

Classification: Administration and Finance

Approving Authority: President

Responsible Authority: Vice President of Administration and Finance

Implementing Authority: Human Resources Department, Financial Administration Department

Effective Date: May 2025

Review: April 2028

Payroll Processing - Policy & Procedures

1.0 Purpose

- 1.1 The purpose of this policy is to provide a set of guidelines and procedures that govern payroll administration for the University's employees, ensuring compliance with Iraqi labor laws and other relevant laws.

2.0 Scope

- 2.1 These policies and procedures apply to all employees, whether local or expatriate, and cover the processes involved in payroll administration.

3.0 Definitions

- 3.1 Wage - any compensation paid to an employee, including base salary, allowances, and overtime.
- 3.2 Employer - any natural or legal entity employing one or more workers.
- 3.3 Employee - any person employed under a written or verbal contract in exchange for wages.
- 3.4 Work hours - standard working hours are eight (8) hours per day or forty (40) hours per week.
- 3.5 Overtime - work performed beyond standard hours, subject to additional compensation.
- 3.6 Minimum wage - the lowest permissible salary as defined by the Iraqi government.
- 3.7 Payroll deductions - statutory and authorized deductions, including social security and taxes.

Wage Payment

- 3.8 Employees shall be paid in Iraqi Dinars unless otherwise agreed in the employment contract.
- 3.9 Wages shall be paid at least once a month and no later than five (5) days after the end of the month.
- 3.10 Payment may be made via bank transfer, cash, or check, as per company policy.
- 3.11 Employers must maintain detailed payroll records, including hours worked, wages paid, deductions, and leave balances.

Working Hours and Overtime

- 3.12 Employees shall work a maximum of 8 hours per day and 48 hours per week.

3.13 Employees are entitled to one hour of rest after five continuous working hours.

3.14 Overtime work shall be compensated for:

3.14.1 50% above the regular wage for normal overtime.

3.14.2 100% above the regular wage for work on official holidays and rest days.

Leave Entitlements

3.15 Employees are entitled to 21 days of paid annual leave after one year of service.

3.16 Employees engaged in hazardous work are entitled to 30 days of annual leave.

3.17 Sick leave is provided at 30 days per year, extendable up to 180 days.

3.18 Maternity leave for female employees is 14 weeks with full pay.

3.19 Official public holidays and religious holidays shall be fully paid.

Payroll Deductions

The following deductions may be made from an employee's wage:

3.20 Social Security Contributions as per legal requirements.

3.21 Income Tax as per applicable laws.

3.22 Trade Union Fees, if applicable.

3.23 Loan Repayments, with employee consent.

3.24 Court Orders, if applicable.

3.25 Dedications for employee misconduct may not exceed 30% of their wage.

End of Service Benefits

3.26 Employees who complete one year of service are entitled to end-of-service gratuity equivalent to two weeks of salary per year worked.

3.27 Employees dismissed unlawfully shall be compensated with double the end-of-service gratuity.

Wage Protection & Employee Rights

3.28 Employers must ensure equal pay for men and women performing the same work.

3.29 Employers cannot withhold wages without legal justification.

3.30 Employees must be given a detailed pay slip outlining all earnings and deductions.

Termination & Final Settlements

3.31 Employees who resign must provide at least 30 days' notice.

3.32 Employers must settle all outstanding wages within seven (7) days of the termination date.

3.33 Employees unlawfully terminated may seek compensation or reinstatement through the labor court.

Compliance and Penalties

3.34 Employers failing to comply with wage and payroll regulations may be subject to fines and legal actions as per Iraqi labor law.

3.35 Any disputes regarding wages or benefits shall be settled through the Labor Court or the End of Service Committee.

4.0 Policy

4.1 The University will comply with all material relevant Iraqi labor laws and other relevant laws.

4.2 Payroll payments are made on the 1st of each month or as close to the 1st as feasible for the prior month's earnings.

4.3 The 15th of the month is the cut-off for employees to be included in that month's payroll.

4.4 Staff positions will be identified as exempt or non-exempt. Non-exempt staff must use the automated attendance system and pay will be adjusted for non-exempt employees who do not present during required work hours.

4.5 All payroll amounts, including terminated employees, are paid through the normal system.

4.6 Cash payments (IQD) may be made for exceptional circumstances with approval from the Vice President of Administration and Finance (VPAF), endorsed by the Human Resources (HR) Department and the Financial Administration Department (FAD).

4.7 HR is responsible for accurate payroll records and monthly closure, coordinating with the FAD for correct and timely payments.

4.8 The FAD executes payroll based on the approved register, handling calculations and deductions in compliance with local and federal laws.

4.9 Overtime requests must be submitted to HR by the 13th of the month to be included in the payroll processing. No request will be accepted by Finance after the 15th of the month. Late or backdated overtime requests will not be accepted. Overtime must be reported within the same payroll cycle—no exceptions.

4.10 Employees must submit their leave request and be approved by managers in Oracle before taking leave. If a leave request is submitted late (in the following month), the leave will be deducted from the employee's salary—no exceptions.

4.11 Employees who separate from AUIB must provide a 30-day written notice to their manager and HR. The HR department will prepare all required documents, including the



Resignation Acceptance Letter, Employee Clearance Report, Final Settlement Statement, and an Undertaking & Release Claim, as hard copies. The Finance Department will process the employee's final settlement pay within 7 days after receiving all approved documents from HR.

4.12 If an employee is approved for a cash/salary advance, the request must be submitted in the Oracle system for approval by the 13th of each month. Once approved, Finance will process it within 3 working days. Any request submitted after the 13th of the month will be included in the employee's regular monthly pay. If the cash/salary advance is not reconciled within two weeks, the cash/salary advance is deducted from the employee's salary.

4.13 Employees who use AUIB services for personal purposes, such as BWE Security, Airport Entrance, Travel Agency, Facilities, etc., deductions will be taken from your monthly salary within 1-2 months from when the service was completed.

5.0 Procedures

New Hires

5.1 The HR Generalist enters new hire information into the Oracle HCM system, including personal and employment details.

5.2 The record is approved, and the employee is activated in the system.

5.3 Employee credentials are provided by IT.

Separations

5.4 Termination information is entered into the Oracle HCM system.

Changes to Employee Information

5.5 The HR Generalist updates relevant fields in the employee's record in Oracle HCM.

Financial Administration Department

5.6 The HR Generalist provides a spreadsheet to the FAD after the 15th of the month.

5.7 Reconciliations are performed, and discrepancies are resolved.

5.8 The approved payroll spreadsheet is forwarded for further approval.

5.9 The FAD requests funds for disbursement.

Discrepancies

5.10 Employees can check their monthly payroll in the Oracle System for any monthly discrepancies they observe

5.11 Any pay discrepancies related to an employee's salary must be submitted within 10 days to HR and Finance. Approved employee payroll discrepancies will be reviewed and adjustments made within the following month.

Related Policies and Documents

Employee Handbook