acknowledged in writing. The Cheque may also be sent through courier, at the official address of the payee

DETERMINATION OF FEES' STRUCTURE, IT'S PAYMENT AND FEE REFUND POLICY

OBJECTIVE

To ensure the sound financial management, the ZU through regulations adapt the fees structure, to be charged from the students of University and conditions of the refund, if applicable.

PURPOSE:

This document therefore, defines the process related to the structure of fees, charging of fees to students, and refunds, if applicable.

SCOPE:

This policy of payment of fees and other optional charges is applied on all students, who are registered / enrolled in the university, such as:

- Tuition fees.
- Admission fee and other admissible charges.
- Penalty fees / fines (Optional).
- Hostel Fee (Optional).
- Transport Fee (Optional).

DETERMINATION OF STUDENT FEES:

- a. The ZU shall fix, or specify a means by which the tuition fees shall be calculated or ascertained, for any course of study or training at the University.
- b. No any student shall be allowed to continue or to be enrolled in a course of study or training at the University, unless he / she has paid:
 - i) The tuition fee (fixed or calculated).
 - ii) All other charges prescribed by the University.
- c. The GB / FPC of the ZU shall approve the tuition fees structure for programs of study to be offered to students in any given academic year, as recommended by the Management of ZU. The recommendation for setting of fees shall be through annual budget of the University approved by FPC.
- d. In the annual budget of every financial year, the Finance Department shall present proposals for increment in the existing student fees structure, to the

FPC for the subsequent approval by the Governing Body. On the approval of the proposal, fees shall be increased and adjust to the new level. The official public schedule shall be published, as soon as, is applicable, after approval.

CALCULATION OF FEES:

- a) All regular (Spring / Fall Semester) students shall be liable to pay fixed fee, for the whole year.
- b) All students shall pay their summer semester fees calculated on fee Challan normally based upon the number of enrolled subjects.
- c) Other approved fees charges which are not based upon subjects may be added to the fee challan, as applicable.

EEE PAYMENT:

Tuition fee shall be announced well before the commencement of the Academic Year. Vouchers shall be made available to the students through Campus Management System (ERP). Students shall make payments for the fee, due by the appropriate dead line, as mentioned on the vouchers and announced through notice. Payments can be made in one of the following modes:

- 1) Direct cash deposit into designated Bank;
- 2) Payment through Pay-order / Bank Draft in favor of “Ziauddin University, Karachi”, to be submitted to Finance Department;
- 3) For fee instalments, a post-dated crossed Cheque (s) in favor of “Ziauddin University, Karachi” shall be submitted to Finance Department.

Any student, who is defaulter in payment of any outstanding dues / fees for the previous semester (s) will not be enrolled for the next academic year, until the previous all outstanding dues are fully cleared. Further, if any student fails to pay all current dues, till the completion of the program, **No Provisional Transcript, Final Transcript or Degree**, will be issued, until the outstanding dues are fully paid.

PROCEDURES REGARDING REFUND OF FEES:

- The request for the change of program of study or withdrawal from a program or examination by the student, must be made in writing with cogent reason;
- The ZU reserves the right to call additional supporting information, before considering the changes in the course;
- Where the student's account has a credit balance which is clearly attributed to an over payment of fees, such balance shall be refunded in full;
- Refund of tuition fee is applicable to all students' i.e. regular (Spring/Fall) and Summer Semester;
- Fee shall be refunded in the following cases:

	SCENARIOS	POLICY TIMELINE
1.	Percentage of Tuition Fee: <ul style="list-style-type: none"> ▪ Full (100%) fee Refund ▪ Half (50%) fee Refund ▪ No Refund 	a) 100% of the tuition fee shall be refunded upto 7 th day on the commencement of classes. b) 50% of the tuition fee shall be refunded from 8 th -15 th day of the commencement of classes. c. No fee shall be refunded 15 th
2.	In case ZU cannot provide the offered academic study, for any reason	100% of the tuition fee shall be refunded.

3.	Change of Classes	Where the student allows to change a class, there shall be generally no change in the tuition fees, and therefore, refund of additional tuition fees and administration charges will normally not applied.
4.	Credit Balance	When there is credit balance in a students' account, due to over payment of levied charges etc., student may request for refund of the balance.
5.	In case the ZU with draws an offer of admission to a student	<ul style="list-style-type: none"> • 70% of the tuition fee shall be refunded, if the student does not meet the criteria of provisional admission. • No tuition fee shall be refunded in case the student fails to provide complete and accurate information with the admission forms or found lateron before recognition of prior learning, or the enrolment.
6.	The student expelled from University, due to poor academic performance.	If any student paid the fee for future semester (not yet commenced) in advance, but fails to obtain minimum 2.0 CGPA criteria, in current semester, then 100% tuition fee shall be refunded. However, no fee of current semester shall be refunded, in which the student has not met the criteria of minimum 2.0 CGPA.

7.	Suspension or expulsion of student, due to failure in maintenance of good conduct or discipline of University.	If the student suspended or expelled from the University for any reason, the fee paid for current semester shall be forfeited. However, the fee paid in advance, for future semester (not yet commenced), if any, shall be 100% refunded.
8.	Freezing of Semester.	The tuition fee paid in advance for semester, but the student opted to freeze the semester, with the approval of administration. The paid tuition shall be adjusted for next semester.
9.	Extra- ordinary circumstances	100% refund of paid tuition fee shall be allowed, in case the student suffers due to extra- ordinary circumstances i.e. death or accident that could laid to permanent disability.

EXCLUSION:

Cash payment shall not be accepted in University, from the students.

ONE TIME CHARGES:

The admission fee and Security Deposit will be ‘one-time’ charged with the tuition fee, at the time of Admission in any faculty of University. The admission fee shall be non-refundable, while the Security Deposit may be claimed by the student, after the completion of certificate / degree program, subject to production of ‘No Due Certificate’ from all the concerned departments.

INVESTMENT POLICY

OBJECTIVE:

To place the ZU and donors' funds based on the fund's spending obligations, objectives, and liquidity requirements.

POLICY:

The total ZU funds shall be invested with the commercial banks and Government securities as per the following limits:

<u>INVESTMENT</u>		<u>Threshold</u> Percentage of total available funds
01	Government Securities	No Limit
02	<u>With any Commercial Bank</u> For Short-Term investment having rating of A1+ For long term investment having rating of A+	Not exceeding 33.33% With one Commercial Bank.

1. Total funds shall be comprised of:
 - a. ZU Reserves and all operating Bank Accounts.
 - b. HEC Research / Projects funds.
 - c. Endowment / Scholarship funds.
 - d. Employees' funds.

PROCEDURES:

1. A monthly and periodic projected cash flow statement shall be prepared and reviewed particularly at the time of investments to ascertain the requirements of working capital and identify the surplus funds for investments.

2. For investment of ZU funds; Provident Funds and other funds from various donors, all leading banks having A1+ ratings shall be contacted to have the best bid and offered interest rates.
3. At the time of each maturity, the requests for offer letters shall be sent to all the leading banks maintaining the A1+ ratings.
4. The Finance Department shall follow and negotiate with those banks, who offers competitive better rates.
5. Based on the interest rate offers, a comparative sheet shall be prepared by the Treasury Section of the Finance Department.
6. The Director Finance shall forward the comparative sheet along with the suggestions for suitable investment to the Finance & Planning Committee (FPC) and Governing Body, for final approval of investment.
7. The FPC considers the market position of the commercial banks and on this basis, approves and recommends the placement of funds suitable for period of one month, three months or six months or more, as per the short terms / long terms investment objectives of the funds.
8. A comprehensive schedule of funds shall be prepared by the Treasury Section, showing the details of investments, period, rate of interest and date of maturity, to keep control over total investments made by the ZU.
9. The statement shall be reviewed and updated immediately, after every investment is placed or renewed.
10. On maturity of investment earned profit shall be credited in the books in the respective accounts.

NOTE: The Investment in Financial Institutions / Mutual Funds shall not be allowed.

MAINTENANCE OF ACCOUNTS

SCOPE:

This policy governs the maintenance of books of accounts including bank accounts, for the purpose to carrying out the function and operation of ZU. This policy envisages to ensure that the University maintains an adequate financial control over its financial and accounting functions through the creation of a formal process for establishing and maintaining ZU accounts. These accounts must be at par with the International Accounting Standards (I.A.S), prevailed in Pakistan.

ACT PROVISIONS FOR MAINTENANCE ACCONT BOOKS OF ZU:

- a. The Governing Body shall be the policy making and executive body of the University, which have the following powers:
 - To cause proper books of accounts to be kept for all sums of money received and expended by the Institutes and for assets and liabilities of the University.
 - To consider and approve the budget estimates, annual research programs, annual reports and audited statements of accounts of the University.
 - To consider and approve the re-appropriation funds from one major head of expenditure to another with justification.
 - To enter into, vary, carryout, and cancel contracts on behalf of the University.
 - To receive and manage property, transfers and grants, bequests, trusts, gifts, donations, endowments and other contributions made to the University and to invest any fund representing such property, grants, bequests, trusts, gifts, donations, endowments or contributions in such manner, as it may deem fit.

- To appoint External Auditors for the annual audit of the accounts of the University.
 - To oversee furnishing of yearly report on Annual audited accounts, reports on the activity of the University during the preceding year and such information submitted to the Governing Body.
- b. The Vice Chancellor shall be the Principal Academic, Administrative and Financial Officer of the University and shall be responsible for proper implementation of the provisions of the ZU Act, rules, directions of the Chancellor, decisions of the Governing Body and execution of policies and programmes approval by it.
- c. The Vice Chancellor shall in an emergency, which is of the opinion requires immediate action, take such action, as may be considered necessary and shall thereafter, as soon as possible to report such action to the concerned Statuary Authority i.e. Governing Body, for post facto consideration and approval.
- d. The Director Finance shall:
- Manage the property, finances and investments of the University and perform the duties, in a manner, as prescribed or as directed by the Statutory Authorities.
 - Prepare the annual and revised budget estimates of the University and present them to the concerned Statuary Authorities, for approval.
 - To ensure that the funds of the University are utilized for the purpose, for which they are provided.

INCURRENCE OF EXPENDITURE:

- a. The authority shall not incur expenditure or enter into any liability, involving the expenditure out of the ZU funds, unless the expenditure has been sanctioned by the Competent Authority (CA).
- b. No expenditure shall be made from the funds, unless a bill for its payment has been audited / cleared by the Auditor of the University, in accordance with the rules.

MAINTENANCE OF BANK ACCOUNTS:

- a. All money received on account of ZU Funds shall be kept at any of the banks authorized by the Governing Body for the purpose.
- b. All operating bank accounts shall be in the name of the ZU.
 - In principle, the receipt of money in cash shall be avoided, as a matter of policy. Cheque / Demand Drafts / Pay Orders or Cash (in compelling situation), received by the Finance Department, shall be promptly deposited into the University Accounts, maintained in designated bank(s) within 16 working hours.
 - All payments (other than petty cash payments) shall be made by crossed Cheque only.

AUTHORIZATION FOR OPENING AND CLOSING BANK ACCOUNTS:

All bank accounts in the name of ZU will be opened, maintained or closed with the written approval of the Competent Authority, authorized by the Governing Body or Financial & Planning Committee (FPC). The FPC will submit regular reports to the Governing Body about opening and closing of any account for ZU. Maintenance of separate bank accounts for specialized banking operation or needs for institutional or departmental operation purposes, shall also be authorized by the FPC. Request to open or close University bank

accounts must be submitted in writing by Director Finance or any authorized person and approved by the Vice Chancellor, ZU.

ADMINISTRATION OF BANK ACCOUNTS:

All bank accounts of University shall be closely monitored by Director Finance to ensure compliance with University policy and procedures. Finance Department shall prepare reconciliation statements of all bank accounts at the end of each month to control all receipts and payments taken place during the month.

FINANCIAL STATEMENTS:

- Financial statements shall be prepared on Bi-annually, Quarterly and half yearly basis and shall be submitted to FPC and Governing Body.
- Annual Financial Statements shall be prepared within three months of the closing of the financial year for submission to the FPC & Governing Body and other Authorities.

The Statutory financial statements shall be prepared in accordance with approved accounting standards as prevailed in Pakistan.

The significant accounting policies shall be disclosed in the annual audited accounts of the University and be approved by the Governing Body along with such Accounts.