

## **Financial Circular No. (2) for the year 2017**

### **Regarding the preparation of the General Final Account and Financial Position of the Government of Ajman for the fiscal year ending on December 31, 2017.**

Based on the provisions of Article (34) of the Financial Law of the Government of Ajman issued by Amiri Decree No. (11) for the year 2011 regarding the preparation of final accounts, the provisions of Chapter Four of the Executive Regulations of the Financial Law of the Government of Ajman issued by Amiri Resolution No. (12) for the year 2011, the requirements for preparing the draft subsidiary final accounts for the fiscal year 2017, and the preparation of the draft General Final Account and Financial Position of the Government of Ajman for the fiscal year ending on December 31, 2017, and in our commitment to ensure the issuance of the General Final Account and Financial Position of the Government of Ajman for the fiscal year ending on December 31, 2017, without delay and according to the specified dates in this circular, we hereby direct the following:

#### **First Scope of Application of the Circular**

The scope of this circular applies to all departments, institutions, administrations, and entities affiliated with the Government of Ajman whose budgets are included, in whole or in part, in the annual general budget of the Government of Ajman, as well as independent entities and entities in which the Government of Ajman has a stake.

## **Second**

### **Objectives of the General Final Account and Financial Position of the Government of Ajman**

**The General Final Account and Financial Position of the Government of Ajman aim to achieve the following:**

1. Provide accurate and complete financial information to decision-makers about the true financial position of the Government of Ajman during the fiscal year ending on December 31, 2017, and to use this information in planning and formulating general policies and strategies for the concerned government departments in light of the strategic plan of the Government of Ajman.
2. Monitor and follow up on the financial performance of the concerned government departments, identify their financial situations, and take necessary corrective actions in a timely manner.
3. Control the implementation of the annual budget, ensure that the budgets of government departments achieve their set objectives and programs, identify deviations between estimated budgets and the actual implementation results of the concerned government departments' budgets, study the causes of these deviations, and work to avoid them in the future.
4. Show the true financial position of the Emirate's government, indicating its rights from others and its obligations towards others at the end of the fiscal year to which the government's general budget pertains.
5. Measure the optimal use of the government's general budget appropriations and the efficient collection of its approved revenues, by comparing each of the following:
  - Actual expenditures during the ended year with their final approved estimates to identify overspending or unused appropriations.
  - Actual revenues during the ended fiscal year with their final approved estimates to identify shortfalls or surpluses.
  - Projects implemented during the year with their final approved estimates to identify overspending or unused appropriations.

- Capital additions implemented during the ended year with their final approved estimates to identify overspending or unused appropriations.
  - Actual revenues during the ended year with actual expenditures during the same year to show the result of implementing the government's general budget, whether a surplus (if accrued revenues exceed accrued expenditures) or a deficit (if accrued revenues are less than accrued expenditures).
6. A statement of the changes that occurred to the government's general budget after its issuance and during its implementation, including additional appropriations and transfers, to understand the justifications and reasons for them.
  7. The final account shows the higher authorities the performance of government departments and their ability to implement the programs and initiatives included in their budgets, to verify the completion of the work and tasks assigned to them, the achievement of desired goals and results, and to identify the changes that hindered the implementation process.
  8. Identify frozen public funds in stagnant materials and items in government warehouses, as the General Final Account provides clarifications and information about their value, allowing decision-makers to take necessary actions regarding them.

### **Third**

#### **Preliminary Procedures for Preparing the Draft Subsidiary Final Account of the Government Department for the Fiscal Year Ending on December 31, 2017**

All government departments must strictly adhere to these instructions and complete all preliminary work for preparing the subsidiary final statements by 15/01/2018 at the latest, as detailed below:

1. The deadline for issuing the last purchase request and approving any pending purchase requests on the Mawared electronic system for the fiscal year 2017 is the end of the working day on 23/11/2017. Necessary measures must be taken to cancel any unapproved purchase requests by the end of the working day on (04/12/2017) at the latest.

2. The deadline for making the last additional appropriation or transfer between the approved budget appropriations for the fiscal year 2017 is the end of the working day on 07/12/2017. It must be ensured that all transfers made during the fiscal year 2017 have been entered into the Mawared electronic system and recorded in their respective records and accounts.
3. The deadline for issuing the last purchase order for the fiscal year 2017 is the end of the working day on 14/12/2017. Necessary measures must be taken to cancel any purchase orders on the system whose approval procedures have not been completed, as well as any purchase requests that have not been converted into purchase orders, by the end of the working day on 17/12/2017 at the latest. It is essential not to issue any purchase orders during 2017 for which materials are expected to be received and works executed during 2018, except in the case of purchase orders related to projects, which are permitted to be issued until the end of the working day on 28/12/2017.
4. The date 04/12/2017 is the last deadline for concluding contracts that create financial obligations for the fiscal year 2017, provided that their actual execution period does not exceed the end of the fiscal year 2017. Government departments are prohibited from concluding contracts that create financial obligations for the fiscal year 2018 without obtaining prior approval from the Department of Finance.
5. The deadline for disencumbering all purchase orders that have not been received or executed, either fully or partially, by 31/12/2017 on the Mawared electronic system is the end of the working day on 07/01/2018, unless they are included in the 2018 budget.
6. Complete the preparation of monthly payroll statements and salary transfer procedures by 25/12/2017 at the latest.
7. Complete the comprehensive inventory count of warehouses, workshops, subsidiary and personal custodies by 14/12/2017 at the latest. The comprehensive inventory count should begin on any day after 03/12/2017. Balances must be settled at the end of the fiscal year 2017 in case of any movement in inventory balances during the inventory period.
8. Complete the comprehensive inventory count of government properties and any other assets by 14/12/2017 at the latest.

9. Bank guarantees and guarantee checks are to be inventoried at the end of the working day on 31/12/2017.
10. Receipt vouchers, payment vouchers, checks, and paper printouts of monetary value are to be inventoried, stating the number printed, used, remaining balance, and the number of the last receipt used from each book still in use as of 31/12/2017.
11. Prepare necessary entries and inventory adjustments, if any, by the end of the working day on 02/01/2018 at the latest.
12. The receipts fund is to be closed on 31/12/2017 by 12:30 PM at the latest. All collected receipts must be deposited into the receipts account on the same day and recorded in the respective records and accounts of the concerned government department. Additionally, any other revenues due to the concerned department up to 31/12/2017 must be recorded, even if not collected, by 07/01/2018 at the latest.
13. The government entity must prepare a report showing the last financial documents executed at the end of the working day on Sunday, 31/12/2017, as follows:
  - Type and number of the document, amount, date, and description of the transaction. A copy of the document itself must be attached. Examples of concerned documents include, but are not limited to, journal vouchers, payment and bank transfer vouchers, receipt vouchers, in addition to warehouse and asset documents, purchase orders and requests, etc.
  - Government entities shall send a copy of the said report to both the Department of Finance and the Financial Audit Authority on Tuesday, 02/01/2018.
14. The Department of Finance will send bank reconciliation letters for the fiscal year 2017 and provide the departments with a copy by 02/01/2018 at the latest.
15. Complete the recording of all received materials pertaining to the fiscal year 2017 on their actual receipt date in the records and accounts by 02/01/2018 at the latest.
16. Complete bank reconciliations by 07/01/2018 at the latest.
17. Complete the recording of the last payment invoice pertaining to the fiscal year 2017 by 07/01/2018 at the latest.
18. Any incomplete invoice in the payments ledger is to be deleted. Any expenses due on the concerned department up to 31/12/2017 must

- be recorded. The payments ledger for all departments is to be closed by 10/01/2018 at the latest.
19. Complete all procedures for the valuation of investments that require valuation, and assets and liabilities in foreign currencies according to the unified financial system, by 07/01/2018 at the latest.
  20. Complete all procedures related to the asset register and ensure its conformity with the balances of asset and accumulated depreciation accounts by 10/01/2018 at the latest.
  21. Balances of receivables exceeding AED 5,000, related parties, and government funding accounts as of 31/12/2017 are to be confirmed. This must be completed, and any discrepancies settled, by 08/01/2018 at the latest.
  22. Balances of inter-departmental transactions up to the end of the fiscal year 2017 are to be closed after reconciliation between the departments in the government funding account, in coordination with the Department of Finance, by the end of the day on 07/01/2018 at the latest.
  23. It must be ensured that all transactions for the fiscal year 2017 ending on 31/12/2017 are recorded in the Mawared electronic system or in the approved financial records of the government department by 14/01/2018 at the latest.
  24. The deadline for closing financial accounts, electronic systems, and all subsidiary programs, applications, and financial periods for the fiscal year 2017 is the end of the working day on 15/01/2018.
  25. Complete all procedures related to the subsidiary final statements by 15/01/2018 at the latest.

#### **Fourth**

#### **Responsibility of the Government Department Regarding the Preparation of the Draft Subsidiary Final Account and its Preparation Procedures**

1. All government departments shall adhere to and implement the procedures stipulated in Third of this circular according to the attached timetable (3).
  - Complete all procedures related to the subsidiary final statements for the fiscal year ending on 31/12/2017 for all government entities to which this circular applies by the end of

the working day on 15/01/2018 at the latest, according to the attached timetable (3).

2. These entities shall prepare their draft subsidiary final account in accordance with the Unified Financial System of the Government of Ajman and the provisions of this circular, and the following procedures:

- Financial accounts shall be closed in accordance with proper procedures after ensuring that all financial transactions are recorded on the accrual basis used in the Government of Ajman, and after reconciling bank balances, accounts receivable, and government accounts, calculating all provisions and depreciations, and recording expenses and revenues related to the fiscal year 2017 on an accrual basis by the end of the working day on 15/01/2018 at the latest, according to the attached timetable (2).
- Each government entity is required to issue a draft subsidiary final account for itself, consolidated for all its branches and affiliated institutions. Separate statements should be prepared for each branch or institution, and then a draft consolidated final account should be prepared and sent to the Financial Audit Authority, with a copy to the Department of Finance, by 31/01/2018 at the latest.
- Three copies of all required statements, reports, and documents for the purpose of closing the financial accounts, as specified in this circular, shall be prepared and approved as follows:
  - Financial Statements: The head of the government entity or its director-general and the chief financial officer, with approval by signature in addition to the stamp of the government entity.
  - Trial Balance and its attachments: The chief financial officer in addition to the head of accounts, with signatures and stamps on all pages.
  - Performance Reports and their attachments: The director-general of the government entity and the chief financial officer, with signatures and stamps on all pages.
  - Executive Summary: The head of the government entity or its director-general.

- A copy of all decisions and agreements with actual or expected financial impact, whether direct or indirect.
  - A letter from the legal advisor regarding cases concerning the department.
3. The financial statements listed below shall be prepared, with one year for comparison, in accordance with the forms and instructions approved by the Department of Finance, as follows:
- Statement of Financial Position.
  - Statement of Financial Performance compared with the Budget.
  - Statement of Cash Flow.
  - Statement of Changes in Net Assets.
  - Notes to the Financial Statements.
  - Statement of Comparison of Actual Amounts with Budgeted Amounts (Actual and Budget).
4. The final and approved trial balance shall be submitted in accordance with the applicable systems, with the following attached:
- Bank reconciliation statements.
  - Aging analysis of accounts receivable.
  - Confirmation letters from affiliate entities and accounts receivable.
  - Confirmation of the treasury account with the Department of Finance.
  - Aging analysis of accounts payable.
  - Bank confirmation statements.
  - Analysis of accrued expenses and accrued revenues.
  - Fixed asset and depreciation register.
  - Movement of property and equipment.
  - Statement of investments (for departments with investments).
  - Statement of projects under execution, specifying the percentage of completion as of December 31, 2017.
  - Detailed statement of employee provisions (leave/end of service/pending social security).
  - Analysis of revenues by revenue item and by total for each month.
  - Analysis of expenses by expense item and by total for each month.



5. The general performance report and cash performance report shall be prepared, compared with the final budget (approved budget + amendments) for 2016, and shall include a general report clarifying the following:
  - A summary of the reasons for deviations in revenue programs.
  - A summary of the reasons for deviations in payment programs.
  - A summary of the reasons for deviations in cash flow.
  - A general summary of the movement of appointments, resignations, and terminations compared to the budget, according to the general budget statistics.
6. An executive summary for the government entity, approved by the head of the government entity (or their equivalent), shall be attached to the final statements, clarifying the following:
  - The most important achievements of the government entity with a financial impact, in terms of revenue development, expenditure rationalization, preservation of public funds, in addition to the implementation of budget initiatives, and employee development and training.
  - A summary of the results for the year 2017 compared to the budget for the same year and previous years.
  - The most important legislative and structural changes that occurred in the government entity.
  - A future outlook on the government entity's vision for the year 2018.
  - The most important obstacles and problems facing the government entity in implementing its budget.
7. The report(s) of the Financial Audit Authority for the fiscal year 2017 (if any), and the actions taken thereon, shall be attached to the draft subsidiary final account of the concerned government entity.
8. The government entity shall retain one copy of the draft subsidiary final account and its attachments. A copy shall be sent to the Financial Audit Authority, and another copy shall be sent to the Department of Finance, along with an electronic copy, by 31/01/2018 at the latest.
9. The Financial Audit Authority shall audit all subsidiary final accounts and provide the concerned entities and the Department of Finance

with the results of its audit of these accounts by 28/02/2018 at the latest.

10. Government departments shall study and resolve the observations of the Financial Audit Authority, in addition to any observations the Department of Finance deems necessary to correct, and clarify the reason for anything that was not resolved. A response to the report shall be sent to both the Financial Audit Authority and the Department of Finance, with the amended and duly approved subsidiary final financial statements attached, by 12/03/2018 at the latest.

## **Fifth**

### **Procedures for Preparing the General Final Account and Financial Position of the Government of Ajman and their Approval Procedures**

1. The Department of Finance shall prepare the draft General Final Account and Financial Position of the Government of Ajman for the fiscal year ending on 31/12/2017 after receiving the complete amended subsidiary final financial statements from the government departments, in accordance with the Unified Financial System of the Government of Ajman. It must be completed and sent to the Financial Audit Authority by 29/03/2018 at the latest, including detailed statements, reports, and the draft decree for the final account.
2. The Financial Audit Authority must review the draft General Final Account and Financial Position of the Government of Ajman and provide the Department of Finance with its final report, including its opinion, by 15/04/2018 at the latest. If its final report, including its opinion, is not submitted within this period, the draft General Final Account shall be considered accepted by it, and the General Final Account and Financial Position shall be deemed to fairly represent the financial position of the Government of Ajman as of 31/12/2017, and its financial performance, cash flows, and changes in net assets for the fiscal year ending on that date.
3. After the Department of Finance receives the report with the observations and opinion of the Financial Audit Authority on the draft General Final Account and Financial Position of the Government of Ajman, or upon the expiration of the specified period above without

- any observations being made, the Department of Finance shall prepare the draft General Final Account and Financial Position of the Government of Ajman in its final form by 26/04/2018 at the latest.
4. The Department of Finance shall prepare the detailed financial report of the Government of Ajman for the fiscal year ending on 31/12/2017, attached with the draft General Final Account and Financial Position of the Government of Ajman for the fiscal year ending on 31/12/2017, and the Department of Finance's report on the draft General Final Account of the Government of Ajman. It shall present it to the Ruler's Representative for Administrative and Financial Affairs for approval by 30/04/2018 at the latest.
  5. After the approval of the Ruler's Representative for Administrative and Financial Affairs on the draft General Final Account and Financial Position of the Government of Ajman for the fiscal year ending on 31/12/2017, the Department of Finance shall, within one week, submit its report on the draft General Final Account and Financial Position of the Government of Ajman for the fiscal year ending on 31/12/2017 to the Executive Council for its review and to provide any observations thereon, within one month from the date the report is sent to the Executive Council.
  6. After receiving the recommendations of the Executive Council or upon the expiration of one month from the date the Department of Finance's report was sent to the Executive Council, the Department of Finance shall study the recommendations of the Executive Council (if any), take necessary actions regarding them, and then submit the draft decree for the approval of the General Final Account and Financial Position of the Government of Ajman for the fiscal year ending on December 31, 2017, to His Highness the Ruler of the Emirate for his approval and issuance.
  7. The results of the implementation of the Government's General Budget for the fiscal year ending on 31/12/2017 shall be closed to the General Reserve Account of the Government of Ajman at the Department of Finance within one week of receiving the decree approving the General Final Account.

## **Sixth**

### **Independent Entities or Entities in which the Government Participates**

The Department of Finance shall coordinate with independent entities or entities in which the government participates to obtain their approved final financial statements for the fiscal year 2017, in light of the deadlines specified in the legislation regulating those entities.

## **Seventh**

### **Concluding Provisions**

1. All government departments must provide the Department of Finance and the Financial Audit Authority with photocopies of the decisions forming the annual inventory committees, and the dates and locations for conducting the inventory, by Thursday, 23/11/2017 at the latest. Thereafter, approved copies of all inventory records, reports, and adjustments must be sent by Thursday, 04/01/2018 at the latest.
2. The end of the working day on Sunday is considered the last working day of the fiscal year 2017.
3. All departments and entities to which this circular applies must adhere to the deadlines mentioned herein, comply with the instructions of the Department of Finance, and provide all data, reports, and documents required by either the Financial Audit Authority or the Department of Finance on the specified dates. The Department of Finance shall follow up on the implementation of this circular, communicate it to the concerned entities for its application, and it shall be effective from the date of its issuance.

**Ahmed bin Humaid Al Nuaimi**  
**The Ruler's Representative for Administrative and Financial Affairs**

**Attachments**  
**Timetable No. (1)**

**Regarding the procedures for preparing the draft General  
Final Account of the Government of Ajman for the fiscal year  
ending on  
31/12/2017  
and closing the results of budget implementation in the  
General Reserve Account at the Department of Finance**

**Timetable No. (2)**

<b>No.</b>	<b>General Procedures</b>	<b>Deadline</b>
1	Preliminary procedures on the Mawared system for preparing the subsidiary final statements of government departments according to Table No. (2)	15/01/2018
2	Procedures for preparing the draft subsidiary final statements for departments	15/01/2018
3	Government departments prepare their subsidiary final financial statements, have them duly approved, retain a copy, and send copies to both the Financial Audit Authority and the Department of Finance	31/01/2018
4	The Financial Audit Authority sends the audit results of all subsidiary final statements to the concerned entities and the Department of Finance	28/02/2018
5	Government departments study and resolve the observations of the Financial Audit Authority, in addition to any observations the Department of Finance deems necessary to correct, clarifying the reason for anything not resolved, and sending the response to the report attached with it	12/03/2018

No.	General Procedures	Deadline
6	Preparation of the draft General Final Account by the Department of Finance	29/03/2018
7	The Department of Finance receives the final report of the Financial Audit Authority on the draft General Final Account for the year 2017	15/04/2018
8	After receiving the report with observations and opinion of the Financial Audit Authority on the draft General Final Account and Financial Position of the Government of Ajman or upon the expiration of the specified period above without any observations, the Department of Finance prepares	26/04/2018
9	Presentation of the financial report and the draft General Final Account to the Ruler's Representative for Administrative and Financial Affairs for approval	30/04/2018
10	The Department of Finance sends its report on the draft General Final Account and Financial Position of the Government of Ajman for the year	One week from the approval of the Ruler's Representative on the draft account
11	The Department of Finance studies the recommendations of the Executive Council (if any), takes necessary actions, and then submits the draft decree for the approval of the General Final Account	One month from the date the Department of Finance sent its report to the Council
12	Closing the results of the budget implementation for the fiscal year 2017 in	One week from the decree approving the final account

No.	General Procedures	Deadline
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the General Reserve Account at the  
Department of Finance

## Preliminary Procedures on the Mawared System for Preparing the Draft Subsidiary Final Statements for Government Departments

### Timetable No. (3)

No.	Procedure	Implementation Date
1	Last date to issue a purchase request and approve any pending purchase requests.	23/11/2017
	Ensure cancellation of all unapproved purchase requests.	04/12/2017
2	Last date to conclude contracts that create financial obligations for the fiscal year 2017, provided their actual execution period does not exceed the end of the fiscal year 2017. Government departments are prohibited from concluding contracts that create financial obligations for the fiscal year	04/12/2017
3	Last date to make an approved transfer or additional appropriation between budget allocations.	07/12/2017
4	Last date to issue a purchase order and approve any pending purchase orders.	14/12/2017
	Ensure cancellation of all purchase orders for which approval procedures have not been completed and cancellation of all purchase requests not converted to purchase orders.	17/12/2017

<b>No.</b>	<b>Procedure</b>	<b>Implementation Date</b>
5	Completion of all employee salary procedures	25/12/2017
6	Completion of entering all materials received up to 31/12/2017 and ensure	02/01/2018
7	Completion of preparing the necessary entries for inventory adjustments	02/01/2018
8	Disencumber any purchase orders not received (fully or partially) from the 2017 budget and re-encumber them from the 2018 budget	07/01/2018
9	Completion of recording accrued revenues for 2017	07/01/2018
10	Last date to enter a payment invoice for the year 2017	07/01/2018
11	Completion of all procedures for valuing investments that need valuation, and assets and liabilities in foreign currencies according to the unified financial system	07/01/2018
12	Complete procedures for all invoices and delete any invoice in the payments ledger	10/01/2018
13	Closing the payments ledger	10/01/2018
14	Closing inter-departmental balances at the end of the fiscal year 2017	07/01/2018
15	Completion of bank reconciliations and settlement of any discrepancies	07/01/2018
16	Completion of all procedures related to the asset register and ensuring its conformity with	10/01/2018



<b>No.</b>	<b>Procedure</b>	<b>Implementation Date</b>
	the balances of asset and accumulated depreciation accounts	
17	Ensure all operations for the fiscal year ending on	14/01/2018
18	Closing financial accounts and electronic systems according to proper procedures after ensuring all financial operations are recorded on an accrual basis.	15/01/2018

### **Procedures for Preparing the Subsidiary Final Financial Statements for Government Departments**

<b>No.</b>	<b>Procedure</b>	<b>Implementation Date</b>
1	Provide the Department of Finance and the Financial Audit Authority with copies of the decisions forming the inventory committees (petty cash, warehouses, and assets)	23/11/2017
2	Completion of the comprehensive inventory of warehouses, with inventory work starting on any day after 03/12/2017	14/12/2017
3	Completion of the comprehensive inventory of properties	14/12/2017
4	Inventory of petty cash by the end of the day	31/12/2017
5	Inventory of receipt vouchers, checks, and papers and publications of value	31/12/2017
6	Inventory of bank guarantees and guarantee checks	31/12/2017
7		31/12/2017

No.	Procedure	Implementation Date
	Closing the receipts fund and depositing all receipts collected up to 31/12/2017 into the receipts account	
8	Prepare a report on the last financial documents executed at the end of the working day on 31/12/2017 and send it to the Department of Finance	02/01/2018
9	Provide the Department of Finance and the Financial Audit Authority with approved copies of all inventory records, reports, and adjustments.	04/01/2018
10	Date for the Department of Finance to send bank reconciliation letters for the fiscal year 2017 and provide departments with a copy.	02/01/2018
11	Completion of confirmation of accounts receivable exceeding AED 5,000	08/01/2018
12	Completion of all other procedures related to the final statements	15/01/2018