Part X: IQA Internal Financial Regulations

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Formulating Institution: IAPUC Quality Accreditation Committee, International Association of Private Universities and Colleges

Applicable Scope: All financial activities under the IAPUC Internal Quality Accreditation (IQA) System, including accreditation fee collection, budget formulation, fund management, expenditure approval, and financial supervision.

Preface

Financial stability and transparency constitute the core cornerstones of the credibility of the accreditation system. As a comprehensive internal quality accreditation system globally tailored for private universities and colleges, IAPUC-IQA must adhere to three core value pursuits in its financial operations: upholding the public goods attribute of accreditation by adopting the **non-profit and cost-recovery** fee principle; ensuring traceable and auditable use of all accreditation funds through rigorous and standardized management; and safeguarding financial decision-making from improper interference by commercial interests or administrative will via independent and balanced governance mechanisms.

Formulated in accordance with internationally recognized financial governance standards for non-profit organizations and fully referencing the requirements for resource management and financial transparency specified in ISO 21001:2018 Educational Organization Management Systems, this Regulation features an innovative dual-reporting governance structure for the Treasurer position. The Treasurer is accountable to both the IAPUC Board of Directors and the IQA Accreditation Decision Committee (ADC), achieving an institutional balance between financial professionalism and accreditation independence.

Together with the *IAPUC-IQA Accreditation Manual* and *IAPUC-IQA Accreditation Procedure Specifications*, this Regulation forms a complete governance framework, marking the full institutionalization of the IAPUC-IQA System in three dimensions: standard leadership, procedural standardization, and financial transparency.

Chapter I General Provisions

Article 1 Purposes and Basis

This Regulation is formulated for the following purposes:

(1) To standardize all financial activities of the IAPUC Internal Quality Accreditation (IQA) System and ensure legal, compliant and transparent financial operations;

(2) To establish the organizational structure, power allocation and check-and-balance mechanism for IQA financial governance;

(3) To build a full-process financial management and control system covering budget formulation, revenue management, expenditure approval, accounting and audit supervision;

(4) To guarantee legitimate sources, rational utilization, accurate accounting and public disclosure of accreditation funds.

This Regulation is formulated based on:

Financial management and supervision clauses stipulated in the IAPUC Constitution;

Core principles of the IFRS for Non-Profit Organizations;

OECD *Best Practice Guidelines for Financial Governance of Non-Profit Organizations*;

The non-profit, cost-recovery, transparent and open fee principles of the IAPUC-IQA Accreditation System.

Article 2 Scope of Application

This Regulation applies to all financial activities involved in the IQA Accreditation System, including but not limited to:

(1) Formulation and adjustment of standards for accreditation application fees, annual maintenance fees and on-site inspection fees;

(2) Collection, accounting and refund management of all accreditation fees;

(3) Formulation, approval, implementation and final accounting of the annual IQA budget;

(4) Expenditure approval for daily accreditation operations, expert remuneration, travel expenses and administrative costs;

(5) Establishment, management and utilization of special IQA funds (e.g., reserve funds and development funds);

(6) Formulation, audit and public disclosure of IQA financial reports.

Article 3 Basic Financial Principles

All IQA financial activities shall abide by the following five basic principles:

Principle	**Core Connotation**
Non-Profit Principle	Accreditation fees are charged on a cost-recovery basis with no profit-making intent. Any financial surplus generated in a fiscal year shall be retained in the special IQA account for the maintenance, improvement and development of the accreditation system, and no profits shall be distributed to any individual or entity.
Independent Accounting Principle	IQA finances shall be separately accounted and independently managed from other business activities of IAPUC. All IQA revenues shall only be used for accreditation-related expenditures and shall not be subsidized for other IAPUC activities.
Openness and Transparency Principle	IQA fee standards, annual budget implementation status and audited annual financial reports shall be

	disclosed to accredited institutions and the public.
Prudence and Stability Principle	All financial decisions shall fully assess potential risks, and sufficient financial reserves shall be maintained to ensure the sustainable and stable operation of the accreditation system.
Dual Supervision Principle	IQA financial activities are subject to the supervision of both the IAPUC Board of Directors and the IQA Accreditation Decision Committee (ADC) to form an effective check-and-balance mechanism.

Chapter II Financial Organizational Structure and Responsibilities

Article 4 Financial Governance Structure

The IQA financial governance system consists of the following organizations and positions, forming a hierarchical accountability and check-and-balance framework:

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IAPUC Council (Supreme Authority)
├── IAPUC Board of Directors
│     └── Finance and Audit Committee
├── IQA Accreditation Decision Committee (ADC)
└── Treasurer (Dual Reporting Line)
      ├── Reports to the IAPUC Board of Directors (for administrative and budget compliance)
      └── Reports to the ADC (for safeguarding accreditation financial independence)
            └── IQA Finance Office
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Article 5 Financial Responsibilities of the IAPUC Board of Directors

The IAPUC Board of Directors exercises supreme supervision over IQA finances, with the following responsibilities:

(1) To review and approve the annual IQA budget and budget adjustment plans;

(2) To review and approve the annual IQA final financial report;

(3) To supervise the implementation of IQA financial regulations;

(4) To propose appointments and dismissals of the Treasurer to the IAPUC Council;

(5) To investigate major abnormal issues in IQA financial activities.

Article 6 Financial Responsibilities of the IQA Accreditation Decision Committee (ADC)

As the independent decision-making body for accreditation, the ADC undertakes the following financial supervision responsibilities:

(1) To examine IQA accreditation fee standards and adjustment plans to ensure fees match operational costs and comply with the non-profit and cost-recovery principle;

(2) To supervise the rational utilization of accreditation fees for accreditation-related activities and prevent the misappropriation of accreditation revenues for non-accreditation purposes;

(3) To review quarterly financial briefings submitted by the Treasurer and monitor the compliance and transparency of financial operations;

(4) To appoint one ADC member (excluding serving IAPUC Board members) as the financial liaison for daily communication between the ADC and the Treasurer;

(5) To require special explanations from the Treasurer and raise inquiries or suggestions to the IAPUC Board of Directors in case of identified financial abnormalities or unreasonable fee issues.

Article 7 Establishment and Responsibilities of the Treasurer

The position of Treasurer is established as the core person-in-charge of IQA financial management.

7.1 Positioning of the Treasurer

The Treasurer serves as the financial gatekeeper of the IQA System, with the core mission of ensuring the independent, safe and compliant operation of accreditation funds. The unique governance value of the Treasurer lies in its dual-reporting structure: accountable to the IAPUC Board of Directors for administrative management and budget compliance, and accountable to the ADC for accreditation independence and fee rationality. This institutional design ensures that financial operations comply with the parent organization’s compliance framework while avoiding commercial interference that may compromise accreditation impartiality.

7.2 Qualifications of the Treasurer

The Treasurer shall meet all of the following requirements:

(1) Hold internationally recognized professional accounting or financial qualifications (e.g., CPA, ACCA, CIMA or equivalent certifications);

(2) Possess no less than 10 years of professional financial management experience in non-profit organizations, educational institutions or accreditation bodies;

(3) Have working experience in higher education quality assurance or non-profit governance;

(4) Have no records of financial fraud, professional ethics violations or bankruptcy;

(5) Have no conflict of interest with any institution applying for or holding IQA accreditation.

7.3 Appointment and Term of Office

(1) The Treasurer is nominated by the IAPUC Board of Directors, approved by the ADC, and formally appointed by the IAPUC Council;

(2) If the ADC vetoes the nomination, the IAPUC Board of Directors shall propose a new candidate;

(3) The term of office for each Treasurer is three years, with one eligible reappointment;

(4) The Treasurer shall not be unilaterally dismissed by the IAPUC Board of Directors during the term of office. Dismissal requires the approval of a two-thirds majority of both the IAPUC Board of Directors and the ADC.

7.4 Core Responsibilities of the Treasurer

The Treasurer assumes overall management and reporting responsibilities for all IQA financial activities, including:

Budget Management: Organize the formulation of the annual IQA budget draft for submission to the IAPUC Board of Directors for approval and file with the ADC; supervise budget implementation, analyze and report major deviations in a timely manner; formulate annual budget adjustment plans and complete approval procedures in accordance with stipulated processes.

Fund Management: Manage IQA bank accounts to ensure separate accounting of accreditation revenues from other IAPUC funds; formulate IQA fund allocation and low-risk investment strategies prioritizing liquidity and capital safety; establish an internal fund authorization and approval system with clear hierarchical approval limits.

Accounting: Establish an IQA accounting bookkeeping system compliant with international accounting standards; complete monthly, quarterly and annual accounting work on schedule; ensure all financial records are authentic, complete and traceable.

Fee Management: Manage the collection, accounting and reminder of accreditation fees in accordance with ADC-approved standards; handle accreditation fee refunds and exemptions subject to formal approval procedures; regularly report fee implementation and cost recovery rates to the ADC.

Financial Reporting: Submit quarterly and annual financial reports to the IAPUC Board of Directors; submit quarterly financial briefings to the ADC; compile public versions of annual financial reports for public disclosure after external audit.

Audit Coordination: Cooperate with external audit institutions to complete annual audits; provide all necessary financial records and documents for audit work; rectify problems identified in audits and report rectification results to the IAPUC Board of Directors and the ADC.

System Construction: Formulate and revise detailed IQA financial operation rules; ensure sustained compliance of financial systems with applicable laws, regulations and accounting standards.

7.5 Independence Safeguards for the Treasurer

Institutional safeguards are established to ensure the independent performance of the Treasurer's duties:

(1) The Treasurer shall not concurrently serve as a member of the IAPUC Board of Directors or the ADC;

(2) The Treasurer's remuneration is jointly determined by the IAPUC Board of Directors and the ADC, free from unilateral control;

(3) The Treasurer has the right to directly report major financial concerns to the IAPUC Council without obstruction from the Board of Directors or the ADC;

(4) The Treasurer assumes professional liability for financial judgments and decisions and shall not be improperly dismissed or penalized for compliant performance of duties.

Article 8 IQA Finance Office

The IQA Finance Office is established to conduct daily financial operations under the leadership of the Treasurer, including but not limited to:

(1) Accepting and accounting for accreditation fee payments;

(2) Reviewing and disbursing all types of expenditures;

(3) Maintaining accounting records and financial archives;

(4) Preparing routine financial reports;

(5) Assisting internal and external audit work.

The scale and staffing of the Finance Office are proposed by the Treasurer based on operational needs and approved by the IAPUC Board of Directors.

Chapter III Budget Management

Article 9 Budget Formulation

IQA implements an annual budget system, with the budget year consistent with the calendar year or the IAPUC fiscal year.

The Treasurer shall organize the formulation of the next year's IQA budget draft in the fourth quarter of each year. Budget formulation shall comply with the following requirements: revenue budgets shall be based on reasonable forecasts of accreditation application volumes, number of maintained institutions and various revenue standards; expenditure budgets shall specify the purpose, amount and calculation basis of each expenditure item; the budget shall include a reserve fund equivalent to 15%–25% of the total annual expenditure.

Upon completion, the budget draft shall be submitted simultaneously to the IAPUC Board of Directors and the ADC. The ADC shall deliver review comments within 30 days of receipt, focusing on the rationality of fee standards and the sufficiency of expenditures related to accreditation independence.

Article 10 Budget Approval

The IAPUC Board of Directors shall review and approve the budget draft within 45 days after receiving the draft and ADC review comments. If major objections raised by the ADC are not adopted by the Board of Directors, the ADC has the right to submit written opinions to the IAPUC Council. The approved budget shall be implemented by the Treasurer and announced internally within IQA.

Article 11 Budget Implementation

The Treasurer shall strictly implement the approved budget. No expenditure shall exceed the budget authorization. Any necessary over-budget expenditure shall be approved in accordance with the original approval procedures. The Treasurer shall prepare quarterly budget implementation reports for submission to the IAPUC Board of Directors and the ADC. Any deviation exceeding 20% for a single budget item shall be specifically explained in the quarterly report.

Article 12 Budget Adjustment

The Treasurer shall formulate and submit budget adjustment plans for approval via the original procedures under the following circumstances: unexpected major changes in accreditation application volumes or the number of maintained accredited institutions; unforeseen necessary expenditures exceeding 10% of the total annual budget; other circumstances deemed by the Treasurer to substantially affect IQA financial stability.

Chapter IV Revenue Management

Article 13 Revenue Sources

IQA revenues are limited to the following categories:

(1) Application fees for initial accreditation applications;

(2) Annual maintenance fees paid by accredited institutions;

(3) Cost recovery for actual on-site inspection expenses (travel, accommodation and expert remuneration);

(4) Cost recovery for supplementary on-site inspections;

(5) Legitimate investment income approved by the IAPUC Council;

(6) Donations and grants compliant with non-profit principles and not compromising accreditation independence (subject to item-by-item ADC review and approval).

Article 14 Fee Standard Management

The Treasurer shall calculate and propose preliminary IQA fee standards based on IQA operational costs, affordable capacity of accredited institutions, and international benchmark fees of peer accreditation systems. The fee standard plan shall be reviewed and approved by the ADC before submission to the IAPUC Board of Directors for final approval.

Approved fee standards shall be publicly disclosed on the official IAPUC website and maintained with relative stability. Fee standards shall generally not be adjusted within three years; any early adjustment requires dual approval from the ADC and the Board of Directors. All fee adjustments shall be publicized to applicant and accredited institutions no less than six months prior to implementation.

Article 15 Fee Collection and Accounting

All accreditation revenues shall be directly credited to the dedicated IQA bank account without intermediate transfer via any individual or third-party account. The IQA Finance Office shall issue official receipts or electronic vouchers within 10 working days after receiving payments. The Treasurer shall ensure all revenues are accurately and completely recorded in accounting books and conduct regular bank reconciliation. The Treasurer is authorized to collect overdue fees in accordance with published fee policies.

Article 16 Refund Rules

For applications withdrawn by institutions during the qualification review stage, the application fee is non-refundable but can be reserved for new applications submitted within 12 months. For applications withdrawn after the self-evaluation stage and before on-site inspections, the application fee is non-refundable. Full refunds of paid on-site inspection fees shall be granted if on-site inspections cannot be conducted due to IAPUC-side reasons. Annual maintenance fees are not proportionally refundable due to changes in accreditation status. All refunds require Treasurer approval and shall be separately recorded in financial accounts.

Chapter V Expenditure Management

Article 17 Expenditure Categories

IQA expenditures are limited to the following categories:

(1) Remuneration and travel expenses for peer review experts;

(2) Operational and meeting expenses of the Accreditation Decision Committee and Appeal and Arbitration Committee (excluding irrelevant travel and entertainment expenses);

(3) Staff salaries, benefits and daily operational costs of the IQA Office;

(4) IT development and maintenance costs for the accreditation document management system;

(5) Service fees for external audit, legal consultation and other professional services;

(6) Expenses for accreditation-related training, seminars and research activities;

(7) Academic expenses related to the formulation and release of accreditation standards;

(8) Reasonable allocated administrative management expenses (allocation methods subject to ADC recognition);

(9) Other necessary expenditures jointly approved by the Board of Directors and the ADC.

Article 18 Expenditure Approval Authority

IQA expenditures adopt hierarchical authorization and approval management:

Single Amount (USD Equivalent)	**Approval Authority**	**Remarks**
≤ 2,000	Treasurer Approval	Disclosed in monthly summary reports
2,001 – 15,000	Treasurer Approval + Co-signature by IAPUC Financial Person-in-Charge	
15,001 – 50,000	Treasurer Proposal + Approval by IAPUC Board Finance and Audit Committee	Copied to ADC Financial Liaison
> 50,000	Treasurer Proposal + IAPUC Board Approval +	Dual approval

	ADC Consent	

Any expenditure related to the Treasurer (e.g., Treasurer's remuneration and travel expenses) shall be directly approved by the IAPUC Board Finance and Audit Committee, with the Treasurer excluded from the approval process.

Article 19 Expenditure Compliance Requirements

All expenditures shall be supported by complete valid vouchers (e.g., contracts, invoices, receipts, approval records). All expenditures shall comply with budget authorization; no off-budget or over-budget expenditure is permitted. No cash payments exceeding USD 500 equivalent are allowed. Any expenditure involving conflicts of interest (e.g., payments to entities affiliated with the Treasurer, review experts or ADC members) shall be declared in advance and subject to dual approval.

Chapter VI Asset and Reserve Management

Article 20 IQA Assets

IQA assets include: (1) Liquid funds in dedicated IQA bank accounts; (2) Legally held investments and proceeds generated therefrom; (3) Intellectual property rights of the IQA accreditation system; (4) Equipment and software licenses purchased for IQA operations. IQA assets are separately accounted and managed from other IAPUC assets and shall only be used for accreditation-related purposes.

Article 21 Reserve Fund System

IQA shall maintain an operational reserve fund of no less than 30% of the total annual expenditure of the previous year to cope with revenue fluctuations and unforeseen expenditures. If the reserve fund falls below the minimum threshold, the Treasurer shall submit a reserve fund restoration plan to the IAPUC Board of Directors and the ADC within the next quarter.

Surplus funds exceeding the minimum operational reserve threshold may be used for the following purposes upon joint approval by the IAPUC Board of Directors and the ADC: research and development of accreditation standards and methodologies; reduction of annual maintenance fees for accredited institutions; international promotion of the accreditation system.

Article 22 Investment Management

Idle IQA funds may be invested in low-risk financial products in compliance with the following principles: safety priority with no high-risk investment; guaranteed liquidity to avoid disrupting operational capital demands; all investment decisions require joint approval by the IAPUC Board of Directors and the ADC. All investment income shall be fully credited to the IQA account and used exclusively for accreditation-related purposes.

Chapter VII Financial Reporting and Audit

Article 23 Internal Financial Reporting

The Treasurer shall prepare regular financial reports as specified below:

Report Type	Recipient	Submission Deadline
Monthly Revenue and Expenditure Briefing	IQA Finance Office (Internal Management)	By the 10th day of the subsequent month
Quarterly Financial Briefing	ADC	Within 20 days after quarter-end
Quarterly Budget Implementation Report	IAPUC Board of Directors	Within 20 days after quarter-end
Annual Financial Report (Draft)	IAPUC Board of Directors + ADC	Within 60 days after year-end

The Treasurer shall report major issues threatening IQA financial stability (e.g., severe budget deviations, fund safety risks, suspected fraud) to both the IAPUC Board of Directors and the ADC within 5 working days upon discovery.

Article 24 Annual Audit

Annual IQA financial reports shall be audited by external audit institutions independent of IAPUC. External auditors are nominated by the IAPUC Board of Directors and appointed upon ADC consent. Audits shall be conducted in accordance with International Standards on Auditing (ISA) or equivalent national standards, covering all IQA financial activities, internal control effectiveness and reserve fund adequacy. Audit reports shall be submitted to both the IAPUC Board of Directors and the ADC. The Treasurer shall rectify problems and management suggestions raised in audits and submit a rectification report within 90 days after the release of the audit report.

Article 25 Information Disclosure

The summarized version of the audited annual IQA financial report shall be disclosed on the official IAPUC website within 60 days after audit completion. Public disclosure content shall include at minimum: annual revenue and expenditure summary, revenue structure and sources, major expenditure categories and amounts, reserve fund and asset status, and audit opinion summary.

Chapter VIII Supervision, Accountability and Violation Handling

Article 26 Internal Supervision

The IAPUC Board Finance and Audit Committee shall conduct semi-annual internal reviews of IQA financial status. The ADC may request financial explanations from the Treasurer at any time, and the Treasurer shall provide written replies within 10 working days. Any accredited institution, review expert or internal staff may report suspected financial violations via official channels to the Treasurer, ADC or IAPUC Board of Directors.

Article 27 External Supervision

Annual IQA audit reports are accessible to all accredited institutions. Accredited institutions may submit feedback on fee rationality and financial transparency via the annual quality report mechanism. The IAPUC Council may entrust independent institutions to conduct special financial audits when necessary.

Article 28 Financial Violations and Disciplinary Measures

The following acts constitute financial violations: (1) Unauthorized misappropriation of IQA funds for non-accreditation purposes; (2) Intentional falsification of information in fee collection, expenditure settlement or financial reporting; (3) Forgery, concealment or destruction of financial vouchers and accounting records; (4) Breach of conflict-of-interest regulations for improper financial gains; (5) Obstruction of financial audit and supervision work.

Disciplinary measures for financial violations: (1) Internal IQA staff shall be subject to warnings, suspension or dismissal based on violation severity; (2) Treasurer violations shall be jointly investigated by the IAPUC Board of Directors and the ADC, with dismissal implemented in accordance with formal procedures if confirmed; (3) Violations involving criminal acts shall be referred to judicial authorities; (4) All financial violations and disposal results shall be filed and disclosed in the annual IQA financial report under privacy protection principles.

Chapter IX Supplementary Provisions

Article 29 Relationship with Other Regulatory Documents

This Regulation forms a unified IAPUC-IQA normative system with the following documents:

Document	Relationship with This Regulation
IAPUC-IQA Accreditation Manual	This Regulation serves as the institutionalized extension of the "Accreditation Fees" chapter of the Accreditation Manual
IAPUC-IQA Accreditation Procedure Specifications	This Regulation provides financial operational basis for fee management and refund rules specified in procedural specifications
IAPUC-IQA Academic Ethics and Code of Conduct	Clauses on conflict of interest, financial transparency and violation disposal are consistent with the integrity principles specified in the ethical code

Article 30 Interpretation and Revision

This Regulation is jointly interpreted by the IAPUC Board of Directors and the IQA Accreditation Decision Committee. Revisions to this Regulation require approval by a two-thirds majority of both the IAPUC Board of Directors and the ADC. A reasonable transition period shall be granted upon the release of revised versions.

Article 31 Effectiveness and Transitional Arrangements

This Regulation shall take effect upon approval by the IAPUC Council. All institutional construction and procedural arrangements required by this Regulation shall be completed within the first full fiscal year after effectiveness. Contracts and financial arrangements formed before the implementation of this Regulation shall continue to be executed in accordance with their original terms until termination.

Appendix A: Authorization and Approval Matrix

Matters	Initiator	Approval/Consent	Filing Party
Annual Budget	Treasurer	IAPUC Board Approval + Synchronous ADC Review	IAPUC Council
Budget Adjustment	Treasurer	IAPUC Board Approval (Major adjustments	IAPUC Council

		require ADC consent)	
Fee Standards	Treasurer	ADC Review & Consent + IAPUC Board Approval	Official Website Publicity
Expenditure ≤ USD 2,000	Operational Department	Treasurer	Monthly Summary Report
Expenditure USD 2,001–15,000	Operational Department	Treasurer + IAPUC Financial Person-in-Charge Co-signature	Quarterly Financial Briefing
Expenditure USD 15,001–50,000	Treasurer	Finance and Audit Committee	ADC Financial Liaison
Expenditure > USD 50,000	Treasurer	IAPUC Board + ADC Consent	—
Treasurer-Related Expenditure	Relevant Department	Finance and Audit Committee	ADC Financial Liaison
External Auditor Appointment	Treasurer Proposal	Board Nomination + ADC Consent	—
Treasurer Appointment	Board Nomination	ADC Consent + Council Appointment	—
Treasurer Dismissal	Board or ADC Proposal	Two-thirds majority consent of both parties + Council Approval	—
Annual Audit Report	External Audit Institution	Accepted by Board + ADC	Official Website Summary Disclosure

Appendix B: Key Terminology Definition

Term	**Definition**

Treasurer	The core person-in-charge of IQA financial management with dual reporting obligations, responsible for ensuring the independent, safe and compliant operation of accreditation funds
ADC	Accreditation Decision Committee, the highest independent decision-making body of the IQA System, responsible for supervising accreditation financial independence
Cost Recovery	The basic pricing principle for IQA accreditation fees – fees shall not exceed the actual cost of providing accreditation services with no profit generation
Operational Reserve Fund	Minimum working capital maintained to cope with revenue fluctuations and unforeseen expenditures, no less than 30% of the total expenditure of the previous fiscal year
Dual Approval	A control mechanism requiring joint approval by both the IAPUC Board of Directors and the ADC for major IQA financial matters

Document Approval

Role	**Name/Position**	**Date**
Compiled by	IAPUC Quality Accreditation Committee Financial System Working Group	May 2026
Reviewed by	IAPUC Board Finance and Audit Committee	Pending
Consented by	IQA Accreditation Decision Committee (ADC)	Pending
Approved by	IAPUC Council	Pending