

Amiri Decree No. (1) of 1992 concerning the establishment of the Financial Audit Department in the Emirate of Sharjah

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

Based on the requirements of the public interest,

Decree as follows:

Article (1)

An independent government department named the (Financial Audit Department) shall be established in the Emirate of Sharjah.

It shall be attached to the Ruler's Office and shall have a director and a sufficient number of technical and administrative employees.

Article (2)

The Department shall exercise financial oversight over the following entities:-

1. Government departments in the Emirate.
2. Public institutions and bodies affiliated with the Emirate.
3. Companies in which the Emirate holds a share of not less than (25%) of their capital, or for which the Emirate's government guarantees a minimum profit or provides a financial subsidy.
4. Any other entity that the Ruler entrusts the Department to audit.

Article (3)

In the field of oversight, the Department shall exercise the following competencies:

1. Verifying that the administrative bodies have collected, supplied, and credited the revenues due to the government to their respective accounts. To this end, the Department shall audit documents, data, and accounts to verify the accuracy of the calculation of these dues, to ensure that what is collected is what is legally due, and that the financial operations related to the collection and supply of these dues have been

carried out properly in accordance with financial and accounting laws, regulations, and systems.

2. Verifying that expenditures have been disbursed appropriately within the limits of the appropriations allocated in the estimated budget and in line with the objectives for which these appropriations were designated, and that the spending process in all its stages has been carried out in accordance with financial and accounting laws, regulations, instructions, and budget provisions. To this end, the Department shall specifically verify that appropriations have been used without extravagance, in accordance with financial and accounting laws, regulations, and budget provisions.
3. Auditing all off-budget accounts (settlement accounts) such as trusts, advances, and current accounts to verify the validity of their operations, that their figures are recorded in the accounts, and that they are supported by legal documents.
4. Monitoring the investments of the government and other public legal entities' funds to verify the soundness of the avenues in which these funds are invested and the adequacy of the return obtained in exchange.
5. Auditing warehouse and store accounts and their entries, and examining their books, records, and related documents, as well as verifying the integrity of annual inventory operations, studying the causes leading to the accumulation or spoilage of stored materials, and proposing appropriate means for the preservation and maintenance of these materials and the necessary rules for developing sound plans for supplying warehouses and stores.
6. Examining the final accounts of the entities subject to the Department's oversight, as well as the balance sheets, profit and loss accounts, and operating and trading accounts of economic sector institutions and companies subject to its oversight, and their supporting documents, to ascertain their true financial position, determine the soundness of their revenues, and define the rights of the Department and public legal entities towards them and their obligations towards them. The Department also has the right to examine the reports of their auditors.
7. Inventorying cash and securities to verify their conformity with the records.

Article (4)

Within the limits of its competencies stipulated in this Decree, the Department shall undertake the following:

1. Detecting and investigating incidents of embezzlement, negligence, and financial irregularities, examining their causes, studying the legislative and internal control system deficiencies that led to their occurrence, and proposing remedial measures.
2. Studying and examining various financial and accounting laws, regulations, and systems, and the workflow of financial operations to verify their soundness, identifying their shortcomings and deficiencies, and proposing what it deems necessary means for their reform and improvement to bring the management of the funds under its oversight to the highest level of integrity, efficiency, and accuracy.

Article (5)

The Department shall formulate the results of its audits and inspections in the form of observations, which it communicates to the competent authorities through the director of the department to which those authorities report. These authorities must provide the Department with their responses to these observations and take the necessary measures to recover lost funds, funds wrongfully disbursed, or dues that were neglected in collection, as quickly as possible.

The Director of the Department shall also prepare an annual report on each of the final accounts of the entities subject to the Department's oversight, presenting the observations and points of disagreement between the Department and the concerned entity. This report is submitted to the Ruler, and a copy is sent to the head or director of the concerned department. If the report pertains to an institution or a company, it must also be communicated to the board of directors of the institution and to the general assembly of the company thirty days before its meeting to approve the budget and final accounts.

The Director of the Department may also submit other reports during the fiscal year on matters that he deems of great importance, requiring the prompt attention of the responsible authorities.

Article (6)

The Department shall exercise its competencies stipulated in this Decree through auditing and inspection. It may inspect the bodies subject to its oversight on its own initiative or at the request of the concerned bodies themselves.

The oversight conducted by the Department may be comprehensive or selective, in accordance with the rules determined by the work plan set by the Department.

The Department has the right to audit any document, record, or paper that it deems necessary for the full performance of its oversight.

Audit operations shall be conducted at the Department's headquarters or at the headquarters of the entity where the accounts, records, and their supporting documents are located.

Article (7)

For the purposes of applying the provisions of this Decree, the following shall be considered a financial violation:

1. Violation of the financial rules and provisions stipulated in laws, systems, and regulations.
2. Violation of the provisions of the Emirate's general budget, as well as the special budgets of the bodies subject to the Department's oversight.
3. Any act, omission, or negligence resulting in the wrongful disbursement of funds under oversight, the loss of a financial right of the Emirate or one of the entities subject to the Department's oversight, prejudice to any of its financial interests, or damage to the funds under oversight.
4. Embezzlement or misappropriation of funds under oversight.
5. Incurring unnecessary expenditures not required by the public interest.
6. Failure to provide the Department with the accounts and their supporting documents within the specified deadlines, or with the papers, documents, or other items it requests for the purpose of carrying out its oversight.
7. Failure to respond to the Department's observations or correspondence in general, or delaying the response without an acceptable excuse. A response from an employee intended to procrastinate or stall shall be considered as a failure to respond.

8. Unjustified delay in informing the Department, within a maximum of fifteen days, of the penalties imposed by the competent administrative authority regarding the financial violations reported by the Department, or its failure to take such action without an acceptable excuse. In general, any act or omission that would hinder the Department from fully exercising its competencies.

Article (8)

For the purpose of investigating financial violations, the Department shall have the right to directly contact all employees and staff in the entities subject to oversight and to review any document, record, or paper it deems necessary for the investigation. It may also take all necessary measures to investigate financial violations, listen to employees and staff, and use all necessary means to preserve the funds under oversight and recover lost or wrongfully disbursed funds.

Article (9)

In order to monitor certain technical aspects in the bodies subject to its oversight, the Department may seek the assistance of experts and technicians it deems appropriate. A decision determining their remuneration and wages shall be issued by the Director of the Department for each case individually.

Article (10)

All concerned parties, each within their jurisdiction, shall implement the provisions of this Decree.

Article (11)

This Decree shall come into force from the date of its publication in the Official Gazette.

Issued by us on 3/3/1992

Sultan bin Muhammad Al Qasimi

Ruler of the Emirate of Sharjah