



الجامعة الإسلامية العالمية ماليزيا  
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA  
يُونَيْتِي سِيْتِي إِسْلَامِيَّةٌ إِنْتَارَ إِجْسَامِ مِلْمِيَا

(Company No. 101067-P)

IIUM/205/G/4/1/1

30<sup>TH</sup> July 2010

All Deans / Directors/Chief Librarian  
Kulliyyahs / Centres /Library  
International Islamic University Malaysia

**FINANCE DIVISION CIRCULAR NO : 3 YEAR 2010**

**IIUM POLICY ON CASH ADVANCEMENT**

**1.0 OBJECTIVE**

- 1.1 The objective of this circular is to inform all Deans / Directors and all staff of the International Islamic University Malaysia on the decision made by the Standing Finance Committee dated 9<sup>th</sup> June 2010 pertaining to IIUM Policy on Cash Advancement.

**2.0 NEW PROCEDURE**

- 2.1 The brevity of the cash advancement procedure has ignited various interpretations among the staff and at the same time stimulated inconsistencies in term of cash advancement practices at the IIUM

Campuses such as Gombak Campus, Kuantan Campus, Petaling Jaya Campus, Nilai Campus and ISTAC Campus.

- 2.2 Thus, in order to maintain consistency of the cash advancement practices, the University has developed a comprehensive cash advancement policy. The details of the policy on cash advancement are as per attachment.

### 3.0 IMPLEMENTATION

- 3.1 The effective date of the implementation is 9<sup>st</sup> June 2010 .
- 3.2 All Deans/Directors/Chief Librarian are kindly requested to take note on the circular and extend the information to relevant staff members at the Kulliyah/Centres/Divisions.

Your cooperation on the above matter is highly appreciated.

Thank you. *Wassalam.*



**DATO' HJ AHMAD ZAILAN BIN SHAARI**

Executive Director

Finance Division

International Islamic University Malaysia

- c.c. Prof. Dato' Sri Dr. Syed Arabi Idid  
Rector, IIUM
- Prof. Dato' Dr. Md. Tahir Azhar  
Deputy Rector (Academic and Planning)
- Prof Dr Ahmad Faris Ismail  
Deputy Rector (Research and Innovation)
- Prof Dr Nik Ahmad Kamil Nik Mahmud  
Deputy Rector (Student Affairs)

## **POLICY ON CASH ADVANCEMENT**

### **POLICY STATEMENT**

In general, all expenses should be paid through direct billing/invoicing by using cheque or electronic fund transfer (EFT). However, under certain circumstances, the University recognizes that employees may need cash advances which are prepared via cheque or EFT for preparation of official trips or official programs.

#### **A. TYPES OF CASH ADVANCES**

##### **Travel Expenses**

##### **Policy**

In general, employees traveling on official University-related business may receive a cash advance to cover reasonable business expenses to be incurred in the course of their travel. Advances will not normally be granted for airline tickets, accommodation or conferences fees or items that should be secured through standard acquisition procedures via purchase orders, check requests or procured via University designated travel agency. Securing hotel reservations may be done through a letter of undertaking from the University or via issuance of a purchase order. Payment for the hotel stay can be made by University cheque/EFT after travel has occurred subject to the IIUM financial policy and the relevant government circulars and instructions.

Advances are to be used for travel expenses that cannot be readily or most economically processed through normal purchasing/accounts payable procedures. Examples of these types of expenses include meals allowance and accommodation allowance provided the booking of accommodation could not be secured earlier.

Other types of travel related expenditures such as transportation to/from an airport, taxi fares, parking, airport tax, laundry, tips, portorage, excess baggage, passport and visa, etc. will be reimbursed to the staff upon submission of the travel expense statement/report subject to the approved rates as stipulated under IIUM financial policy and the relevant government circulars and instructions.

**It is important to note that any advances not cleared within 14 days upon completion of the travel will be collected through payroll deduction.**

#### **Request for Advance**

Advances must be based on a reasonable estimate of the anticipated expenses and must be drawn within a reasonable period of time before the expenses are likely to be incurred. Requests for advances must be approved by the Dean/Director using request for advancement forms.

Cash advances for travel expenses are to be limited to employees who are unable to pay for accommodation, meals and other incidental travel expenses with their own funds and be reimbursed by the University upon completion of the trip with submission of a travel expense statement/report. Procedures are in place to prepay airfare, registration and accommodation to limit the need for cash advances.

Cash advances are not generally released earlier than five business days prior to the date needed (e.g. travel departure date).

## **Miscellaneous Expenses**

### **Policy**

Cash advances are to be issued for the purchase of goods and services for the University's approved programs. Normally, the cash advances are given for certain expenses which cannot be readily or most economically processed through normal purchasing/accounts payable procedures. Examples of these types of expenses include meal allowance to students and other official petty expenses.

Consultation with the Executive Director of Finance or his representative is necessary for items not in the norms.

Requests for cash advances follow the same cycle as regular invoices; that is the cash advances will be made available to the staff within 14 days upon receiving of completed advancement request forms.

Each individual will be allowed to have a maximum aggregated cash advances totaling to RM20,000 (Ringgit Malaysia: Twenty Thousand Only) at any point of time. Any subsequent advances shall not be approved unless the prior advances have been cleared.

**It is important to note that any advances not cleared within 30 days upon completion of the program will be collected through payroll deduction.**

## **B. CLEARING THE ADVANCE**

The employee must provide the University with detailed expense records substantiating the amount used of the advance. Dates, places, amounts, original itemized receipts, names of persons accompanying the employee and business purpose must be documented. Proper signature approval is required. This documentation plus all unspent or unsubstantiated advances must be returned to the administrative office of the respective faculties and departments within 14 days after completion of the trip and within 30 days after completion of the business event or program. Employees failing to return unused cash advances and/or proper substantiation within the above stipulated periods will be subject to payroll deduction. Employees with overdue outstanding advances are not eligible to receive additional advances for any other business purposes. The officer verifying the financial report will be held accountable for any issues presented during audit.

## **C. ADVANCES TO NON-EMPLOYEES**

Advances of University funds will not be made to persons who are not currently affiliated with the University. Students and consultants are not considered affiliated with the University. Alternatively, an employee may choose to sign for an advance on behalf of a student or non-employee; however, the employee in doing so is fully responsible for the full amount of the advance and subject to the substantiation and collection procedures discussed in **B** above.