




FINANCE POLICY

IBS COLLEGE OF TVET

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Contents

1. PURPOSE.....	3
2. OBJECTIVES	3
3. SCOPE.....	3
4. ROLES & RESPONSIBILITIES.....	2-3
5. FINANCIAL PLANNING AND BUDGETING	3
6. CAPITAL EXPENDITURE (CAPEX).....	3
6.1. Property, Plant & Equipment	3
6.2. CAPEX Budget	4
6.3. CAPEX Authorization Matrix	4
6.4. Depreciation.....	5
6.5. Disposal	5
7. REVENUE ADMINISTRATION	5
7.1. Revenue Recognition	5
7.2. Mode of Revenue Collection	6
7.3. Refunds	6-8
8. COST AND EXPENDITURE CONTROL	8
8.1. Petty Cash Payments.....	8
8.2. Advances	8
8.3. Supplier Payments	8
8.4. Payroll Payments.....	9
8.5. NAS Fund.....	9
8.6. NCSL.....	9-10
8.7. Utility Payments.....	10
8.8. Payment for the External Examiners.....	10
9. INTERNAL CONTROLS.....	10
10. FINANCIAL REPORTING.....	10
10.1. Interim Financial Statements.....	10
10.2. Annual Financial Statements.....	11
11. TAX COMPLIANCE.....	11
11.1. Goods and Services Tax (GST) Returns – Internal Revenue Commission (IRC)	11
11.2. Annual Returns – Investment Promotion Authority (IPA).....	11
11.3. Corporate Income Tax Compliance.	11

1. PURPOSE

To enable the financial activities carried out in compliance with the applicable statutory and regulatory requirements, in order to ensure the most efficient use of the financial resources in accomplishing the vision of the organization.

2. OBJECTIVES

- To ensure the financial activities are planned in ahead and executed as planned.
- To control the financial transactions within an approved framework
- To ensure every financial activity carried out adhere to the legal and regulatory requirements
- To provide guidance on every financial activity carried out inside the organization
- To facilitate the effective internal control systems in preventing, detecting and correcting potential frauds, errors and malpractices.
- To enable the preparation and presentation of financial statements in compliance with the applicable financial reporting framework.

3. SCOPE

- Financial Planning and Budgeting
- Capital Expenditure
- Revenue Administration
- Cost and Expenditure Control
- Internal Controls
- Financial Reporting
- Tax Compliance

4. ROLES & RESPONSIBILITIES

4.1. Chief Financial Officer

Responsible for the design, effective implementation and periodic review of the financial policy.

4.2. Head of Quality Assurance

Responsible for an independent review of the effectiveness of the finance policy, periodic updates in line with the changes in the financial reporting framework, tax and other regulations and conducting periodical audits in order to ensure the financial policy has been adhered with appropriately and adequately.

4.3. Standing Finance and Audit Committee

Reviewing the contents, updates and revisions in the finance policies and providing necessary recommendations and approval for its proper implementation.

4.4. Board of Directors

Granting the final approval to the policy and its subsequent amendments.

5 FINANCIAL PLANNING AND BUDGETING

- (i) The budgeting approach followed shall be based on a Zero-Based Budgeting Model.
- (ii) The budgeting process shall commence during the first week of August.
- (iii) The finance department shall complete the annual financial budget, covering the entire operations, by the end of October.
- (iv) The completed annual budget shall be presented to the Standing Finance and Audit Committee in a form of Budgeted Statement of Income and Statement of Financial Position, with adequate explanations, by the first week November.
- (v) The completed annual budget shall be presented to the Board of Directors during its last quarter meeting.
- (vi) The finance department shall maintain a five-year rolling budget in compliance with DHERST requirements and the same shall be updated every year, based on the approved annual budget. Every subsequent year's budget will be prepared adopting an incremental approach.

6 CAPITAL EXPENDITURE (CAPEX)

6.1 Property, Plant & Equipment

- (a) A register for the Property, Plant & Equipment shall be maintained. Every movements taking place in the PPE shall be updated for a comprehensive information and

documentation, including new acquisitions, replacement of significant components and disposals.

- (b) Any acquisition of an item of PPE which is valued for K 250 or above shall be capitalized, upon it is clearly evident that it has an economic useful life over one year.
 - (i) Land
 - (ii) Buildings
 - (iii) Motor Vehicles
 - (iv) Computer and Technology Equipment
 - (v) Furniture & Fixture
 - (vi) Electrical Equipment

6.2 CAPEX Budget

(i) Capex Requirement

Each department have to present their requirement for the capital expenditure for the upcoming year with proper justification.

(ii) Management Discussion

Finance Department shall consolidate the requirements from all the departments and take for the discussion in the senior management team.

(iii) Capex Listing

The capex requirements will be considered based on the justifications provided and the requirement in the priority list will be taken for consideration.

(iv) Capex Approval

The capex items considered will be included in the capex budget for the upcoming year.

Capex Authorization

v) The capex elements approved in the capex budget will be requested via completing a capex authorization form.

6.3 CAPEX Authorization Matrix

Level	CAPEX Value (K)	Authorized Officers
1	Less than 10,000	Standing Finance & Audit Committee
2	10,001 – 50,000	Standing Finance & Audit Committee, subject to the ratification of the Board of Directors
3	Above 50,000	Standing Finance & Audit Committee, subject to the ratification of the Board of Directors and the consultation of the Trustee Board.

6.4 Depreciation

All depreciable assets shall be depreciated **over their economic useful life** on a straight-line basis.

6.5 Disposal

For the items of PPE which don't have the economic use to the business, a proposal should be submitted to the Standing Finance and Audit Committee, via the Fixed Asset Disposal Request Form.

Upon the approval of the Standing Finance and Audit Committee, the Logistics Manager can obtain proposal from the interested buyers and the recommendation for the disposal shall be circulated to the members of the Standing Finance and Audit Committee for the final approval.

Once formally approved, the collection of the sales proceeds shall be deposited, security clearance of the asset via the gate pass procedure shall be properly completed and the records shall be cleared by the Finance Department.

7 REVENUE ADMINISTRATION

7.1 Revenue Recognition

The revenue shall be recognized at the point where the risks and rewards are transferred to the customer. i.e., at the time where the organization completes its obligations and the risks and rewards are passed to the students. Accordingly, the following portions of the revenue will be recognized as below:

(i) Registration Fee Revenue

The registration fee is non-refundable and hence, it is recognized as a revenue immediately, once the payment is completed and the student is registered. No credit is recorded in this portion of revenue.

(ii) Tuition Fee Revenue

The tuition fee paid by the students is recognized as the revenue for the relevant period. The tuition fee shall be recognized for each semester. At least 60% collection shall be completed by the fifth week from the commencement. All receipts and receivables at this point shall be recognized as revenue. Any excess in the payments shall be carried forward as an advance to the subsequent semester.

(iii) Transport Fee Revenue

The transport fee shall be charged from the students who request for the transport service. For the students who request the transport facility, a transport pass shall be provided and the revenue shall be recognized at the point when the pass is issued. No credit is allowed in transportation fee. Ultimately, this revenue is set off against the transport expenses. A student shall be allowed to cancel the service if not required and request for a refund fee at any time, but not with retrospective effect.

(iv) Accommodation Revenue

The accommodation fee is collected from the students who require the service. The fee shall be collected in advance. It is recognized as a revenue at the point when the accommodation service is requested by the student. Ultimately, this revenue is set off against the billet expenses. A student shall be allowed to cancel the service if not required and request for a refund at any time, but not with retrospective effect.

(v) Other Revenues

Other revenues may include the printing and photocopying, library late penalties, re-sit examination fee, academic transcripts, sale of books, administration fee deducted on refunds, etc. These revenues shall be recognized immediately when such a transaction occurs. No credit is allowed in these revenues.

7.2 Mode of Revenue Collection**(i) Card Payments via POS****(ii) Cash Payment over the counter**

Any collection by cash must be pre-approved by the CFO.

(iii) Bank Deposits

Students may deposit their payment to the respective bank account, clearly specifying the student's name, registration / application number, along with the depositor's name, on the deposit slip, which is required to be submitted to Finance Department to evident the payment.

7.3 Refunds

All refund request shall be made via a completed Refund Application.

(a) Refund of Registration Fee

Registration fee of a course is Non – refundable, and Fees paid for are Non – refundable.

(b) Refund of Accommodation Fee

Accommodation fees paid shall be proportionally refundable based on period of facility provided to the student.

(c) Refund of Transport Fees

Transport fees paid shall be proportionally refundable based on period of facility provided to the student.

(d) Refund of Tuition Fee

(i) Refund Eligibility

The eligibility and the amount of refund will be established as per the following criteria:

a. It is unlikely that we will be unable to deliver a course in full

Refund of all the course money paid to date.

b. Enrolled and withdrawn before the commencement of the course.

5% of the Total Course Fee Payable for the units enrolled for the period will be retained and the balance, if any, will be refunded.

c. Enrolled and withdrawn after the commencement of the course.

- i. If withdrawn, within five weeks from the commencement of the course, 50% of the Total Course Fee Payable for the units enrolled to that study period will be retained, and the balance, if any, will be refunded.
- ii. If a student has withdrawn after five weeks from the commencement of the course, there shall be no refund

d. The student is terminated for disciplinary reasons.

There shall be no refund.

(ii) Other Conditions for Refund

- (a) If enrolment is made based on false information/document, then, enrolment will be cancelled at any time and at any stage. Under such conditions, no refund is available.
- (b) In case of sponsored student, if refund is eligible, it will be reimbursed only to the Sponsor.
- (c) Excess and unregistered students: 5% will be retained as an administration fee, subject to maximum of K300.00
- (d) An independent confirmation on the bank details of the students shall be documented (passbook, bank statements, bank confirmation letter, etc.).

8 COST AND EXPENDITURE CONTROL

8.1 Petty Cash Payments

- (a) The petty cash impressment amount is K 10,000.
- (b) Fuel reimbursement, staff medical and other miscellaneous will be paid from petty cash fund, in compliance with the terms of employment.
- (c) Any single petty cash reimbursement request more than K300 will be settled the following working day after 3.00 pm. The request shall be with Petty Cash Form [ADM0001]
- (d) All petty cash reimbursement must be supported with proper invoice or any other proof of payment IOU form shall be used for any advanced required from the petty cash float and every IOU shall be settled within a maximum of seven days.

8.2 Advances

Any requested for the advances required for payments shall be made via the Advance Payment Request Form.

8.3 Supplier Payments

- (a) For every payment made to the suppliers, the Purchase Order, Supplier Invoice and the Goods Received Note shall be matched before the payment is processed.
- (b) Advance payments to the suppliers shall be requested via the Advance Payment Request Form and the same shall be recorded separately.
- (c) Advance payment made shall be followed up on a frequent basis, on a monthly interval and the feedback shall be communicated to the Procurement Division.
- (d) Upon the final payment to the supplier, all advanced paid to the supplier shall be adjusted.
- (e) A copy of the previous advance payment to the suppliers shall be attached with the final payment.

8.4 Payroll Payments

- (a) The payroll shall be performed upon the payroll records are processed by the People & Culture department.
- (b) For every payroll payment cycle, the accounting system shall be updated for the records and reconciled with the amount disbursed from the bank account.
- (c) All cash and non-cash benefits provided to the employees as a part of the employment shall be recorded in the payroll accounts, in order to comply with the wages tax regulations.
- (d) Any non-compliance with the above provisions shall be raised to the Standing Audit & Finance Committee for the necessary consideration and actions.
- (e) Wages Tax shall be paid on or before the 7th of the subsequent month through a bank cheque.
- (f) The specified format as per the IRC regulations shall be completed and submitted to the IRC, along with the bank cheque. A copy of the same form shall be endorsed by the IRC and kept under safe custody.
- (g) Any salary sacrifice amount shall not be refunded to the employee without the relevant deduction for the wages tax.
- (h) Any salary advance payments paid to the employees shall be fully recovered from the subsequent month's payroll.
- (i) Any advance other than the salary advance paid to the employees shall be clearly indicated for the purpose and rationale. Such advances shall be recovered in installments from the subsequent month's payroll and the installments shall not fall beyond one year (a maximum of 12 installments).

8.5 NAS Fund

- (a) Employees shall be deducted 6% from their payroll and the employer shall contribute 8.4%.
- (b) The payment shall be made fortnightly, within 2 days from the payroll date.
- (c) A reconciliation shall be performed monthly during the first week of the subsequent month.

8.6 NCSL

- (a) For the employees who have volunteered to contribute for NCSL, the payroll shall be deducted with the applicable percentage.
- (b) The payment shall be made fortnightly, within 2 days from the payroll date.
- (c) A reconciliation shall be performed monthly during the first week of the subsequent month.

8.7 Utility Payments

- (a) All utility payments shall be settled via online payment method, on or before the due date.
- (b) The utility payment for Power PNG easy-pay shall be processed via online payment process.
- (c) A request shall be made to the Finance Department via easy-pay payment request form.

8.8 Payment for the External Examiners

- (a) The payment for the external examiners and the part time lecturers shall be made in line with the Terms of Reference agreed for their service.
- (b) The delivery of service, including the time and other quantity measurements shall be confirmed by the respective Heads of Schools.

9 INTERNAL CONTROLS

- (a) The design and implementation of the internal controls shall be the responsibility of the CFO.

- (b) Any limitations observed in the internal controls shall be addressed to the Standing Finance and Audit Committee and necessary actions to be taken based on the committee's recommendation.
- (c) The internal controls shall be reviewed once in every two-years' time, in addition to the updates performed whenever necessary.

10 FINANCIAL REPORTING

10.1 Interim Financial Statements

- (a) Monthly Management Accounts be prepared and presented to the Management, within ten working days from the end of the month.
- (b) Financial Statements shall be prepared and presented to the Standing Finance and Audit Committee on a quarterly basis.

10.2 Annual Financial Statements

- (a) The financial statements shall be prepared and presented in compliance with the International Financial Reporting Standards for Small and Medium Entities (IFRS for SMEs) and other applicable laws and regulations (Financial Reporting Framework).
- (b) The financial statements shall be prepared within three months from the financial year end.
- (c) The annual financial statements shall be presented for the statutory audit before the end of the fourth month from the end of the financial year.

11 TAX COMPLIANCE

11.1 Goods and Services Tax (GST) Returns – Internal Revenue Commission (IRC)


- (i) GST returns shall be lodged on or before the 21st day of the subsequent month.
- (ii) A reconciliation shall be performed between the revenue accounted and the revenue reported in the GST Files monthly.

11.2 Annual Returns – Investment Promotion Authority (IPA)

Annual Returns, which is Form 22 is lodged before 30th June yearly.

11.3 Corporate Income Tax Compliance.

Corporate Income Tax shall be computed in compliance with the applicable statutory provisions. Payments (quarterly and final) and the returns shall be completed on or before the due dates stipulated by the act.

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