



IIUM/202/4/1

10th July 2023

All Deans / Directors
Kulliyahs / Divisions / Centres / Institutes / Offices / Mahallahs
International Islamic University Malaysia

Dear YBhg. Dato'/Prof./Dr./Sir/Madam,

Assalamualaikum wa rahmatullahi wa barakatuh

STAFF SERVICE CIRCULAR NO. 11/2023

REVISION OF GRATUITY PAYMENT TO STAFF APPOINTED ON CONTRACT BASIS

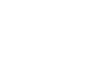
1. OBJECTIVE

The objective of this circular is to inform all Deans/Directors of the Kulliyahs / Divisions / Centres / Institutes / Offices / Mahallahs on the revision of gratuity payment to staff appointed on contract basis.

2. BACKGROUND

- 2.1 The gratuity for contract staff has been part of staff benefits since the establishment of the IIUM in 1983, and it is stipulated in the Terms and Conditions of Service.
- 2.2 Currently, there are three (3) types of contract appointments that eligible for gratuity as follows:-

No.	Type of contract	Description
1	Contract (with permanent warrant)	<ol style="list-style-type: none"> i. Applicable to academic staff on DG scheme and Administrative & Technical staff ii. For observation purposes on performance among others staff are required to fulfill certain criteria set by the University before they are appointed as permanent staff
2	Contract (after compulsory retirement)	<ol style="list-style-type: none"> i. Applicable to academic staff and Administrative & Technical staff to fill in the vacant post ii. No replacement of subject matters expert
3	Contract (using contract emolument / central fund/ KCDIOM trust fund)	<ol style="list-style-type: none"> i. Applicable to academic staff (foreigners and Malaysians) and Administrative & Technical staff ii. To fill in the vacant post for specific duration of service using contract emolument, internal central fund or trust fund



- 2.3 Before 1st January 2017, gratuity for contract staff is paid at the end of each completion of contract including the final contract.
- 2.4 Following to the optimization of prudent spending due to budget reduction, the Board of Governors (BOG) No. 43 on 26th January 2016 had approved measures related to human resources as proposed by the Budget Committee Meeting No. 3/2015 held on 29th December 2015.
- 2.5 The Staff Service Committee in its Special Meeting held on 22nd December 2016 decided to approve the cost cutting measures including the benefits of contract staff which were revised effective from 1st January 2017.
- 2.6 Among the revision is the gratuity for international/permanent residents/local is payable at the **end of the final contract period** based on last drawn salary for every completed month in service of the final contract based on the formula currently in force effective 1st January 2017.
- 2.7 The policy on gratuity for contract staff which is payable at the end of the final contract to be revisited, as to give better period of gratuity payment for the current staff.

3. DECISION

- 3.1 Taking into consideration on the period of gratuity payment, the Staff Service Committee (SSC) Meeting No. 1/2023 held on 28th March 2023 agreed to revise the policy on gratuity payment to contract staff as follows:-
 - i) The gratuity payment which is payable at the end of final contract is to be revised according to the **average contract appointment period** based on the number of contract(s), throughout the total years of service with IIUM or the final contract; whichever is higher. The gratuity formula is according to the formula currently in force and the example of the gratuity calculation as per *Appendix A*.
 - ii) The minimum years of service to be considered for payment of gratuity is **two (2) years** for contract staff or the **average contract appointment period; whichever is the higher**, to ensure staff loyalty and good performance before being rewarded with gratuity.
- 3.2. The revision of gratuity payment is applicable to:
 - i) Current contract appointment, renewed prior the implementation date;
 - ii) New contract appointment (using contract emolument / central fund / KCDIOM trust fund) as stated in 2.2, no. 3.
- 3.3 The effective date of implementation is **1st April 2023**.



All Deans/Directors are kindly required to disseminate this information to all relevant staff at the Kulliyah/Centre/Division/Institute/Offices/Mahallahs.

Thank you. Wassalam.

"Leading the Way"



FAZIDAH H.J. BAKHTIAR
Executive Director
Management Services Division

- c.c. : Rector
: Deputy Rector (Academic and Internationalisation)
: Deputy Rector (Responsible Research and Innovation)
: Deputy Rector (Student Development and Community Engagement)
: Executive Director (Finance Division)
: Executive Director (Development and Planning)
: Campus Director, IIUM Kuantan Campus
: Legal Adviser

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EXAMPLE OF GRATUITY CALCULATION

Formula of Gratuity as stated in the MSD Service Circular Letter No. 1/2021

- i) $(17.5\% - \text{stipulated \% employer contribution in EPF}) \times (\text{last drawn basis salary} \times \text{completed months of service}) - (\text{total interest on employer contribution in EPF}).$
- ii) Should the amount be negative (-), no payment shall be made by the staff.

Example of calculation is as follows:-

1 st contract	:	3 years
2 nd contract	:	2 years 2 months
3 rd contract	:	2 years 8 months
4 th contract	:	1 year 24 days
<u>Total period of service</u>	=	<u>8 years 10 months and 24 days</u>
<u>Number of Contract</u>		<u>4 contracts</u>
Average contract period	=	2 years 2 months 2 weeks and 6 days
Completed month	=	2 years and 2 months (26 months)
Gratuity payment	=	<i>(17.5% - stipulated % employer contribution in EPF) x (last drawn basis salary x 26 months) - (total interest on employer contribution in EPF).</i>

