



1. Purpose

The purpose of this policy is to establish a robust framework to ensure that all financial operations of the school are transparent, compliant, and managed according to approved internal and external regulations.

It aims to:

- Promote **integrity, accountability, and accuracy** in all financial transactions.
- Ensure adherence to UAE Ministry of Education, **ADEK** compliance requirements.
- Strengthen the school's internal control system.
- Provide clear procedures for internal and external audits.
- Ensure readiness for compliance and financial inspections at any time.

2. Audit cycle

This policy applies to **all EFIA school's departments and staff** involved in financial management or handling resources, directly or indirectly.

It covers the **entire financial cycle** of the school, including but not limited to:

2.1 Revenue and Receipts

- Student fee collection (tuition, transport, uniforms, books, and activities).
- Discounts, scholarships, and fee waivers – approval and documentation.
- Reconciliation between fee management software, bank statements, and receipts.
- Refund processing and approvals.

2.2 Expenditure and Payments

- Procurement process from requisition to payment.
- Vendor selection, quotations, approvals, and purchase orders.
- Payment authorization hierarchy (Principal → Accounts Manager → Board).
- Payment documentation: invoices, GRNs, LPOs, and payment vouchers.
- Petty cash handling: issuance, reconciliation, and replenishment.

2.3 Payroll and HR Finance

- Staff salary processing, attendance records, and overtime verification.
- Payroll reconciliation with HR data and bank transfers.
- End-of-service benefits, leave salary, and gratuities.
- Employee advances, deductions, and expense claims.

2.4 Budgeting and Forecasting

- Annual budget preparation, approval, and monitoring.



- Comparison between actual and budgeted performance.
- Analysis of variances and explanation for management review.

2.5 Asset Management

- Maintenance of a fixed asset register with tagging and depreciation schedules.
- Verification of assets through physical count at least once a year.
- Proper disposal procedures for obsolete or damaged assets.

2.6 Banking and Treasury

- Bank account management and reconciliation.
- Deposit of all collections within the same business day.
- Dual signatory requirement for payments.
- Maintenance of bank mandates and authorization levels.

2.7 Reporting and Documentation

- Monthly financial statements and management reports.
- Cash flow statements and forecasts.
- Audit schedules, reconciliations, and ledgers.
- Document retention and accessibility for auditors.

2.8 Compliance Coverage

- Alignment with ADEK financial compliance frameworks.
- Adherence to UAE VAT, labor, and company laws where applicable.
- Timely submission of required financial reports to authorities.
- Cooperation during on-site compliance visits.

3. Objectives

1. Maintain transparent and ethical financial operations.
2. Establish a clear structure for periodic internal and external audits.
3. Ensure compliance with UAE educational authority financial guidelines.
4. Identify and mitigate risks related to financial mismanagement or fraud.
5. Support management in decision-making with reliable financial data.

4. Audit and Compliance Framework

4.1 Internal Audits

- Conducted **quarterly** or **semi-annually** by the Accounts Department or Internal Auditor.
- Focus on checking adherence to school financial policies and verifying all supporting records.



- Internal audit checklists include:
 - Fee collection and reconciliation
 - Bank reconciliation statements
 - Procurement process verification
 - Payroll accuracy
 - Petty cash audit
 - Budget control and variance analysis
- Reports are submitted to the Principal and Board, with findings and corrective recommendations.
- Follow-up reviews ensure completion of corrective actions.

4.2 External Audits

- Conducted **annually** by a licensed external audit firm appointed by the School Board.
- Covers financial statements, accounting procedures, and internal control systems.
- The Accounts Department must prepare:
 - Trial balance and ledgers
 - Supporting documents for major transactions
 - Bank statements and reconciliations
 - Payroll and HR expense files
 - Fixed asset registers and depreciation
- Audit results must be reviewed by the School Board, and recommendations must be implemented within 30–60 days.

5. Roles and Responsibilities

Position	Key Responsibilities
Accounts Manager	Implements this policy, ensures compliance, prepares audit documentation, and coordinates with internal/external auditors.
Principal / Director	Approves all major financial decisions and ensures the audit recommendations are acted upon.
Internal Auditor	Conducts internal reviews, prepares compliance checklists, and follows up on findings.
External Auditors	Independently review the financial records and issue annual audit reports.
Finance Staff	Maintain daily records, ensure transaction accuracy, and comply with financial policies.
Department Heads	Ensure departmental budgets and expenditures follow approved limits.



6. Documentation and Record Management

- All financial records must be complete, verifiable, and filed properly (both hard and soft copies).
- Documents to maintain:
 - Student fee ledgers, receipts, and deposit slips.
 - Purchase orders, invoices, and payment vouchers.
 - Payroll records, WPS reports, and bank transfer confirmations.
 - Fixed asset register and maintenance records.
- Record retention period: **minimum of 7 years**.
- Access to financial data is limited to authorized personnel only.
- All records must be ready for inspection by auditors or compliance officers.

7. Reporting and Corrective Action

- Audit reports (internal or external) must include:
 - Scope of audit
 - Observations and findings
 - Level of risk (High / Medium / Low)
 - Recommendations
 - Action plan with responsible persons and deadlines
- The Accounts Manager must track the status of corrective actions.
- A follow-up audit must verify that actions were implemented.

8. Compliance Breach and Disciplinary Action

Any form of financial non-compliance, misappropriation, or fraud will be treated as a serious violation and reported to the School Board.

Disciplinary measures may include:

- Written warnings
- Suspension or termination
- Legal or financial penalties if required by law

9. Confidentiality

All audit findings and compliance reports are strictly confidential.

Disclosure to unauthorized parties is prohibited unless approved in writing by the School Principal or Board.

10. Review and Policy Updates

This policy will be reviewed **annually**, or earlier if:

- There are changes in ADEK compliance frameworks



- Audit recommendations require policy changes
- Major changes occur in the school's operations or accounting system

Policy updates are documented and approved by management, and communicated to all staff.

11. Policy Acknowledgment

All staff members in the Finance Department have read, understood, and acknowledged this policy. Acknowledgments will be kept on record by the Accounts Manager.

	Name	Signature	Date
Policy Reviewed by:	Ms. Raufia Salam (Vice Principal)		08/03/2025
Policy Approved by:	Mr. Saji Oommen (Principal)		11/03/2025

Date of Next Review :01/03/2026

