

## **Law No. (8) of 2017 Concerning Procurement, Tenders, Auctions, and Warehouses for the Government of Sharjah**

We, Sultan bin Muhammad Al Qasimi, Ruler of the Emirate of Sharjah,

- Having reviewed Law No. (2) of 1999 concerning the establishment of the Executive Council of the Emirate of Sharjah, its internal regulations, and its amendments,
- And Law No. (3) of 1999 concerning the establishment of the Consultative Council of the Emirate of Sharjah, its internal regulations, and its amendments,
- And Law No. (4) of 2017 concerning the Financial System of the Government of Sharjah,
- And Amiri Decree No. (1) of 1992 concerning the establishment of the Financial Audit Department and its amendments,
- And Amiri Decree No. (28) of 2007 concerning the establishment and organization of the Central Finance Department in the Emirate of Sharjah and its amendments,
- And Executive Council Resolution No. (4) of 2002 regarding the Procurement, Tenders, and Auctions Regulation for the Departments, Institutions, and Authorities of the Government of Sharjah,
- And based on the approval of the Executive Council and the Consultative Council of the Emirate of Sharjah,

And for the public interest,

We have issued the following Law:-

### **Article (1) Definitions**

In the application of the provisions of this Law, the following words and phrases shall have the meanings assigned to each of them, unless the context otherwise requires:

**The State:** The United Arab Emirates.

**The Emirate:** The Emirate of Sharjah.

**The Government:** The Government of the Emirate.

**The Council:** The Executive Council of the Emirate.

**The Department:** The Central Finance Department in the Emirate.

**Government Entities:** Government departments, authorities, and institutions, and the like, which aim to provide a public service and whose operational and capital budgets are funded from the public treasury of the Government or are attached to it or are independent and do not operate on a commercial basis.

**Independent Entities:** Government authorities and institutions that are financially and administratively independent, fund their operational and capital operations from their own resources, and operate on a commercial basis.

**Government Companies:** Legal entities wholly or partially owned by the Government, whose budget is funded from the public treasury of the Government, and which enjoy financial and administrative independence, participate in the development of the national economy, and engage in work of an economic or commercial nature.

**Government Resource Management System:** The government financial system which includes all financial programs necessary for managing government financial resources.

**Executive Regulation:** The Executive Regulation of this Law.

**Public Procurement:** All operations that regulate the procedures for purchasing and importing materials, services, or works from suppliers for the benefit of the Government through one of the methods specified in the Executive Regulation.

## **Article (2) Scope of Application**

1. The provisions of this Law shall apply to all Government Entities and Companies.
2. All provisions of this Law shall not apply to Independent Entities, and only certain provisions exclusively specified in this Law shall apply to them.
3. The Council may exempt any of the Government Entities and Companies from all or some of the provisions of this Law.

## **Article (3) Objectives**

This Law aims to achieve the following:

1. To apply a unified and comprehensive policy for public procurement for Government Entities that ensures the proper implementation of government directions and priorities.
2. To create and develop policies, technologies, and systems for public procurement and its procedures according to the best modern practices.
3. To simplify public procurement procedures while observing the principles, foundations, and rules of sound financial and administrative control, which are regulated by legislation and procedural guides in this regard.
4. To ensure transparency and achieve equality and competition among suppliers.
5. To apply the best standards in the field of managing public procurement, tenders, auctions, and warehouses and to develop them in line with government policy.
6. To oblige Government Entities and Companies to use advanced technological systems and to update them continuously to meet the needs of customers, in coordination with the concerned authorities in the Emirate.
7. To raise efficiency and effectiveness and improve the level of functional performance in implementing public procurement, tenders, auctions, and warehouse operations and to achieve financial savings in contracting and purchasing operations, without prejudice to the required level of quality and specifications.

#### **Article (4) Public Procurement**

1. Purchasing operations and the organization of contracting procedures shall be carried out using one of the following methods:
  - a. Public Tender.
  - b. Limited Tender.
  - c. Practice.
  - d. Direct Order.
2. Modern applications in the field of electronic tenders shall be used, and in their absence, other alternative means may be used in this field.

#### **Article (5)**

All Government Entities and Companies are obliged not to contract for or issue any tenders or implement any projects not included in their budgets, and they must use the financial allocations for the purposes designated for them, taking into account the actual need and economic feasibility studies of the projects.

### **Article (6)**

The rules and procedures stipulated in this Law, its Executive Regulation, and the decisions issued thereunder shall apply to purchasing and contracting operations, and it is not permissible to divide the procurement of works and services for that purpose. Tenders.(1)

### **Article (7) Tenders**

Before launching operations for the purchase and import of items, supplies, and contracting works in public tenders, Government Entities must do the following:

1. Set detailed specifications for the items to be supplied or the works to be executed and the conditions for this execution.
2. Attach all detailed plans, drawings, and schedules that show the stages and procedures of execution and the penalties resulting from breaching the contract provisions.
3. Specify the specifications of the required items and the general conditions of the contract.
4. Not to specify a particular type or brand name.

### **Article (8)**

The Government Entity may seek the assistance of specialists from other Government Entities, or specialized houses of expertise when setting the specifications and conditions for the items to be supplied, in order to ensure obtaining materials with standard specifications and high quality.

### **Article (9)**

1. A public tender is a set of administrative and technical procedures announced inside or outside the State.
2. The tender procedures must be specific and fair to select the best bids and suppliers from both financial and technical aspects.

3. The Executive Regulation shall regulate the controls and procedures of the public tender and the conditions to be met by the tenderers.

4. A public tender may not be announced until after its conditions and documents have been reviewed from the financial, technical, and legal aspects in accordance with the provisions of Article (7) of this Law.

### **Article (10) Auctions**

The process of selling or leasing any government properties, assets, and others shall be through a public auction and shall be conducted in accordance with the best practices and standards of transparency. The Executive Regulation shall specify the procedures for the public auction.

### **Article (11)**

With the approval of the Department, the Government Entity may sell items in its warehouses to any other Government Entity. The sale shall be at the prices at which these items are recorded in the records of the Government Entity. The quantity remaining in the warehouse and the actual needs of the selling Government Entity shall be taken into account when selling.

### **Article (12)**

With the approval of the Department, the Government Entity may sell assets and materials whose operation has become uneconomical, as well as damaged, obsolete, empty, or scrap items that are inventoried by the warehouse management or the unit responsible for them at the Government Entity after the completion of the annual inventory process, by way of public auction. The sale of these items is not permitted except upon the recommendation of a committee formed for this purpose in each Government Entity.

### **Article (13) Contracts**

Contracting for the purchase of materials, services, and works contracting shall be through public tender, limited tender, practice, or direct order, in accordance with the rules and procedures specified by the Executive Regulation.

### **Article (14)**

The period specified for supply shall begin from the day following the notification of the supplier with the supply order, unless otherwise agreed.

The period specified for the execution of works contracts and contracting shall begin from the date of handing over the site to the contractor. The Executive Regulation shall clarify the mechanism and procedures for handover.

### **Article (15)**

1. The Government Entity has the right to amend the contract it concludes by increasing or decreasing in supply contracts and works contracting contracts, without the supplier or contractor having the right to increase the contracted price or claim any compensation for that.
2. The Executive Regulation shall determine the percentages for amending the contract by increase or decrease for supply contracts and works contracting contracts.

### **Article (16)**

The supplier or contractor may not assign the contract or the amounts due to him, in whole or in part, to another party, except after obtaining the written approval of the Government Entity. If the Government Entity approves the assignment of the contract, the supplier or contractor shall remain responsible with the assignee for the execution of the contract.

### **Article (17)**

Government Entities may terminate the contract and confiscate the final bond, without prejudice to their right to claim damages, in the following cases:

- a. If the supplier or contractor uses fraud or manipulation in his dealings with the Government Entity.
- b. If it is proven that the supplier or contractor has initiated, by himself or through others, directly or indirectly, to solicit a government employee or collude with him to the detriment of the Government Entity.
- c. If the supplier or contractor goes bankrupt or becomes insolvent.
- d. If the supplier or contractor withdraws or stops completing his work.
- e. Any other cases that the Government Entity deems necessary to include in the contract.

## **Article (18)**

- a. The contractor must comply with the applicable legislation regarding workers and ensure protection and public safety at the work site from dangers and damages that may affect workers, others, or neighboring properties due to him or the execution of his work.
- b. The Government Entity has the right to repair the damage and rectify the defect at the contractor's expense, either by deducting from his dues or from the amount of the final bond.

## **Article (19) Warehouses**

1. A Government Entity may have its own warehouse for receiving, storing, and dispensing types of materials purchased or acquired in accordance with the provisions of this Law.
2. The Executive Regulation shall specify the controls and procedures that show the method of managing warehouses.

## **Article (20)**

1. Each warehouse shall have a keeper or keepers according to the work needs. The Executive Regulation shall specify the responsibility of the warehouse keepers.
2. The Government Entity shall, in accordance with the estimated budget for public procurement, set a policy for supplying its warehouses in light of the proposal of its constituent units and the estimated budget for public procurement.
3. The Government Entity shall bear its direct responsibility for security, protection, and insurance procedures for its warehouses against all potential dangers, accidents, and risks.

## **Article (21)**

1. Warehouses shall be inventoried comprehensively and by surprise partial inventory at least once a year.
2. The Executive Regulation shall regulate the inventory method, the way of forming the committees that carry it out, the inventory lists, the method of their preparation, what the inventory may reveal of violations and the investigation procedures in these violations, and how to settle inventory differences, whether surplus or deficit.

3. The Department and the Financial Audit Department shall be notified of the violations and the measures taken regarding the inventory process.

### **Article (22) General Provisions**

By a decision from the head of the Government Entity or the chairman of its board of directors or any person exercising these powers under laws and regulations related to that entity, a Tenders and Auctions Committee shall be formed in the Government Entity, competent to consider and decide on bids in accordance with the powers specified by the Executive Regulation.

### **Article (23)**

Taking into account the applicable legislation and in coordination with the competent authorities in the Emirate:-

1. Government Entities, Government Companies, and Independent Entities shall retain financial and administrative documents and records in their various forms—digital, audible, readable, and visual—that have a financial impact, for a period of not less than fifteen years from the end of the calendar year in which the consolidated financial statements for the financial year to which these documents belong are approved. Financial and administrative records and the like shall also be retained, and they may not be destroyed or disposed of.
2. The Executive Regulation shall clarify the provisions and procedures to be applied in the destruction of documents and records or the transfer of records, documents, and records that deserve permanent preservation.

### **Article (24)**

Based on the proposal of the Department, the Council shall issue by a decision the Executive Regulation, resolutions, circulars, and systems necessary for the implementation of the provisions of this Law.

### **Article (25)**

Executive Council Resolution No. (4) of 2002 regarding the Procurement, Tenders, and Auctions Regulation for the Departments, Institutions, and



Authorities of the Government of Sharjah shall remain in force until the issuance of the Executive Regulation of this Law.

### **Article (26)**

This Law shall come into force from the date of its issuance, and the concerned authorities shall implement it, each within its jurisdiction. Any provision that contradicts its provisions is hereby repealed. This Law shall be published in the Official Gazette.

Issued by us on:-

Monday: 08 Rabi' al-Awwal 1439 H

Corresponding to: 27 November 2017

Sultan bin Muhammad Al Qasimi

Ruler of the Emirate of Sharjah