

Financial Circular No. (3) for the year 2023
Regarding the preparation of the general final account and the financial
position of the Government of
Ajman
for the fiscal year ending on December 31, 2023.

Based on Article (34) of Emiri Decree No. (11) of 2011 issuing the Financial Law of the Government of Ajman and the requirements for preparing the general final account and the financial position of the Government of Ajman for the fiscal year ending on December 31, 2023, without delay, we direct the following:

First

Scope of the Circular's Application

The provisions of this circular apply to all departments, administrations, and entities affiliated with the Government of Ajman whose budgets are included in the annual general budget of the Government of Ajman, as well as entities with independent budgets and companies wholly owned by the Government of Ajman to the extent specified in section six of this circular.

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 for the following:

- 1- To show the true financial position of the Government of Ajman, 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.
- 2- To 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 revenues during the ended fiscal year with their final approved estimates to show the deficit or surplus.
 - Actual expenses during the ended year with their final approved estimates to show overspending or unused appropriations.
 - Projects implemented during the year with their final approved estimates to show overspending or unused appropriations.
 - Capital additions implemented during the ended year with their final approved estimates to show overspending or unused appropriations.

3- To match the actual revenues during the ended year with the actual expenditures during the same year to show the result of the implementation of the government's general budget for the concerned fiscal year, whether it is a surplus or a deficit.

4- To state the changes that occurred to the government's general budget after its issuance and during its implementation, such as additional appropriations and transfers, to understand the justifications and reasons for them.

5- To show the performance of government departments and their ability to implement the programs and initiatives included in their budgets, to ensure the completion of the work and tasks assigned to them, what desired goals and results were achieved, and to identify the changes that hindered the implementation process.

6- To identify public funds frozen in stagnant materials and items in government warehouses, given the clarifications and information provided by the general final account about their value, which allows decision-makers to take the necessary action regarding them.

Third

Preliminary Procedures for Preparing the Draft Subsidiary Final Account of the Government Department for the fiscal year ending on December 31, 2023

All government departments must strictly adhere to these instructions and complete all preliminary work on the current Mawared system to prepare the subsidiary final financial statements by no later than 19/01/2024, as detailed below:

1- Regarding procurements, the following shall be observed:

- a. The last date to issue a purchase request is 08/12/2023.
- b. The last date to approve or cancel all purchase requests whose approval procedures have not been completed on the Mawared system for the fiscal year 2023 is 15/12/2023.
- c. The last date to conclude contracts that create financial obligations for the fiscal year 2023 is 18/12/2023, provided that their actual implementation period does not exceed the end of the fiscal year 2023. Government departments are prohibited from concluding contracts that create financial obligations for the fiscal year 2024 without obtaining the approval of the Department of Finance.
- d. The last date to issue a purchase order is 18/12/2023, provided that the implementation period does not exceed the end of the fiscal year 2023.
- e. The last date to approve or cancel all purchase orders whose approval procedures have not been completed on the Mawared system for the fiscal year 2023 is 20/12/2023.
- f. The last date to cancel all unapproved purchase requests, and approved ones that have not been converted into purchase orders, as well as purchase orders whose

approval procedures have not been completed, all of which are still pending in the Mawared system, is 22/12/2023.

g. The last date to cancel purchase orders that have not been received in full or to cancel the unreceived portion of partially received purchase orders on the Mawared system is 09/01/2024.

2- Regarding warehouses, the following shall be observed:

a. To begin comprehensive inventory of warehouses, workshops, and subsidiary and personal custodies on any day after 01/12/2023, to be completed no later than 22/12/2023.

b. The last date to cancel all internal disbursement requests for materials from warehouses to departments and sections whose approval procedures have not been completed and are still pending in the Mawared system for the fiscal year 2023 is 22/12/2023.

c. To complete the registration of all inventory transactions and requests, whether receipt, transfer, issuance, or return, pertaining to the fiscal year 2023, by no later than 03/01/2024.

d. To prepare the necessary entries for inventory adjustments for warehouses, if any, by no later than 10/01/2024.

3- Regarding salaries, the following shall be observed:

a. To complete the preparation of monthly payrolls and the procedures for transferring salaries to employee accounts by no later than 26/12/2023.

b. The last date to perform any quick payment transaction is 29/12/2023.

c. To complete the entry of all amendments to the payrolls and post the December 2023 salary entry to the general ledger by no later than 29/12/2023.

4- Regarding amendments to the approved annual budget, the following shall be observed:

a. The last date to submit a request for additional appropriation is 04/12/2023, with all supporting documents attached.

b. The last date to request a financial transfer under the authority of the Ruler's Representative is 04/12/2023.

c. The last date to make a financial transfer under the authority of the government department is 27/12/2023.

d. Government departments may request corrective adjustments after the above date that affect the accuracy and correctness of their subsidiary financial data, after coordinating with and obtaining the necessary approvals from the Department of Finance.

5- Regarding banks and bank reconciliations, the following shall be observed:

- a. To complete the recording and entry of all daily funding operations on bank accounts that are fed from the treasury account by no later than 02/01/2024.
- b. To complete bank reconciliations for all bank accounts by no later than 09/01/2024.

6- Regarding receipts, the following shall be observed:

- a. To deposit all collected receipts for the year 2023 into the designated bank account by the end of the business day on 31/12/2023.
- b. To complete the recording and entry of all collected government revenues for the fiscal year 2023 and to record any revenues accrued to the concerned department up to 31/12/2023 that have not been collected, by no later than 12/01/2024.

7- Regarding payments, the following shall be observed:

- a. To inventory the imprest funds that have been exempted by the Director-General of the government department and are required to be maintained by 31/12/2023, with the amounts disbursed from them pertaining to the fiscal year 2023 being reimbursed by no later than 04/01/2024, and the remaining imprest funds closed before the end of the business day on 28/12/2023.
- b. To inventory bank guarantees and guarantee checks (if any) by no later than 31/12/2023.
- c. To complete the recording of the last payment invoice received pertaining to the fiscal year 2023 by no later than 11/01/2024, and to delete any invoice in the payment register with incomplete procedures by no later than 12/01/2024.
- d. To complete the entry of any expenses accrued by the concerned department up to 31/12/2023 by no later than 12/01/2024.

8- Regarding fixed assets, the following shall be observed:

- a. To begin a comprehensive inventory of fixed assets on any day after 01/12/2023, with the comprehensive inventory of fixed assets and any other assets to be completed no later than 22/12/2023.
- b. To prepare the necessary entries for asset inventory adjustments, if any, by no later than 04/01/2024.
- c. To complete the registration of all fixed assets and projects under construction received during the year pertaining to the fiscal year 2023, on their actual receipt date in the asset register, and to ensure the capitalization of projects completed as of 31/12/2023 and their transfer to the relevant asset item by no later than 12/01/2024.
- d. To complete the recording and posting of the depreciation entry for fixed assets/ amortization of intangible assets up to 31/12/2023, and to ensure the register matches the balances of asset accounts and accumulated depreciation by no later than 15/01/2024

9- Regarding the general ledger, the following shall be observed:

- a. To complete all valuation procedures for investments that require valuation, and any other financial assets or liabilities in foreign currencies, by no later than 15/01/2024.
- b. To send confirmation request letters for accounts receivable balances exceeding AED 10,000, related parties, and government funding accounts as of 31/12/2023, by no later than 04/1/2024, stipulating in the confirmation request letters that if no objection or notification is received from the entity to the department within (5) working days, it will be considered a confirmation of the correctness of the balance, with reconciliations to be completed by no later than 16/01/2024
- c. To complete the preparation of the tax return data for the fourth quarter of 2023 and send the tax reports extracted from the subsidiary systems and the general ledger to the Department of Finance by no later than 19/01/2024, after ensuring the registration of all financial transactions related to input and output tax, as well as closing the balances of input and output tax accounts in the inter-departmental relations account, closing the balances of the reverse charge debit and credit accounts, and settling any dues between departments and the Department of Finance within the inter-departmental tax relations account by no later than 17/01/2024.
- d. To ensure that all transactions pertaining to the fiscal year ending on 31/12/2023 are recorded on an accrual basis in the electronic Mawared system, and to complete all reconciliations and adjustments between the subsidiary systems and the general ledger by no later than 19/01/2024.
- e. The preliminary closing date for financial accounts, electronic systems, and all subsidiary programs and applications for the general ledger will be 19/01/2024.

Fourth

Controls and Procedures for Preparing the Draft Subsidiary Final Account of the Government Department for the fiscal year ending on December 31, 2023

- 1- All government departments must apply and implement the procedures stipulated in section three of this circular and complete all procedures for preparing their subsidiary final financial statements for the fiscal year ending on 31/12/2023, after ensuring that all financial transactions are recorded on the accrual basis used in the Government of Ajman, by no later than 19/01/2024.
- 2- The government department and its competent financial unit are responsible for the accuracy of their final data, accounts, and attached reports.
- 3- Each government department shall prepare an electronic file for its final account (financial statements), which includes the following:
 - a. A declaration and pledge form confirming the accuracy of the data contained in the draft subsidiary final account, to be approved by its chief financial officer.

b. Financial statements according to the attached form, which includes:

- Statement of financial position
- Statement of financial performance
- Statement of changes in net assets/equity account.
- Statement of cash flows.
- Notes, which include a summary of significant accounting policies and other explanatory notes, especially notes on related parties, contingent liabilities of the departments, and financial or in-kind support.

c. Detailed statements for the following data:

- Returned checks (according to the attached form - No. (1))
- Checks under collection and their confirmation with the bank (according to the attached form - No. (2))
- Accounts receivable (according to the attached form - No. (3))

d. A statement comparing estimated and actual amounts according to the (AG FUNDS-AVAILABLE) report, which should include a general report clarifying the following:

- A summary of the reasons for the variance in revenue activities if the variance percentage (positive/negative) exceeds 5%.
- A summary of the reasons for the variance in expenditure programs if the variance percentage (positive/negative) exceeds 5%.

4- The government department shall retain a copy of the subsidiary final account file, and a copy shall be sent to both the Financial Audit Authority and the Department of Finance by no later than 26/01/2024.

5- The Financial Audit Authority shall exercise its oversight on the draft subsidiary final accounts, discuss its observations, and amend them in coordination with the government departments, including the government departments making corrective financial transfers that affect the accuracy and correctness of their subsidiary financial data after coordinating with the Department of Finance. The government department must issue its audited subsidiary final account and provide the Department of Finance and the Audit Authority with a copy by no later than 04/03/2024.

6- The Financial Audit Authority shall send its report on the draft subsidiary final accounts of the government departments and a copy to the Department of Finance by no later than 04/03/2024.

Fifth
Controls and Procedures for Preparing and Approving the Draft General Final Account

**and Financial Position of the Government of Ajman
for the fiscal year 2023**

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 31/12/2023 based on the audited subsidiary final accounts of the government departments. It shall be sent to the Financial Audit Authority, including detailed data and the draft decree for its approval, by no later than 26/03/2024.

2- The Financial Audit Authority must provide the Department of Finance with a final report on the results of its review of the draft general final account of the Government of Ajman and the draft decree for its approval, including observations, points of disagreement between the Authority and the relevant audited entity, the Authority's opinion on the financial position of the Government of Ajman, and the results of the performance evaluation of the audited entities included in the annual budget of the Government of Ajman, by no later than 02/04/2024.

3- After the Department of Finance receives the final 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, it shall prepare the draft general final account and financial position of the Government of Ajman in its final form and present a detailed report on it to us by no later than 12/04/2024.

4- After our approval of the draft general final account and financial position of the Government of Ajman for the fiscal year ending on 31/12/2023, the Department of Finance shall submit a report on it to the Executive Council by no later than 15/04/2024 for their review and to provide any

notes thereon, and it is then presented to His Highness the Ruler of the Emirate, may God protect him, for his approval and issuance by an Emiri Decree.

5- The Department of Finance shall coordinate with government departments to close the (surplus/deficit) of the financial performance for the fiscal year ending on 12/31/2023 in the general reserve account of the Government of Ajman at the Department of Finance, close the balances of inter-departmental relations accounts in the government financing account, and finally close the 2023 accounts, within five working days after receiving the decree approving the general final account.

Sixth

**Government Agencies with Independent Budgets and Companies Wholly
Owned by the Government of Ajman**

Government agencies with independent budgets and companies wholly owned by the Government of Ajman must implement the following, without prejudice to their establishment or reorganization legislation or their articles of association:

1- Prepare their accounts and financial statements for the year 2023 in accordance with their approved financial systems, accounting standards, and principles.

2- Provide the Department of Finance with their financial statements for the year 2023 immediately upon their approval.

3- Transfer the surplus of their revenues or the government's due share of their profits for the fiscal year (2023) no later than the end of April 2024.

Seventh

Concluding Provisions

1- All government departments must provide the Department of Finance and the Financial Audit Authority with certified electronic copies of the decisions to form the annual inventory committees, and the dates and locations for conducting the inventory, no later than 11/29/2023.

2- 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 by the specified deadlines. The government department shall bear the responsibility for any consequences arising from its non-compliance. Note that no government department will be exempted from the mentioned deadlines or granted an extension for the specified dates for closing any of the accounting systems.

3- The financial units in government departments must adhere to the following:

a- Coordinate with their concerned departments to account for all goods and services received during the year that pertain to the fiscal year 2023 and for which invoices have not yet been submitted, so that they can be recognized and recorded under accrued expenses.

b- Ensure the assessment and recording of all expenses related to the fiscal year 2023 that may be paid in subsequent fiscal years and make the necessary provisions for them (provision for leave, provision for end-of-service benefits, legal provisions, and any other provisions).

c- Communicate with the concerned units (technical and consulting units supervising the follow-up of capital projects) to ensure the determination of project completion percentages as of 12/31/2023, so they can be recognized and completed projects can be transferred to the relevant asset item.

d- Ensure that the fiscal year 2023 is charged with its related expenses. If any expenses have been paid that relate to subsequent periods, they must be recorded under their respective prepaid expense items.

e- Ensure that all revenues collected during the fiscal year 2023 that pertain to services to be provided in subsequent fiscal years are shown as liabilities under the specific items for unearned/deferred revenues.

f- Make the necessary accounting estimates to record transactions for which data is not available at the date of preparing the subsidiary final account and which must be recorded on an accrual basis.

Eighth

Circulation of the Circular

The Department of Finance shall be responsible for communicating this circular to the departments and entities concerned with its application, and it shall be effective from the date of its issuance.

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

Issued on: 06/11/2023