

DAU 8-2 Financial Policy

Policy Code	Policy Name		
DAU 8-2	Financial Policy		
Responsible Executive	Current Revision Date	Next Revision Date	
Finance Department	10/2023	10/2027	

1. Purpose of Policy

The purpose of this Financial Policy is to establish guidelines and procedures for effective financial management in DAU. It aims to ensure that the university's financial resources are managed in a responsible, transparent, and compliant manner, in alignment with the mission and goals of the university. It provides overarching principles for financial management, including budgeting, accounting, reporting, procurement, and risk management.

2. Policy Scope

This policy applies to all departments, employees, and decision-makers involved in financial management at DAU, including senior management, finance and accounting staff, purchasing staff, and other relevant personnel. It covers all aspects of financial management, including budgeting, accounting, financial reporting, procurement, risk management, and compliance.

3. Policy Statement

DAU is committed to maintaining its financial situation safeguarded by ensuring that the financial resources are used effectively and efficiently. The university recognizes the importance of adhering to relevant laws, regulations, and best practices in financial management, and strives to promote transparency, accountability, and compliance in all financial transactions and processes.

4. Policy Procedures

Budgeting:

- The university shall develop an annual budget plan that aligns with its strategic goals, priorities, and available resources.
- The budget plan shall be based on accurate and reliable financial data, including historical financial performance, projections, and other relevant information.
- The University's budget plan shall be reviewed by the finance management and approved by the University Council.
- Budget holders shall be responsible for managing their respective budgets in accordance with the approved budget and established financial policies and procedures.

Accounting:

- The university shall maintain accurate and up-to-date accounting records in accordance with generally accepted accounting principles (GAAP) and applicable laws and regulations.
- All financial transactions shall be documented, recorded, and reported in a timely and accurate manner. c. The university shall have a system of internal controls in place to ensure the integrity and reliability of its financial data, including segregation of duties, authorization procedures, and regular reconciliations.
- The university shall conduct periodic financial audits to verify the accuracy and compliance of its financial records and transactions.

Financial Reporting:

- The university shall provide regular and accurate financial reports to senior management, the board of trustees, and other relevant stakeholders, in a format that is understandable and accessible.
- Financial reports shall include information on the university's financial performance, budget variances, cash flow, and other relevant financial metrics.
- Financial reports shall be prepared in accordance with applicable laws, regulations, and accounting standards, and shall be audited by an independent auditor as required.

Procurement/ Purchasing:

- The university shall establish a procurement process that ensures transparency, competition, and compliance with applicable laws and regulations.
- Procurement decisions shall be made based on objective criteria, such as price, quality, and suitability for the university's needs.
- The university shall maintain proper documentation of all procurement transactions, including purchase orders, contracts, and invoices.
- The university shall periodically review its procurement processes and vendor relationships to identify opportunities for cost savings, efficiency improvements, and compliance enhancements.

The following section shows Fees, Scholarship Fees, and types of expenses in DAU:

Tuition Fees

- Tuition and registration fees of the University are recognized based on the year of semesters and on the date of registration.
- Tuition fees received in advance during the previous year are recorded as income in the current year (accrual basis).
- Tuition fees received in advance are refunded to students who withdraw from the University during the semesters in accordance with the University's internal policies.
- Tuition fees in all the colleges and programs are determined in accordance with the credit hours' system.

Admission fees:

- SAR 3000 non-refundable (Bachelor of Laws, Business Administration, Architecture and Digital Design).
- SAR 5000 non-refundable (Master Program in Business and Law).
- SAR 5000 non-refundable (Medical specialties).
- The tuition fee includes all academic services except textbooks.

Scholarships

DAU family has taken upon itself the sponsorship of gifted Saudi students through its scholarship programs. DAU has Five scholarships programs namely:

- DAU Schools Graduate Scholarship Program.
- Ministry of Education Scholarships Program (Internal Scholarships).
- Ministry of Education grants program for special cases.
- University scholarship program for the children of martyrs.
- The university's partial scholarship program for its new and regular students at a rate of 50% and 20% according to specific regulations.

Tuition fees for a scholarship from the Ministry of Education:

The student has the right to bear tuition fees during the year for the education program, bearing fees that exceeds tuition fees during the year, provided that the balance shown in his account statement does not exceed the amount of the scholarship, payment for that on the first of March every year after the completion of registration in the second semester, and this is done during the application To the Financial Department from March 01 to March 15.

Payment methods:

- Cashier's check.
- Direct deposit (Mada, Bank account number: 71100003041906 ,IBAN No: SA7110000071100003041906).
- ATM through POS on the DAU campus.

Receipting and Deposits

- All monies (cash and cheques) received by cashiers are to be deposited by next working day into the University's bank account. Such deposits must be accompanied with a bank deposit slip.
- Each cashier detailing the receipt vouchers issued during the day, including amounts, types of collection, and other relevant details, and finally submitted to the Main Cashier, prepares a Daily Cash Receipt Report.
- The main cashier will prepare a bank deposit slip in duplicate copies by the end of the day. The relevant will be recorded on the bank deposit slip.
- The bank account in which the cash is to be deposited will be ascertained prior to allotting the account codes to the bank receipt voucher.
- The cash will then be taken to the bank through Money Transport Company along with both copies of the bank deposit slip.
- The bank will retain the original and will return the duplicate duly acknowledged which will be attached to the related Journal Voucher (prepared the same day).
- The Accounts Department will reconcile the total amount of cash deposited into the bank with the total of the receipts for the day to ensure prompt banking.
- The deposit should be prepared by a person other than the person collecting the cash.
- A person (other than the person preparing the deposit) should review the deposit and enclose the official University cash receipt to the deposit back-up documents.
- Bank Statements should be reconciled with the University's statements to ensure all transactions are accounted properly.

Expenditures

- Overview

For simplicity of presentation and to facilitate easier understanding of the accounting procedures connected with expenses and purchases to be followed, this has been divided into three main categories:

- Prepaid expenses (Expenses for which payments are made in advance), such as rent, that will be recognized later.
- Expenses, which are recognized periodically, such as payroll, utilities, and professional/audit fees.
- Other expenses, which are recognized and paid when invoices are received, such as Printing, Stationery, Travel and Transportation expenses.

All expenses of any of the above-mentioned expense types shall be initially approved by the finance management prior to commitment with any external party on future payments.

Approval or rejection of the requisitions submitted to the budget section shall be based on the annual approved budget limits of the concerned office/college.

- Prepaid Expenses
 - The Accounts Department will receive the supporting documents pertaining to prepaid expenses such as: Tenancy contract, Agreements, and Requests for payments, after being approved by Budget Unit.
 - A bank payment voucher will be prepared based on these documents, which will be sent to the Accounts Manager for approval. The agreements and contracts will be maintained in a permanent file in the Accounts Department.
 - Based on the approved voucher, the Accounts Department will update the Prepaid Expenses Register that will include the payee's name, nature of payment, amount prepaid and period of payment.

- At the end of each month, a journal voucher will be prepared to pass entries for charging that month with the relevant amount of each item of prepaid expense. The amount to be charged will normally be the proportionate amount determined by spreading the charge equally over the months covered by the contract.
 - The Accounts Department will periodically review the adequacy of the monthly absorption of prepaid expenses. If the charge is found to be incorrect, suitable amendments will be made to the basis of quantifying the amount for future absorption.
- Accrued Expenses
 - The Financial Department will accrue for the value of all expenses for which the benefit has passed to the University but the invoices from the supplier/party have not been received by the end of the month.
 - Examples of such expenditures for which accrual entries shall be passed include printing and stationery materials, standard fixed utility expenses like electricity, water and telephone, payroll, end-of-service benefits, and auditing fees.
 - The accrual entry shall be passed through journal voucher. The basis of quantifying these expenses will be either the past expenditure or estimates from previous invoices.
 - The Accounts Department will prepare a schedule of accruals, which will be sent to the Finance Manager for approval. After obtaining the Finance Manager's approval and incorporating any changes, a journal voucher will be raised and posted to record the accruals.
 - At the beginning of the next accounting period, the accrual entry will be reversed upon receiving the invoices/supporting documents, and properly accounted for the concerned supplier/ party throughout creation of a credit note to be attached to the documents then filed serially.
- Other Expenses
 - Expenses will be requisitioned through an Expense Requisition Form. This form will be completed by any staff member and signed by the Office Manager/College Dean. The form will indicate the items/service required and justification for the proposed expenditure. When this form is approved, The Finance Manager's final decision will result in any of the following situations:
- For proposed expenditure below 500 SAR :
 - The expenditure request is approved with no advance;
 - The expenditure request is approved with advance or
 - The expenditure request is rejected.
- For proposed expenditure above 500 SAR :
 - The expenditure request is approved.
 - The expenditure request is rejected. One of the main criteria for sanctioning or rejecting proposed expenditures is the non-availability of budgeted funds. If the available budget limit is insufficient, the finance management will reject the proposed expenditure prior to being received by the Stores (if available in stores) or the operation and maintenance department (if not available in stores and needs to be purchased). In case the requisition is of high necessity and critical for running the operations, it should be approved by higher management authorities based on recommendation from the Budget Committee then it can be processed.
- Rejected Expenditures
 - The Financial Manager (after considering the Budget Section's feedback) will indicate his/her reasons for rejecting the request for the proposed expenditure. Expenditures that have not been approved will be considered at either a later date or the following period when budgeted funds are available.

5. Related Policies/ Documents/ Forms

DAU 8-3 Procurement and Inventory Control Policy
DAU 8-4 Cash Management Policy
DAU 8-5 Fees collection and refund Policy
DAU 8-6 Budget Policy

6. Document History

Version	Issue/ Rev. Date	Updated Information/ Summary of Changes
1	10/2023	1 st issue of the policy