

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Internal Audit	Last Review date	29/12/2025
	Policy Number	FRP-08	Next Review date	10/03/2028
	Responsible Entity	Finance Department and Compliance Office	Approved By	VCFAA

## Overview

The Internal Audit process is a very important procedure for any university to add value and improve the University's operations. The IAO assists the Board of Trustees and Executive Management in accomplishing their mission and objectives, by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the University's governance, risk management, and internal control processes. Functionally, the IAO reports to the Audit Committee of the Board of Trustees, ensuring transparency and accountability in its operations. Administratively, it reports to the Chancellor. To uphold its independence, the office refrains from assuming operational responsibilities for management processes or internal controls, thereby maintaining its objectivity and integrity. This policy outlines the main framework for the financial internal audit at UoS.

## Scope

This policy applies to all staff involved in the internal audit process. The Chancellor and BoT should be aware about this policy.

## Purpose

The main purpose of this policy is to:

- Guarantee the accuracy of University financial statements, internal inspection systems, performance of the internal auditor, compliance, and governance.
- Ensure that adequate inventory procedures are in place to safeguard assets and verify their existence.
- Ensure the availability of funds, financial resources in the budget.
- Develop plans for the annual internal audit and application of compliance procedures.
- Provide the financial report to the BoT regarding any financial issues or any financial violations.

## Abbreviations and Definitions

**UoS:** University of Sharjah.

**BoT:** Board of Trustees.

**Vice Chancellor:** Vice Chancellor for Financial and Administrative Affairs.

**VCFAA:** Vice Chancellor for Financial and Administrative Affairs.

**IAO:** Internal Audit Office.

## Policy

- The Financial Department provides the Vice-Chancellor with a monthly report of the financial status of the University regarding revenues, expenditures, and cash flow, in order to be submitted to the Chancellor to present it to the Financial Committee.
- The Chancellor will present the Annual Financial Report and the Final Account to the Financial Committee for discussion and after that to the Board of Trustees within two months after the end of the fiscal year for approval and endorsement.

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- The UoS Board of Trustees shall be empowered to do the evaluating the internal auditor's financial report and approving the final financial report submitted by the compliance office.
- The Board of Trustees, upon recommendation from the Financial Committee, appoint External Auditors every year to audit the University Accounts and issue the Financial Statements.

## Procedures

### Roles and Responsibilities of Compliance and Internal Audit Office

The Board shall have a "Compliance and Internal Audit Office," which shall perform its tasks as an independent entity directly connected to the Board.

The main mandate of the Office is to:

- Assist the Board in performing its oversight responsibilities pertaining to the accuracy of University financial statements, internal inspection systems, performance of the internal auditor, compliance, and governance.
- Ensure that adequate inventory procedures are in place to safeguard assets and verify their existence.
- Develop plans for the annual internal audit and application of compliance procedures as well as prioritize these plans based on risk analysis that takes into account the short and long-term plans of the University.
- Specify and follow up on points of weakness and the findings and recommendations of internal audits and compliance revisions.
- Collaborate closely with the Department of Human Resources when required in order to respond to non-compliance issues or violations of bylaws, systems, policies and/or regulations.
- Brief the Board regarding issues pertaining to internal auditing as appropriate.

### The Finance Committee Responsibilities

The mandate of the Finance Committee is to:

- Study the draft budget submitted by the University Administration for the fiscal year, before submitting it to the Board, in light of University objectives, resources and available and expected funds.
- Study the internal and external auditor reports.
- Study the final financial report and submit it to the Board for approval.
- Perform any other tasks commissioned by the Board or the Executive Committee.

### The Roles of Compliance and Internal Audit Committee

The mandate of the Compliance and Internal Audit Committee includes:

- Financial reporting processes.
- Internal control system.
- Internal audit process.
- University process for monitoring compliance with the University laws, bylaws and regulations in effect.

### General Process and Procedures for Internal Audit and Report

All University financial transactions will be subject to internal auditing. The mandate of the internal audit is to:

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- Monitor the movement of University assets in banks and at other financial institutions on a continuous basis.
- Monitor the movement of University assets in the storehouses and oversee their inventory.
- Audit payment vouchers (before requesting payment), journal vouchers (before recording them) and receipt vouchers.
- Sign on all financial obligations to ensure the availability of funds in the budget.
- Verify that the figures in the final accounts are correct before presenting them to the competent authorities.
- Ensure the availability of the allocated amount in the budget and that this amount is not exceeded.
- Any Invoices with amount above AED 100,000 shall also be submitted for Internal Audit and Compliance review.
- Bad debt shall be written-off after obtaining approval as per the below matrix:

Criteria	Recommendation	Approval
Less than AED 10,000	<ul style="list-style-type: none"> <li>▪ Finance Director</li> <li>▪ VCFA</li> </ul>	<ul style="list-style-type: none"> <li>▪ Chancellor</li> <li>▪ Compliance &amp; Internal Audit Team</li> </ul>
Above AED 10,000	<ul style="list-style-type: none"> <li>▪ Finance Director</li> <li>▪ VCFA</li> <li>▪ Chancellor</li> </ul>	<ul style="list-style-type: none"> <li>▪ Finance Committee</li> <li>▪ Compliance &amp; Internal Audit Team</li> </ul>

### Internal Audit Tools and Key Functions

#### 1. Verification and Compliance with Financial Policies and Procedures:

- Ensure adherence to UoS financial policies and procedures.
- Make sure best practice based on the financial regulation.
- Conduct financial internal audit among all university departments, units and offices.
- Evaluate the internal audit tools, framework and mechanisms to provide best mechanisms and practice.
- Benchmark with other institute and find out best level of standardization and practice.
- Review and verify all the bills, final settlements, security deposit, high scale project and large amount of procurement agreement.

#### 2. Post Audit:

- Transaction review by examinations financial process to ensure the accuracy.
- Documentation and records of cash receipts, stock records, expenditures, account registers and all financial documents.

#### 3. Monitoring Payroll and Compensation:

- Salary Fixation by validating pay-scale adjustments for new appointments, promotions, and repositions.
- Internal Audit for the employee financial entitlements.
- Oversee and review the re-fixation and employee financial matters.

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#### 4. Investment Oversight:

- Ensure utilization of financial resources and proper management of investments.
- Continuous improvement for fund management.
- Make sure all direction from BoT and top management are conducting properly to ensure long term fiscal sustainability.

#### 5. Optimization of the Expenses:

- Select high quality items and recognized brand while purchasing.
- Transfer to electronic application and system instead of paper work.
- Optimize the financial procedures and process as possible.
- Change to Smart system, technology and buildings.
- Evaluate the building capacity and occupancy rate.
- Space Utilization audit.
- Monitoring power consumption by using smart systems and tools.

#### 6. Fraud Investigation and Financial Risk Management:

- The University developed a standard Risk Register template for internal Risk Management Stakeholders
- Ensure the availability of sufficient, comparable and updated Risk Management data and information
- Develop different reports for different stakeholder groups in the University.
- Apply the suitable risk mitigate strategies to prevent financial issues.

#### 7. Annual Report and Government of Sharjah Audit:

- Maintain annually high coverage audit cycle for all departments at UoS.
- Coordinate with government of Sharjah auditors to facilitate the review all financial statements and reports.
- Provide electronic access and systems for the government auditors to review any financial statements and issues at any time.

#### 8. Sustain the Financial Resources:

- Keep the partnership agreements active and effective.
- Ensure the relationship between industry and the university.
- Make sure all research funds are available and spend into valuable research.
- Improve attracting and recruit the students by monitoring increasing the number of enrolled students.