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## **Executive Council Resolution No. (39) of 2017**

### **Regarding**

#### **The Executive Regulation of Law No. (4) of 2017 on the Financial System of the Government of Sharjah**

We, Sultan bin Muhammad bin Sultan Al Qasimi, Crown Prince, Deputy Ruler, Chairman of the Executive Council of the Emirate of Sharjah.

Having reviewed Law No. (2) of 1999 concerning the establishment of the Executive Council of the Emirate of Sharjah and its Executive Regulation,

And Law No. (4) of 2017 on the Financial System of the Emirate 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 and its amendments,

And Executive Council Resolution No. (11) of 2007 issuing the Financial Regulation in the Emirate of Sharjah and its amendments,

And Executive Council Resolution No. (4) of 2002 on the Regulation of Purchases, Tenders, and Auctions for the departments, institutions, and bodies of the Government of Sharjah,

And based on the presentation of the Chairman of the Finance Department and the approval of the Executive Council, and as required by the public interest,

We have issued the following Resolution:-

## Chapter One

### Definitions

#### Article (1)

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

**The State:** United Arab Emirates.

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

**The Ruler:** The Ruler of the Emirate.

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

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

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

**The Law:** Law No. (4) of 2017 on the Financial System of the Government of Sharjah.

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

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

**Government Companies:** Legal entities fully or partially owned by the Government, whose budget is funded by the public treasury, enjoying financial and administrative independence, contributing to the development of the

national economy, and practicing work of an economic or commercial nature.

**The Chairman:** The chairman of the government entity or its board of directors, or their representative who exercises these powers under laws and regulations related to that entity.

**Fiscal Year:** The fiscal year of the Government is twelve months, starting on the first of January of each year and ending on the 31st of December of the same year.

**General Budget:** The estimated financial plan for public revenues and expenditures of government entities for the upcoming fiscal year, approved by law.

**Public Revenues:** Financial returns generated from government entities providing their services and practicing their various activities, which are collected in accordance with the applicable legislation.

**Public Expenditures:** Financial appropriations included in the general budget to meet the needs of government entities and companies, enabling them to perform their tasks and responsibilities, with the aim of contributing to economic and social development and achieving public benefit in light of government objectives and priorities.

**Advance:** An amount disbursed in advance to complete specific works, perform specific tasks, or meet obligations of any government entity, or those arising from contracts, agreements, or guarantees.

**Capital Expenditures:** Expenditures incurred to acquire tangible or intangible fixed assets or to implement various projects, resulting in economic benefits or cash flows extending for more than one year. This includes expenditures that result in an increase in the useful life of fixed assets or an increase in their production capacity beyond their original design.

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| <b>Current Expenditures:</b>                  | Expenditures incurred that result in economic benefits not exceeding one year, such as salaries, wages, and allowances, operational expenses, maintenance expenses, administrative expenses, general expenses, and the like. It also includes all types of aid and government subsidies.                                                                                                 |
| <b>Capital Projects:</b>                      | Construction and infrastructure projects that increase the Government's capital investment through the creation or development of capital assets such as buildings, roads, and infrastructure works, where the project includes all construction, preparation, and equipment purchase works until it is ready for operation and use, and is implemented according to specific contracts. |
| <b>Public Debt:</b>                           | All outstanding debts owed by government and independent entities, government companies, and their subsidiaries, and guarantees provided by the Government which the Government has explicitly agreed to bear.                                                                                                                                                                           |
| <b>Fiscal Policies:</b>                       | The principles, procedures, and mechanisms followed by the Government to positively influence the economic and financial activity of the Emirate by determining the volume of public spending, public revenues, public debt, taxes, and fees in order to achieve specific economic and social objectives.                                                                                |
| <b>Accounting Policies:</b>                   | A set of rules, procedures, foundations, principles, and standards determined by the Department to be followed by government entities for processing accounting transactions and preparing financial statements.                                                                                                                                                                         |
| <b>Government Resource Management System:</b> | The government financial system which includes all financial programs necessary for managing government financial resources.                                                                                                                                                                                                                                                             |
| <b>Unified Chart of Accounts:</b>             | A list of accounts (account items) used by government entities to record accounts and accounting transactions                                                                                                                                                                                                                                                                            |

and to issue financial statements. This chart includes classifications of assets, liabilities, equity, expenditures, and public revenues.

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| <b>Government Services Pricing Guide:</b> | The foundations, rules, procedures, and collection mechanism followed in determining the value of fees for new government services or amending the value of existing fees proposed by government entities, companies, and independent entities.                                                                                                                                                                                                    |
| <b>Trust Funds:</b>                       | Funds deposited in the Government's bank accounts and held until the purpose for which they were held is completed, and are repayable to the depositor or any other entitled party.                                                                                                                                                                                                                                                                |
| <b>Unified Treasury Account:</b>          | A central bank account used to manage cash flows, belonging to the Department, to which a group of bank accounts for government entities are linked. Payments are made from them, and their overdraft balance is replenished daily from the central treasury account to reach a zero balance at the end of the business day, not exceeding the approved budget balances, and all their receipts are deposited into it immediately upon collection. |
| <b>Consolidated Financial Statements:</b> | Statements prepared by the Department at the end of the fiscal year, presenting all the business results of government entities, companies, and independent entities in a consolidated financial statement, which includes: financial position, financial performance, cash flows, changes in equity, and any various related disclosures.                                                                                                         |
| <b>Final Account:</b>                     | A statement of the general budget account as a result of its implementation for the relevant fiscal year, in accordance with the principles and standards approved in this Regulation and the applicable laws and regulations.                                                                                                                                                                                                                     |
| <b>Trial Balance:</b>                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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|                                        | The periodic (monthly - annual) statement that includes the ending balances of movement in the accounts opened in the ledgers in general.                                                                                                                                                                                                                                            |
| <b>Accrual Accounting:</b>             | The basis for recording all revenues, expenses, assets, liabilities, and equity at the time the relevant economic transaction occurs, regardless of payment or receipt.                                                                                                                                                                                                              |
| <b>Cash Accounting:</b>                | The basis adopted in preparing the budget for any fiscal year, including estimates of revenues and expenditures expected to be collected or spent during that year.                                                                                                                                                                                                                  |
| <b>Carried-Forward Commitments:</b>    | Contractual financial commitments entered into by the government entity, for which purchase orders, work orders, or contracts have been issued but have not been deducted from the current year's budget appropriations. They are included as a new allocation added to other allocations in the next year's budget and have priority in payment.                                    |
| <b>Activity-Based Budgeting (ABB):</b> | A financial and economic tool to translate plans and achieve goals through the efficient allocation of resources according to the activities carried out by executive departments and other government bodies, in order to obtain outputs and results that add value to society with high quality and low costs, in light of clear and specific standard criteria for each activity. |
| <b>Sector:</b>                         | The framework that includes a group of similar and related activities, in which organizational units or activities with specific goals and objectives are grouped according to consistent and integrated work strategies and policies, to achieve specific outputs and results according to clear standard indicators and criteria.                                                  |
| <b>Activity:</b>                       | The nature and type of work performed by the department, administration, section, or any organizational unit, and the resulting specific outputs or results, whether intangible services or a specific product, to beneficiaries outside this organizational unit.                                                                                                                   |
| <b>Cost Center:</b>                    |                                                                                                                                                                                                                                                                                                                                                                                      |

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|                                | <p>Any organizational unit existing in the organizational structure of the government entity, company, or independent entity that has a specific budget and is the responsibility of a specific employee with specific powers.</p>                                                                                                                                                  |
| <b>Outputs:</b>                | <p>The quantity of goods and services provided by government entities to external beneficiaries that contribute to achieving their strategic goals and objectives and operational efficiency. It focuses on the physical measure of materials and services produced and is measured by efficiency indicators.</p>                                                                   |
| <b>Outcomes:</b>               | <p>The goal that the Government seeks to achieve in the medium term. It determines the level of impact achieved from the actual outputs. Outcomes focus on both material and non-material value, i.e., successes and impacts, which can be measured by effectiveness indicators.</p>                                                                                                |
| <b>Performance Reports:</b>    | <p>Monthly, quarterly, or annual reports on the performance of the activity-based budget in the government entity, company, or independent entity, as determined by the Department in terms of forms, deadlines, and indicators about the outputs and outcomes of the budget activities.</p>                                                                                        |
| <b>Performance Agreement:</b>  | <p>A document that specifies the targeted results, particularly the quantity, quality, and cost of the outputs expected to be provided by the activity to beneficiaries outside the government unit. It is approved after discussion by the Department and the government entity.</p>                                                                                               |
| <b>Performance Indicators:</b> | <p>Specific measures to assess the performance of government entities in their fields of work and operations. They are used to measure the level achieved and use quantitative and qualitative measurement units such as the number of units produced, the number of services provided, or percentages for measurement such as measuring the level of satisfaction of customers</p> |

or employees. They are general concepts and vary according to the objectives and work from one entity to another.

**Financial Employee:** Any government employee entrusted with receiving, safeguarding, spending, or monitoring public funds, or organizing financial documents, making accounting entries, or posting them to the designated records, cards, and forms, and preparing financial statements, final accounts, or various financial and accounting reports. And any employee entrusted with the tasks of public financial management, cost accounting, measuring and monitoring financial performance, financial analysis and planning, preparing performance reports on the budget, and analyzing and reviewing government spending.

**Internal Financial Control:** All control, preventive, detective, and corrective checks, rules for forming audit committees and their competencies and powers, and rules for disbursing and collecting public financial resources and defining the responsibilities and powers regulating that, which are established by the Department or government entities, companies, and independent entities.

**Internal Financial Control Unit:** The administrative unit established in each government entity, company, or independent entity to exercise the prescribed competencies in the field of financial control before disbursement for the implementation of the budget, verifying prior commitment, reviewing disbursement documents to ensure their correctness and the soundness of their procedures and their compliance with financial legislation and instructions, and verifying all supporting documents for disbursement.

## **Chapter Two**

### **Competencies and Tasks of the Department**

#### **Article (2)**

To achieve the objectives of the Law, the Department shall be committed to the following:

- 1- Supervising the implementation of the provisions of the Law and its Executive Regulation and clarifying the technical procedures contained therein. The circulars, interpretations, and clarifications issued by it are binding on all entities to which the provisions of the Law and its Executive Regulation apply.
- 2- Proposing fiscal policies and their implementation mechanisms, and conducting the necessary coordination regarding them with the competent authority for managing monetary policy and presenting them to the Council.
- 3- Proposing financial ceilings for the budgets of government entities and companies in light of the Government's medium-term expenditure framework and presenting them to the Council.
- 4- Managing the government resource management system and working on its development in line with the strategic directions of the Government.
- 5- Preparing the general budget and monitoring its implementation.
- 6- Issuing instructions and determining appropriate financial and accounting policies and procedures for the implementation of the general budget and the Government's strategic programs.
- 7- Preparing and adopting procedural guidelines and accounting policies regarding the financial system, modern applications, and practices, monitoring their application, and providing the necessary support for this to enable government entities to improve their performance, control, and financial efficiency.
- 8- Proposing a policy to address the deficit in the Government's general budget and presenting it to the Ruler or the Council.

9- Preparing periodic financial reports, the consolidated final account, and the consolidated financial statements of the Government in accordance with the approved accounting policies.

10- Developing a methodology for preparing and implementing the general budget to ensure the improvement of financial, economic, and social performance areas of government spending.

11- Studying and providing opinions on legislation and policies that have a financial impact.

12- Preparing a guide for pricing government services that clarifies the mechanism and methodology for the pricing process, in addition to studying and providing opinions on new fees or those proposed for amendment by government entities and independent entities, and coordinating with these entities to study their economic and social impact on the Emirate before submitting them to the Council.

13- Preparing, implementing, and monitoring the public debt management strategy and preparing reports related to it.

14- Issuing instructions and procedures that government entities must follow to close accounts in preparation for the preparation of final accounts or consolidated financial statements of the Government.

15- Studying, analyzing, and evaluating the financial performance indicators achieved by government entities and submitting periodic performance reports with specific recommendations to the Council.

16- Providing technical and advisory support for the application and use of the government resource management system in government entities.

17- Developing the skills of financial and accounting staff in applying financial and accounting systems, policies, and procedures in government entities.

18- Any other tasks assigned to the Department by the Ruler or the Council.

## **Chapter Three**

### **Obligations of Government Entities**

#### **Article (3)**

All government entities shall be committed to the following:

- 1- Preparing their draft annual budgets according to the rules issued by the Department.
- 2- Using the approved appropriations in their budgets in accordance with the prescribed legislation and for the purposes for which they were allocated.
- 3- Linking government spending to performance indicators related to their activities and work.
- 4- Developing and diversifying revenues within the framework of the legislation that regulates them.
- 5- Using the government resource management system and its associated technologies, the unified chart of accounts, and the unified treasury account, and applying the rules, accounting policies, and procedures determined by the Department to ensure efficiency in managing government financial resources.
- 6- Providing the data, information, financial reports, documents, and records requested by the Department during the fiscal year.
- 7- Preparing the financial statements (financial position, financial performance, cash flows, equity) at the end of the year according to the accounting policies approved by the Department for entities that use the accrual basis in recording their financial operations, including independent entities, and preparing the final account (revenues and expenditures) at the end of the year according to the policies and rules determined by the Department for all government entities and companies to which the provisions of this Regulation apply.
- 8- Preparing a guide for the delegation of financial and administrative powers in accordance with the provisions of the applicable legislation.
- 9- Managing the fixed assets it currently or will own in the future with efficiency and effectiveness, and according to the government asset

management policy determined by this Regulation and the guide to government asset and property policies.

10- Submitting matters with a financial impact to the Department for study and opinion before presenting them to the Council, including any matters related to the development of technical systems and their impact on the government financial resource management system.

11- Immediately reporting any financial or administrative violations that have a financial impact, and all measures taken by the government entity and company, and submitting a detailed report to both the Financial Audit Department and the Department.

## **Chapter Four**

### **The General Budget**

#### **Article (4)**

The Department is committed to preparing the general budget of the Government for the next fiscal year after studying and discussing it with government entities, companies, and independent entities, and shall submit it to the Council no later than the end of December of each year.

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

1- The general budget is approved by law, including the objectives, mechanisms, and essence of the Government's fiscal policy and the performance indicators related to the process of rationalizing and controlling spending and developing government revenues.

2- In the event that the general budget is not approved before the beginning of the fiscal year, the Department shall authorize spending from the general budget according to the applicable spending rules, and shall issue the necessary instructions for this.

3- When the general budget is approved during the fiscal year, financial and accounting measures are taken to make adjustments between the approved financial allocation for the government entity and what has been spent or transferred to this entity.

4- In the event that the approval of the general budget is delayed after the first quarter of the fiscal year, government entities shall continue to submit quarterly performance reports with all required indicators for outputs or outcomes and according to the deadlines set by the Department.

## **Article (6)**

Government entities, companies, and independent entities must observe the following principles and foundations when preparing and implementing the budget:-

- 1- Including all estimated revenues to be collected and all estimated current and capital expenditures expected to be spent during the fiscal year, including supplementary budgets or independent budgets issued by law or any other legislation related to their own financial system.
- 2- Applying the performance budget (activity-based budget) by linking the budget of government entities, companies, and independent entities to a set of financial and strategic indicators during preparation, study, analysis, and implementation, taking into account the following:-
  - a- The outputs of activities are determined by agreement between the Department and government entities and independent entities, and no activity may be added without the Department's approval.
  - b- Government entities and independent entities, in agreement with the Department, determine the targeted outputs and outcomes annually, and a performance agreement is prepared with all details related to outputs in terms of performance indicators representing quantity, quality, time, cost, and others.
  - c- The budget is prepared on a cash basis based on the principle of budget annuality, with the need to take into account the financial commitments of government entities that have not been settled in the current fiscal year and require financial allocations for them in the next year's budget.
  - d- The general budget is presented on the basis of sectors, activities, their items, and outputs, as well as on the basis of administrative division, using the functional classification of the Emirate's activities, taking into account the analysis on the basis of chapters, items, projects, and works.

e- The Department is responsible for monitoring and evaluating the financial performance of government entities by studying and analyzing the level of achievement of the outputs and outcomes agreed upon in the performance agreement.

f- The Department shall submit a quarterly report on the financial performance of the activities and their outputs, including analysis and recommendations, to the Council to take what it deems appropriate.

g- To provide the data, information, documents, records, and reports requested by the Department at the times it specifies and in accordance with the accounting policies approved by the Department.

3- Adherence to the principle of budget annuality and compliance with the allocations included in the draft budget in the details on which it was prepared.

4- Not to carry over the surplus in the budget to the next year.

5- Using budget appropriations for the purposes for which they are allocated, and it is not permissible to commit to any expense without providing the financial appropriation for it, in accordance with the following:-

a. It is not permissible to commit to or enter into procurement procedures for any items of capital expenditures from current budget appropriations without obtaining the approval of the Department.

b. Tenders shall not be issued or contracts made for the purchase of materials, services, and project contracts without approved budget allocations for them. In the case of contracts that extend beyond the fiscal year in which the contract is made, the Department's approval of the total cost must be obtained, and allocations for it must be requested for each year separately.

c- Procurement of materials and services should not be concentrated in the last months of the fiscal year with the aim of exhausting budget appropriations, except as required by the interest of the work.

6- The estimated government revenues for the fiscal year are allocated to cover all estimated public expenditures for the same fiscal year in accordance with the Government's objectives and priorities, and it is not permissible to allocate a specific revenue to cover a specific expense.

- 7- It is not permissible to make financial transfers from allocations for which a special decision is issued by the Council.
- 8- Adherence to achieving the standards of controlling and rationalizing government spending determined by the Executive Regulation to achieve efficiency in the use of financial resources.
- 9- To effectively use the electronic systems designated by the Department for the purposes of preparing and analyzing the budget and preparing its performance reports.

## **Article (7)**

It is not permissible to use the savings in the allocations of budget items for which the following principles are adopted:

- 1- The surplus of budget appropriations and additional appropriations for any government entity that it has not spent by the end of the relevant fiscal year shall be canceled. However, the government entity may request the Department to carry over the remaining commitments or part of them to the next fiscal year if it is proven that they were not fulfilled during the relevant fiscal year.
- 2- The government entity is responsible for requesting the Department to carry over the balances of additional appropriations during the year that were not spent during the year of the additional appropriation.
- 3- The surplus of the appropriation for the settlement of commitments carried forward from the previous year to the current year shall be canceled.
- 4- It is not permissible to use the savings resulting from one of the budget items for a purpose other than that for which the allocation was included, except with the approval of the Department.

## **Article (8)**

For the purposes of preparing the draft general budget of the Government for the next fiscal year, the Chairman of the Department shall issue a financial circular to all government entities, companies, and independent entities in the first half of each fiscal year, which includes the following:-

- 1- The principles, rules, and procedures for preparing the annual budget proposals for these entities and companies.
- 2- The methodology for preparing the draft annual budgets for these entities and companies in terms of controlling and rationalizing spending and determining their actual needs.
- 3- The use of the electronic activity-based budgeting system within the government resource management system in preparing the annual budgets.

## **Article (9)**

- 1- Government entities, companies, and independent entities are committed to the deadlines for submitting their budget proposals on the date set by the Department for receiving the annual budget proposals of these entities, which is specified in the financial circular mentioned in Article (8) of this Regulation.
- 2- If these entities are late in submitting their annual budgets to the Department for study, discussion, and final preparation, the Department will prepare the general budget for these entities on the basis it deems appropriate.
- 3- These entities are not entitled to request any additional amendments to their budgets after they are prepared by the Department, except in extreme cases, with the provision of justifications, documents, and records that support this.

## **Article (10)**

- 1- Government support is granted and approved annually by the Ruler or the Council.
- 2- The support budget is approved in the budget after being studied by the Department, provided that the entities, institutions, and companies that receive any support from the general budget of the Government commit to providing justifications and the results that these entities will achieve.
- 3- The financial allocations for support and sponsorship are included in the general budget if any sponsorship for a specific event is accepted for the purpose of promoting or marketing it at a specific entity.

4- It is not permissible to transfer from or to the support and sponsorship budget.

5- The entities, institutions, and companies that receive any support from the general budget of the Government are committed to providing the reports, data, information, and aspects of spending requested by the Department at the times it specifies.

6- Support is disbursed for the purposes and fields for which it is allocated and according to high-level directives.

7- Government support is treated for accounting purposes as an expense in the Government's accounts and according to the approved accounting policies, and specific reports are prepared for it, including performance reports in the activity-based budget.

## **Article (11)**

Independent entities shall be committed to the following:

1- Submitting their operational and capital budgets in accordance with the Government's general budget policy, which is determined by the Department according to the deadlines that are applied annually.

2- Submitting the consolidated financial statements approved by the external auditor for the ended fiscal year no later than the end of the first half of the following fiscal year.

3- Submitting a quarterly financial performance report for the entity to the Department at the times specified by the Department, with any additional data or reports requested by the Department.

4- Linking the entity's electronic financial system to the government resource management system in the Department to activate the management of government financial data and reports.

5- Applying and using the government services pricing guide in the Government of Sharjah for government services provided to the community, which was prepared by the Department.

6- Providing the contribution or support required from it to the public treasury as decided by the higher authorities.

7- The public debt policy decided by the Department, whether in terms of borrowing, guarantees, financing methods, or settling its financial obligations regarding these commitments.

8- Submitting any studies or initiatives regarding revenue development or proposing new fees or amending the fees for its current services to the Department for its opinion before presenting them to the Council, in order to avoid any kind of duplication in imposing fees with other government entities.

## **Article (12)**

1- In cases of extreme necessity, requests for additional appropriations shall be submitted, supported by reasons, justifications, and supporting data.

2- Before requesting additional appropriations, government entities shall make maximum use of all available resources, whether by improving operational efficiency or making financial transfers from items, activities, or cost centers that have financial surpluses that can be utilized according to the specified powers.

3- The Chairman of the Department has the authority to approve additional and newly created financial allocations in accordance with the powers delegated to him by the Ruler or the Council.

## **Article (13)**

1- The surplus or deficit in the general budget shall be addressed as decided by the Council, based on the Department's proposal for financing means and tools.

2- All government entities, companies, and independent entities must control and rationalize spending according to the rationalization policy set by the Department, so that there is no spending not linked to the specific performance indicators for each government activity.

3- All government entities, companies, and independent entities must improve the efficiency of revenue development and collection, as it directly affects the improvement of the Government's financial surpluses.

## **Chapter Five**

### **Public Debt**

#### **Article (14)**

- 1- The Department is the sole entity authorized to borrow on behalf of the Government and is the sole source of guarantees on its behalf, based on the approval of the Ruler or the Council.
- 2- The responsibility for managing government loans with any international or local financing institution, in terms of their feasibility, cost, and repayment mechanism, lies with the Department in coordination with the concerned government entity.
- 3- The government entity, company, or independent entity requesting the loan or any other financing method is responsible for providing an integrated study of its financial needs for this financing method, along with all data, studies, and documents requested by the Department.
- 4- The government entity, company, or independent entity shall provide an integrated and comprehensive plan on how the loan and other related additional charges will be repaid and shall support its commitment to do so.
- 5- The government entity, company, or independent entity that obtains public debt is not entitled to use these funds for purposes other than those for which they were allocated. In the event of an emergency or new development, it must obtain written approval from the Department before use.
- 6- All government entities, companies, and independent entities must obtain the Department's approval before taking any measures for external or internal borrowing or financing by any tool or means of financing from outside the Government's general budget.
- 7- The scope of public debt regulation includes all debts of government entities, companies, and independent entities, guarantees provided by the Government, and the debts of government companies and their subsidiaries, for which the Department maintains a list.

8- All government entities, companies, and independent entities must provide all data, documents, and records requested by the Department according to the deadlines it sets.

9- The Department shall manage the Government's public debt by:

a- Reviewing the borrowing policy and issuing government guarantees in accordance with the applicable legislation in the State and the Emirate.

b- Managing risks associated with public debt and ensuring sufficient liquidity to service the Government's debts.

c- Preparing the Government's public debt strategy, ensuring its implementation, and linking it to the strategy of the Department and the Emirate, to be updated periodically.

d- Negotiating and concluding loan agreements, agreements related to financial derivative transactions, and other documents.

e- Preparing annual and semi-annual reports on the management of the Government's public debt.

f- Preparing the annual issuance program in light of the estimated deficit amount and the expectations of the total financing needs for the fiscal year.

g- Setting controls related to the repayment of the public debt and the profits or interest accrued on it inside or outside the Emirate.

h- Preparing the expected cash flows for the Emirate, including all expected financing methods to meet the cash needs and financial needs of the Government at the lowest possible costs.

i- Providing technical consultations in the field of available financing methods, the implications of different financial options, and the necessary electronic programs to assist in managing public debt, risk management, and any electronic programs needed by the Department related to debt management tasks.

j- Issuing instructions related to the regulation of public debt.

k- Any other competencies assigned to it by the Ruler or the Council.

## **Chapter Six**

### **Bank Accounts**

#### **Article (15)**

The Department may open bank accounts in the name of the Government and enter into agreements with banks for the collection, payment, and transfer of public funds inside or outside the Emirate, and the payment and collection of interest, profits, and any other banking transactions for the Government.

#### **Article (16)**

Government entities are committed to the following regarding bank accounts:

- 1- The opening of bank accounts in the name of government entities shall be with the approval of the Department, and they shall be managed and disbursed from in those entities in accordance with the regulations and instructions determined by the Department.
- 2- Providing the Department with all data related to their bank accounts.
- 3- Submitting monthly bank statements with details of these accounts according to the deadlines set by the Department.

#### **Article (17)**

Government entities are committed to the following regarding the disposal of funds in bank accounts:

- 1- No government entity or any authorized person may deposit collected public funds in other than the approved bank accounts.
- 2- No government entity or any authorized person may withdraw public funds from the approved bank accounts except in accordance with the provisions of the Law and this Regulation.
- 3- All trust funds collected in accordance with the legislation governing them shall be deposited in the Government's bank accounts until they are disbursed to their beneficiaries.

## **Article (18)**

The following principles and procedures are adopted for transactions related to bank accounts:

- 1- All payments due to beneficiaries shall be paid through their bank accounts, with the following cases being exceptions:
  - a. Execution of judicial rulings.
  - b. Special cases with the approval of the chairman of the government entity or his delegate.
- 2- Amounts due are paid to the original beneficiary unless there is a court order to the contrary.
- 3- The government entity is responsible for establishing a system to control the receipt, delivery, use, and safekeeping of check forms and their equivalents to ensure their safe use for official purposes.
- 4- The banks dealt with shall be notified by an approved letter from the Chairman of the Department or the government entity of the names and signature samples of the employees authorized to sign on behalf of the government entity and company on all banking documents and transactions.
- 5- If payment is made through an electronic system, the government entity must notify the beneficiary of the details of the payments transferred to his bank account.
- 6- Checks are issued on forms approved by the Department in coordination between the concerned government entity and the approved bank.
- 7- When checks and their equivalents and all their copies are canceled, they must be marked as canceled or filed, and they shall be kept in an organized manner in the relevant department for easy reference.
- 8- Government checks shall be crossed and non-negotiable. Exceptionally, their value may be paid to the beneficiary in his personal capacity after being approved by one of the authorized signatories.
- 9- If the check is not presented for payment for any reason during its legal validity period, it must be canceled and a replacement issued under a new disbursement document in accordance with the applicable regulations.

10- When the check or its value is returned for any reason to the government entity and company, it must take the measures specified by a decision from the Department to re-disburse the amount to the beneficiary.

11- The drawee bank must be notified if the Department or the government entity decides to stop payment of any check for any of the following reasons:

- a. An error in the check details.
- b. The beneficiary notifying the Department or the government entity of the loss, theft, damage, or non-receipt of the check after completing the legal notification procedures.
- c. Proof that the beneficiary is not entitled to the value of the check.
- d. Issuance of a court order.

12- In the case of bank accounts in foreign currencies, obligations are settled in foreign currencies and debited from the budget item in Dirhams according to the exchange rate on the date of the transaction. Any differences resulting from exchange rates are treated in the relevant accounts, and exchange rate differences for foreign currency balances are treated when preparing the financial statements in the relevant accounts.

## **Chapter Seven**

### **Accounting Policies**

#### **Article (19)**

Government entities shall adopt the following financial and accounting policies, principles, and rules:

- 1- Using the double-entry method in organizing their accounts.
- 2- Financial transactions are recorded using the electronic systems specified by the Department according to the cash, modified cash, or accrual basis, and according to the accounting policies determined by the Department.
- 3- The Department is the sole authority that determines and issues the accounting policies used by government entities subject to the provisions

of the Law and this Regulation, and it is the reference that interprets their contents and standards.

4- The Department determines the accounting standards used by government entities, which are the International Public Sector Accounting Standards (IPSAS), and from time to time, it issues guidelines for their application and areas of use.

5- Accounting adjustments are made after the end of the fiscal year, and the Department issues the necessary circulars for the mechanism of making adjustments in terms of preparing the trial balance, the final account, and the consolidated financial statements correctly.

6- The Department determines the accounting books, records, statements, and accounts, as well as the financial forms and valuable printed materials to be used, and all government entities are prohibited from using others without the Department's approval.

7- Adopting a unified accounting classification for the final account data that is consistent with the budget classification.

8- The consolidated financial statements are prepared in accordance with the accounting policies determined by the Department so that they are consistent with the approved accounting standards for financial reporting (IFRS) and the International Public Sector Accounting Standards (IPSAS).

## **Chapter Eight**

### **Public Revenues**

#### **Article (20)**

Public revenues represent the funds due to the Government that are included in the general budget and are collected by government entities under the applicable legislation. Government revenues include the following:

1- Taxes and fees.

2- Revenues from properties owned by the Government, whether movable or immovable.

3- Revenues and returns from investments, interest on loans, and any government financial rights.

4- Revenues from contracts and concession rights.

5- Revenues from the sale of government assets and properties.

6- Fines and confiscations.

7- Federal revenues (subject to settlement).

8- Any other revenues approved by the Ruler or the Council.

...

## **Article (21)**

### **The following foundations and principles shall be adopted for dealing with public revenues**

1- Set-off between expenditures and public revenues is not permitted, regardless of the independence of the government entity.

2- Government entities that obtain funding from parties other than the Department, outside of government financial appropriations and for a specific purpose under the directives of the competent authorities or their boards of directors, shall keep it in their own special accounts after the Department's approval and shall not include it in their accounts and unified financial reports submitted to the Department. It may be referred to in separate reports as it is related to the institutional performance of this entity after coordinating with the Department.

3- All public revenues and receipts of government entities that are collected or received shall be directly deposited into the Department's accounts, and the revenues of independent entities shall be deposited into their own accounts.

4- The reports and data requested by the Department regarding these revenues shall be submitted according to the deadlines set by the Department.

## **Article (22)**

### **Donations, Alms, and Zakat**

The following foundations and principles shall be adopted for dealing with donations, alms, and Zakat:

1. Government entities may accept donations, alms, and Zakat after obtaining the approval of the Council or as stipulated in their establishing or organizing legislation.
2. These donations, alms, and Zakat shall be deposited in special bank accounts after the Department's approval to open these accounts, and these amounts shall not be deposited into the Department's accounts.
3. These donations, alms, or Zakat may be used or employed to cover any of the activities of these entities, or according to their purpose and in accordance with the powers of the head of the government entity.
4. These donations, alms, and Zakat are subject to subsequent financial control procedures by the Financial Audit Department.
5. Government entities and companies that deal with donations, alms, and Zakat must establish internal financial regulations that organize all procedures for collection, disbursement, control, and related authorities, provided that these regulations are approved by the Council.
6. If the Department requests any reports or data regarding donations, alms, and Zakat, government entities must submit them within the deadlines set by the Department.

## **Article (23)**

### **Financial Claims between Government Entities and Independent Entities**

The following foundations and principles shall be adopted for dealing with financial claims between government entities and independent entities:

1. If a government entity provides certain services for certain amounts to another government entity, it shall be recorded in the books from an

accounting perspective as revenue and expense without cash transfers in the records of both entities.

2. If a government entity collects revenues for another government entity on its behalf as a result of providing certain services, such as fees, this entity's share shall be transferred to the Treasury account in the Department after making the necessary settlements, and this entity shall be informed of the value of the amounts transferred for its services in order to include them in its own revenue reports.
3. If an independent entity collects revenues for a government entity on its behalf as a result of providing certain services, such as fees, this entity's share shall be transferred to the Treasury account in the Department after making the necessary settlements, and this entity shall be informed of the value of the amounts transferred for its services in order to include them in its own revenue reports.
4. If a government entity collects revenues for another independent entity on its behalf as a result of providing certain services, this independent entity's share shall be transferred to its bank accounts after making the necessary settlements.
5. If an independent entity collects revenues for another independent entity on its behalf as a result of providing certain services, this independent entity's share shall be transferred directly to the account of the independent entity.
6. Joint agreements shall be organized between these concerned entities to clarify the mechanism and method of collection and the time periods for the transfer process, and copies of these agreements shall be sent to the Department.
7. The process of transferring amounts due to the benefiting entities may not, under any circumstances, be delayed beyond the end of the relevant fiscal year.

## **Article (24)**

The Council, upon the proposal of the head of the government entity or the independent entity after coordination with the Department, may impose or amend taxes, fees, and any other revenues that the government

entity and the independent entity are responsible for collecting, taking into account the following:-

1- The imposition or amendment of taxes and fees on goods, materials, services, and works, or exemption therefrom, shall be by virtue of a law, an Emiri decree, or a decision of the Council, after a study of the economic, social, and financial impact is conducted by the Department in coordination with government entities or independent entities. The results of the measurement and analysis shall be attached to the study of the request to impose or amend the fees. No type of public revenue may be introduced or amended except with the approval of the Ruler or the Council.

2- Government entities and independent entities shall submit a proposal to impose new service fees or amend existing ones. The proposed study must be comprehensive and integrated and include the following aspects:-

- a. The justifications and reasons that necessitate the imposition or amendment of taxes or fees.
- b. The economic and social impacts resulting from the imposition or amendment of taxes and fees.
- c. The basis for determining the categories of taxes and fees and the brackets to which they are subject.
- d. The mechanism and method for collecting taxes or fees.
- e. The costs of collecting taxes or fees or any additional costs related to the collection of these revenues.
- f. The segments exempted from paying these taxes or fees.

3- All government entities, government companies, and independent entities are obligated to provide data according to the forms specified for this purpose, as well as the information, documents, and references requested by the Department in order to study and analyze the fees proposed by these concerned entities.

4- Government entities and independent entities shall determine the collection mechanism and emphasize the need to avoid any duplication in the imposition of fees with other government entities.

5- The process of imposing fees for new services or amending existing services shall be linked to the process of developing revenues, improving

the level of services provided to the community, and enhancing the competitive position of the Emirate in all fields.

6- Government entities and independent entities must provide the Department with any data or information it requests regarding revenues, and these entities must continuously work on building and updating the revenue database in order to enable the Department to develop a strategy for managing and developing government revenues.

7- The concerned entities must develop integrated future plans for estimating their short and medium-term revenues based on actual data and practical forecasting foundations, and their forecasts must reflect their future plans in the field of developing their revenues and improving collection efficiency.

## **Article (25)**

All government entities, government companies, and independent entities are committed to preparing their revenue budget, taking into account the following foundations:

1- Estimating their expected revenues, accompanied by a statement of the bases on which the estimate was built, and submitting it to the Department for study and discussion, then including it within the revenues of the government's general budget.

2- Government entities, government companies, and independent entities whose revenues include dues to other parties shall submit their estimated revenue budgets after deducting those dues.

3- All estimated expenditures shall be included without setting them off against estimated revenues, if any.

## **Article (26)**

The following procedures must be followed in recording the public revenues of government entities:

1- Preparing accounting entries for revenues and recording them according to the unified chart of accounts when the revenue is realized.

2- Adherence to using receipts and forms approved by the Department, whether manual or electronic, when collecting revenues and any other receipts, in accordance with the following:

- a. Use receipts according to their sequential numbers.
- b. Prepare the receipt with the amount, including the payer's name, the amount in figures and words, the account item, the nature of the amount, the payment method, and any other necessary data.
- c. A copy of the receipt is given to the payer, and a copy is retained by the Department and the government entity.
- d. The revenue collector shall prepare and sign a cash receipts schedule according to the approved form, including the receipt numbers in sequential order, the payers' names, and the coordination of the collected amounts according to their items in the budget, and deliver the receipts schedule and its attachments with the cash to the revenue accountant in the government entity.

3- The revenue accountant in the government entity must do the following:

- a. Audit the receipts and match them with the amounts received from the revenue collector and recorded in the cash receipts schedule, then deposit them promptly into their respective bank accounts.
- b. Prepare a summary of the receipts deposited in the bank based on the receipts, deposit slips, and the cash receipts schedule, and deliver it to the revenue accountant in the government entity after signing it.
- c. Accuracy and clarity must be observed when preparing and writing receipts, forms, and financial publications. They should not be cancelled except in the case of an error in the amount, where the cancellation is done by placing a "cancelled" stamp and two intersecting lines on all copies, along with writing the reason for cancellation and the signature of the competent employee and their direct supervisor, and retaining all cancelled copies.
- d. In case of an error other than that mentioned in paragraph (c), this error is corrected by the employee who prepared the document by crossing out the error in red ink and rewriting the correct data in blue ink, with the signature of the person who made the correction.

- e. If the error is in the data of electronically issued receipts, forms, and financial publications, cancellation shall be made regardless of the nature of the error, according to the procedures outlined in paragraph (c) of this Article.
- f. Before recording revenues, receipts for revenues must be separated from receipts for trusts.
- g. The competent section in the Department and the government entity must record the summary of receipts in the government accounting program according to the approved procedures.

## **Article (27)**

Government entities shall apply the following rules in controlling public revenues:

- 1- The cash balances of receipts that the cashier is permitted to hold shall be determined by a decision from the Head of the Department or their delegate, according to the average daily cash flow of the government entity.
- 2. The revenue controller in the government entity must audit the summary of receipts and the cash receipts schedule, approve them, and send them to the Department, supported by the cash receipts schedule, the second copy of the receipts, and bank deposit slips.
- 3- The competent section in the Department shall audit the collections of government entities, record them in their respective accounts, issue treasury receipts according to the approved form, and provide the government entity with a copy of the treasury receipts related to its collections.
- 4- Revenues and any other receipts shall be collected by the competent financial employee, who shall sign the receipt, clearly stating their name and job title. The machine stamp in government entities that use automated systems shall be considered an approved signature.
- 5- Receipts shall be deposited by the government entity or any entity authorized to collect revenues into the designated bank accounts at approved banks.

6- The competent financial employee must deposit the collected funds in the bank on the same day the funds were collected, and their direct supervisor must ensure this. In case of violation, they will be subject to legal accountability.

7- If amounts exceeding the permissible limit to be held are collected and the competent financial employee is unable to deposit them in the bank, they must notify their direct supervisor in writing. Their direct supervisor must ensure that the deposit is made on the next working day, and the reasons must be explained in writing to the Department.

8- Provide cashiers and cash collectors with suitable safes that are properly installed in a secure place to store funds and financial publications.

9- Take the necessary measures to ensure that the tasks of revenue collection, disbursement, or auditing of bank accounts are not combined in one employee for any reason. Another employee, other than the one responsible for bank deposits, shall be assigned the task of auditing and reconciling the bank account and preparing the reconciliation statement according to the approved accounting rules.

### **Article (28)**

Government entities, government companies, and independent entities must submit detailed reports to the Department showing the actual revenues collected, estimated revenues, and accrued revenues, supported by analytical explanations of the differences and the measures that will be taken to address collection obstacles, in accordance with the deadlines set by the Department or upon its request.

## **Chapter Nine**

### **Public Expenditures and Advances**

### **Article (29)**

Government entities, government companies, and independent entities are committed to applying the following foundations and rules regarding public expenditures:

- 1- They must be linked to the main objectives, programs, and activities specified for them.
- 2- No expenditure may be committed unless allocations have been earmarked for it in the general budget, nor may allocations be used for purposes other than those for which they were approved. It is also not permitted to commit to any amounts that exceed the allocations provided in the general budget.
- 3- Adherence to the application of procedures, powers, and provisions stipulated in the Law, these regulations, and other applicable legislation in the field of using and spending public funds.

## **Article (30)**

Government entities must adhere to the procedures for organizing and preparing the necessary disbursement documents and ensure the following when recording expenditures and making payments:

- 1- Attaching an electronic copy of all documents and vouchers that support the recording and disbursement of financial payments, as well as any other documents requested by the Department.
- 2- Correctness of the expense or expenditure calculation.
- 3- The disbursement order or payment complies with the applicable laws, regulations, and instructions.
- 4- Obtaining the necessary signatures from authorized persons.
- 5- Approval of the disbursement order or payment by the internal financial control unit in the government entity.

## **Article (31)**

- 1- The loss of original vouchers and documents related to disbursement orders or payments issued by the government entity shall be confirmed by a written declaration from its head, stating that they have not been previously disbursed.
- 2- Government entities must establish the necessary controls to prevent the submission of disbursement orders and payments disbursed in accordance with paragraph (1) of this Article if the lost documents and vouchers are found.

## **Article (32)**

Subject to the procedures specified by the Government Resources Management System, disbursement procedures shall be approved by the Department based on invoices and documents received electronically from the government entity using the government financial system "Takamul" in accordance with the following controls:

- 1- The government entity shall retain the original invoices and documents of the transaction, of which electronic copies are sent to the Department to initiate disbursement procedures.
- 2- The Department shall conduct a periodic audit program on issued disbursement orders using random samples to ensure the compliance of government entities with the financial circulars issued by the Department in this regard.

## **Article (33)**

No amount may be disbursed until after a service has been performed, a task has been completed, or a good has been supplied, and the documents supporting the disbursement have been provided, with the exception of the following cases:

- 1- Expenditures stipulated in any current legislation.
- 2- The payment scheduled to be disbursed in advance based on a contract or agreement.
- 3- Advances scheduled to be disbursed for specific purposes or for any official tasks or projects.
- 4- Training fees, subscription fees for periodicals and magazines or professional associations, contributions to local, regional, and international organizations and unions, and refundable securities.
- 5- Any other case approved by the Head of the Department or their deputy.

## **Article (34)**

All government entities must complete the procedures for organizing and preparing the necessary disbursement documents to settle the dues of beneficiaries within forty-five days from the date of completion of the

contracted works and services and send them to the Department to complete the disbursement process upon fulfillment of the conditions stipulated in Article (28) of these regulations.

### **Article (35)**

- 1- The Department or government entities may deduct from any payments or dues to any beneficiary who still has outstanding financial obligations to them, provided that the beneficiary is notified in writing.
- 2- Government entities shall recover any amounts due from any beneficiary and deposit them in the government treasury, recording them under the appropriate account item.

### **Article (36)**

- 1- Salaries, wages, benefits, pensions, and any bonuses or compensations for employees of government entities or those contracted with them shall be disbursed in accordance with the legislation in force in the Emirate.
- 2- All government entities shall update the payroll, wages, benefits, and allowances statement monthly in coordination with the Human Resources Department and the Department, and according to the deadlines set by the Department.

### **Article (37)**

When making payments outside the country, the following procedures shall be taken:

- 1- Confirm the receipt of materials, provision of services, or completion of works and provide the documents that support this. The head of the government entity or their delegate may disburse in advance in cases that require it according to the terms of the contract.
- 2- The government entity shall agree with the approved bank to notify it of the amounts to be paid on specific dates in foreign currencies so that it can arrange the necessary funds when they are due.

## **Article (38)**

An advance shall be disbursed when the necessary allocations for it are available in the budget, and it may not be used for any purpose other than that for which it was specified.

## **Article (39)**

The head of the government entity or their authorized representative shall issue an order to grant the advance based on a request from the concerned unit, and its value shall be determined in light of the task or work to be accomplished or the commitment to be met.

## **Article (40)**

Advances are disbursed according to the following types:

- 1- A permanent advance to an employee entrusted with covering recurring petty expenses, to be settled at the end of the fiscal year.
- 2- A temporary advance to carry out a specific work, purchase specific supplies, undertake a specific mission, provide a good or service, or meet urgent expenses, to be settled immediately upon the completion of the purpose or task for which it was disbursed.

## **Article (41)**

The employee or person to whom the advance is disbursed shall be personally responsible for its value. If it is not settled, it shall be considered a personal debt to be collected from them by all available methods.

# **Chapter Ten**

## **Trusts and Securities**

## **Article (42)**

- 1- The concept of trust funds includes the following:
  - a. Funds deposited in the government's bank accounts until the purpose of holding them is completed, and they become payable to any other party in

accordance with the legislation, regulations, and instructions governing them.

b. Deductions made from an employee's salary or a worker's wage for any third party at the request of the employee or worker or based on a court judgment.

c. The salary of an employee or the wage of a worker that has not been delivered to the rightful owner for any reason until the necessary settlement is made.

2- The government entity shall maintain all main and subsidiary records related to trust funds and must complete all procedures that ensure the accuracy of recording and classification of these accounts within the government accounting system.

3- Trust funds shall be disbursed to their beneficiaries from the allocated account items without the need for a financial appropriation in the government entity's budget.

4- The procedures related to revenues, receipts, expenditures, and payments, wherever mentioned in these regulations, shall apply to all corresponding procedures when receiving or paying trust funds.

## **Article (43)**

Trusts are divided into four types:

1- Dedicated trusts: These are amounts collected from individuals or companies for the benefit of government entities under a specific revenue account until that revenue becomes due.

2- Salary deduction trusts: These are deductions made in accordance with legislation and regulations that arrange for deductions from disbursement documents, to be transferred to the relevant competent authorities during the first half of the month following their collection or receipt.

3- Trusts for public and private units, institutions, and individuals: These are amounts deducted, collected, or held for the rightful parties resulting from regulations, agreements, or obligations.

4- Other trusts: This includes amounts received from unknown sources, amounts received in excess from various parties, or amounts of financial transfers not presented for disbursement within their specified period.

These trusts are disbursed to their beneficiaries. If they are not claimed after five (5) years from their registration, they are transferred to the general revenue account. The Head of the Department or their deputy may return a trust that was credited to the general revenue account to its rightful owner if there are justifiable reasons.

### **Article (44)**

Securities are amounts paid by individuals, companies, or any other party to the government entity in certain cases to guarantee the Treasury's rights against third parties. Their collection and disbursement are subject to the specific legal provisions governing them.

## **Chapter Eleven**

### **Records, Documents, and Vouchers**

### **Article (45)**

Electronic storage media and their outputs, after being audited and signed by the competent employee, shall be considered approved original records for the purposes of these regulations, in accordance with the conditions specified by the Head of the Department or their deputy.

### **Article (46)**

Government entities must maintain records that show the following aggregate control accounts:-

- a- Fixed Assets Register.
- b- Projects Register.
- c- Cash Register.
- d- Advances Register.
- e- Trusts and Securities Register.
- f- Aid Register.
- g- Warehouse Register.
- h- Payments and Commitments Register.

- i- Returned Cheques Register.
- j- Financial Publications Register.
- k- Any other financial publications, records, or reports approved by the Department.

## **Article (47)**

All government entities must apply the following foundations and rules regarding the control of financial publications:

- 1- Auditing financial publications before use. If an error in the serial number or number of copies is discovered, they should not be used and should be returned to the Department to take the necessary action.
- 2- Determining the level of authority responsible for receiving financial publications, who will then deliver them to the competent employee as needed. They are recorded as a personal custody, requiring the employee to keep them securely, audit them, and use them in sequence.
- 3- Issuing and using financial publications according to their sequential numbers. They may not be issued or used until the preceding ones have been issued or used.
- 4- Conducting periodic reconciliation between the Department's records and the government entities' records regarding the issuance and use of financial publications.
- 5- Conducting a surprise inventory of financial publications at least once during the year and again at the end of the fiscal year. A copy of the inventory report shall be sent to the Department.

## **Article (48)**

Subject to the applicable legislation, government entities, government companies, and independent entities are committed to the following principles regarding financial documents and vouchers:

- 1- Retaining financial and administrative documents and vouchers in their various forms—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 unified financial statements for the fiscal year to which these documents pertain are approved. Financial and administrative records and

the like shall also be retained and may not be destroyed or disposed of except in accordance with the procedures applicable to the destruction of documents and vouchers or the transfer of records, documents, and vouchers that deserve permanent preservation.

2- The disposal and destruction of the documents and vouchers referred to in clause (1) of this Article shall be carried out by a committee that records in its minutes the details of the documents that were destroyed.

## **Article (49)**

All government entities must adopt the following procedures when destroying financial publications and records:

1- Financial publications, records, and documents shall be destroyed upon the expiration of the specified retention period under the following conditions:-

- a. The government entity decides they are no longer needed.
- b. They are not related to any pending cases or cases planned to be filed.
- c. They are not related to existing rights of the government against others or of others against the government.

2- A destruction committee shall be formed by a decision of the head of the entity or their deputy, consisting of at least three members, including an employee from the financial affairs department of the entity.

3- The destruction committee shall study the lists of financial publications, records, and documents prepared for destruction and submit a report with its recommendations to the head of the entity or their delegate for approval.

4- The destruction committee shall carry out the destruction process on the specified date and prepare a destruction report detailing the procedures taken, supported by lists of the financial publications, records, and documents that were destroyed.

5- The destruction committee must coordinate with the competent authorities to transfer certain documents and records to the Sharjah Documents and Archives Authority.

6- The government entity shall send a copy of the destruction report and its attachments to the Department.

## **Article (50)**

In case of loss, damage, or forgery of financial publications and records, the following procedures shall be followed:

- 1- The responsible employee must immediately inform their direct supervisor upon discovering any loss or damage to documents, forms, and records so that the necessary investigation can be conducted and the matter referred to the competent authority.
- 2- In case of discovering forgery or alteration in financial publications or records, the head of the concerned entity must be informed to take the necessary investigation procedures and notify both the Financial Audit Department and the Department.

## **Chapter Twelve**

### **Government Assets and Properties**

## **Article (51)**

- 1- Fixed assets are real estate, machinery, equipment, and infrastructure assets. Government assets also include intangible assets owned by or under the control of the government, for which it has acquired the right as a result of past actual operations or events, which have a specific estimated useful life and are expected to generate future economic benefits.
- 2- Government entities shall apply the Fixed Government Assets Policies and Procedures Manual approved by the Department, which includes all aspects dealing with government assets and properties from an accounting, administrative, and control perspective.
- 3- The electronic Fixed Assets System, which is part of the Government Resources Management System approved by the Department, shall be implemented and used in all government entities to manage and control the assets and properties of government entities for the purpose of ensuring financial and administrative control and improving the efficiency of the use of these assets.

4- The Department is responsible for determining the classes and classifications of fixed assets, and no government entity may make any amendment or addition to them.

5- The use of fixed assets leased under finance or operating lease contracts shall be treated in accordance with the accounting policies and the Fixed Government Assets and Properties Policies and Procedures Manual.

## **Article (52)**

Government entities and companies shall comply with the following when insuring risks for government assets and properties:-

1- Government entities shall insure against risks for government assets and properties, including the cash they are permitted to hold, in accordance with the procedures, rules, and policies specified by the Department.

2- Cash shall be insured against all risks related to theft, embezzlement, fire, and other risks. Government entities must take all necessary measures to ensure the safe transport of cash from one place to another.

3- Risk insurance contracts are subject to the applicable federal and local legislation.

4- In the event of any loss or damage to any fixed asset, the Department must be notified, and the government entity shall undertake the procedures to follow up on the collection of due insurance compensation.

## **Chapter Thirteen**

### **Financial Control**

## **Article (53)**

All financial and accounting documents and their supplementary and supporting data shall be subject to review by the authorized signatories to verify their correctness before being approved and submitted for disbursement.

## **Article (54)**

Financial or accounting documents may not be approved without authorization from the Head in accordance with the provisions specified in this regard. Anyone who violates this shall be subject to disciplinary action, without prejudice to civil and criminal liability where applicable.

## **Article (55)**

The head of the government entity is responsible to the government for its accounts, transactions, and their control, and for verifying that each administrative unit complies with the provisions of these regulations in its accounting and financial work. The head of the entity is responsible for implementing the provisions of these regulations with regard to their unit.

## **Article (56)**

The responsibility of government entities, government companies, and independent entities regarding internal financial control is as follows:

1- Preparing an integrated internal financial control system that meets the requirements of sound financial and administrative control, ensures the accuracy of classification and recording of financial and accounting operations, and separates duties and responsibilities so that no single employee can complete an entire transaction from beginning to end. This system should work to detect deviations from plans and objectives to take the necessary corrective actions.

2- Governing internal audit work in accordance with international standards by establishing specialized internal audit units that report directly to the head of the entity when necessary.

3- Exercising prior internal financial control over all financial and accounting operations to verify their compliance with legislation, regulations, and accounting policies, and their accuracy from an accounting perspective. Relevant reports are submitted to the director to whom the financial unit in the government entity is linked.

4- Taking the necessary measures required by legislation, regulations, and rules related to administrative violations of a financial nature or impact,

and immediately informing the Financial Audit Department in the Emirate and the Department thereof.

### **Article (57)**

The government entity is responsible for maintaining its various assets and properties, providing adequate means for their protection, and applying the policies, rules, and procedures contained in the Fixed Government Assets Policies and Procedures Manual issued by the Department.

### **Article (58)**

Each government entity shall establish an internal control system to ensure the preservation of its funds, assets, and rights, in accordance with the following principles:

- 1- Allocating an independent administrative unit for each type of financial activity.
- 2- Separating the work of accounting units from the work of warehouse units where the entity's assets and holdings are located.
- 3- Implementing a system of continuous and surprise inventory of warehouses, safes, and permanent advances.
- 4- Defining the jurisdiction of each employee and distributing work among the employees in each financial administrative unit.
- 5- Rotating the duties of employees entrusted with direct financial work within the financial administrative units in the government entity, ensuring that none of them remains in one job for more than five years.

### **Article (59)**

Government entities may establish additional internal financial control systems that do not conflict with the systems decided by the Department and the Financial Audit Department in the Emirate, which aim to avoid administrative violations of a financial nature or impact, rationalize spending, and increase the collection of government resources.

## **Article (60)**

The Department shall undertake the following regarding internal financial control operations on government entities and companies:-

- 1- Monitoring the disbursement of expenditures and ensuring they have been disbursed in accordance with the applicable legislation, and monitoring the collection of revenues at their correct values and on their specified dates in the relevant legislation and circulars, and ensuring they have been paid to the account of the public treasury of the Emirate. The government entity shall be notified of any discrepancies or excesses and requested to correct any violation of that legislation, and this shall be followed up.
- 2- Conducting surprise inspections and inventories of funds, warehouses, and other financial documents and vouchers.
- 3- Analyzing and evaluating the annual financial results of government entities.
- 4- Coordinating with the Financial Audit Department regarding observations on the final accounts, financial procedures, gaps, and risks related to the financial system in government entities, and cooperating to overcome them.
- 5- Following up on the application of accounting policies issued by the Department and ensuring their correct implementation in a way that contributes to improving the efficiency of the accounting and financial system in government entities.
- 6- Ensuring that all data related to government assets are entered and updated on the Government Assets System and that the policies related to government assets and properties, as clarified in the Fixed Government Assets Policies and Procedures Manual, are applied.

## **Chapter Fourteen**

### **Financial Statements**

## **Article (61)**

The Department is committed to the following:

- 1- Preparing the unified financial statements of the government in their final form, after making the necessary adjustments. These shall include the accounts of independent entities and the accounts of government companies that finance their operational and capital operations from the general budget, similar to other government entities, in accordance with the approved accounting rules, standards, and policies.
- 2- Preparing the unified final account of the government for revenues and expenditures, after making the necessary adjustments, in accordance with the approved accounting rules, standards, and policies, and it shall be on a cash basis. This shall include the accounts of government entities, government companies, and independent entities that are included in the government's general budget.
- 3- Submitting the financial statements to the Financial Audit Department by the thirty-first of March of each year for its review and the preparation of the final audit report. The Department shall also provide the Financial Audit Department with any amendments it makes after that date.
- 4- Submitting the unified final account (revenues and expenditures on a cash basis) to the Financial Audit Department by the thirty-first of March of each year for its review and the preparation of the final audit report. The Department shall also provide the Financial Audit Department with any amendments it makes after that date.
- 5- Submitting the unified final account (revenues and expenditures on a cash basis) of the government for the previous fiscal year to the Council for its review and approval by the thirtieth of June of each year.
- 6- Submitting the financial statements of the government for the previous fiscal year to the Council for its review and approval by the thirtieth of June of each year.

## **Chapter Fifteen**

### **General Provisions**

#### **Article (62)**

The classification of government entities and independent entities for the purposes of applying the Law and these regulations is adopted in the

attached lists and shall be updated as necessary with the approval of the Council.

### **Article (63)**

Contracts, general terms of contract, and correspondence related to all government financial transactions shall be written in Arabic, with an English translation if necessary. The Arabic text shall be the sole authoritative text for all matters related to the application and interpretation of all articles of the contract and its documents.

### **Article (64)**

The Department shall prepare the لـلـ of financial procedures, accounting policies, and the necessary financial and accounting guidance manuals for the application of the Law and these regulations, and they shall be updated when necessary.

### **Article (65)**

The general budget and financial statements shall be prepared in UAE Dirhams.

### **Article (66)**

Executive Council Resolution No. (11) of 2007 regarding the issuance of the Financial Regulations in the Emirate of Sharjah and its amendments is hereby repealed.

### **Article (67)**

This resolution shall come into force from the date of its issuance, and the concerned authorities shall implement it, each within its own jurisdiction. It shall be published in the Official Gazette.

Issued by us on -

Tuesday: 09 Rabi' al-Awwal 1439H

Corresponding to: 28 November 2017

Sultan bin Muhammad bin Sultan Al Qasimi  
Crown Prince and Deputy Ruler of Sharjah  
Chairman of the Executive Council of the Emirate of Sharjah