

**In the name of God, the Most Gracious, the Most Merciful**

**Amiri Resolution No. (7) of 2024**

**Regarding**

**The Executive Regulation of the Financial Law of the  
Government of Ajman**

We, **Ammar bin Humaid Al Nuaimi**, Crown Prince of the Emirate of Ajman

After reviewing Federal Decree-Law No. (28) of 2022 concerning Tax Procedures,

And Law No. (2) of 2022 concerning the Regulation of Partnership between the Public and Private Sectors in the Emirate of Ajman,

And Amiri Decree No. (11) of 2011 issuing the Financial Law of the Government of Ajman,

And Amiri Decree No. (15) of 2012 concerning the Department of Finance in Ajman, and its amendments,

And Amiri Decree No. (4) of 2014 concerning the Reorganization of the Executive Council of the Emirate of Ajman, and its amendments,

And Amiri Decree No. (4) of 2016 concerning the Delegation of Powers of Government Entities,

And Amiri Decree No. (4) of 2017 issuing the Human Resources Law in the Government of Ajman, and its amendments,

And Amiri Decree No. (5) of 2017 concerning the Financial Audit Authority in Ajman,

And Amiri Decree No. (2) of 2018 concerning the Legislation Committee in the Emirate of Ajman,

And Amiri Decree No. (3) of 2018 concerning the Department of Legal Affairs of the Government of Ajman, and its amendments,

And Amiri Decree No. (1) of 2019 concerning Fees, Taxes, and Fines in the Emirate of Ajman,

And Amiri Decree No. (16) of 2023 concerning the Adoption of the Financial Plan of the Government of Ajman for the fiscal years (2024-2026) and the General Budget of the Government of Ajman for the fiscal year 2024,

And Amiri Resolution No. (12) of 2011 issuing the Executive Regulation of the Financial Law of the Government of Ajman, and its amendments,

And Amiri Resolution No. (5) of 2015 concerning the Delegation of Authority for Exemption from Local Fees and Fines,

And Amiri Resolution No. (1) of 2019 concerning Financial and Banking Powers in the Government of Ajman,

And Amiri Resolution No. (7) of 2022 concerning the Adoption of the Anti-Fraud Manual in the Government of Ajman,

And Amiri Resolution No. (8) of 2022 concerning the Adoption of the Internal Audit Methodology for the Government of Ajman,

And based on the approval of the Legislation Committee,

Have issued the following Resolution:

## **Article (1)**

### **Replacement**

The Executive Regulation of the Financial Law of the Government of Ajman issued by Amiri Resolution No. (12) of 2011 is hereby replaced by the Executive Regulation attached to this Resolution.

## **Article (2)**

### **Financial Policies and Procedures Manual**

The Department of Finance shall prepare a Financial Policies and Procedures Manual in a manner consistent with the provisions of the Financial Law and the provisions of this Resolution and its attached Executive Regulation, and it shall be approved by the Ruler's Representative. All Government Departments must adhere to the policies and procedures contained therein in all financial operations and related administrative operations.

## **Article (3)**

### **Repeals**

- a. Amiri Resolution No. (12) of 2011 issuing the Executive Regulation of the Financial Law of the Government of Ajman, and its amendments, and any other text or provision that contradicts the provisions of this Resolution and its attached Executive Regulation are hereby repealed.
- b. Notwithstanding what is stated in paragraph (a) of this Article, the Financial Policies and Procedures Manual of the Government of Ajman issued by the Ruler's Representative for Administrative and Financial Affairs' Decision No. (128) of 2011 and its amendments, the Accounting Manual for the Government of Ajman issued by the Ruler's Representative for Administrative and Financial Affairs' Decision No. (129) of 2011 and its amendments, the Ruler's Representative's Decision No. (1) of 2023 regarding the calculation of costs and pricing of government services in the Government of Ajman, and any other related policies shall remain in force to the extent that they do not conflict with the provisions of this Resolution and its attached Executive Regulation, until the issuance of legislation and regulations that replace them.

## **Article (4)**

### **Publication and Enforcement**

This Resolution and its attached Executive Regulation shall come into force as of 01/07/2024, and shall be published in the Official Gazette of the Emirate.

Issued by us on this day, Thursday, the 7th of Dhul-Hijjah 1445 AH, corresponding to the 13th of June 2024 AD.

Ammar bin Humaid Al Nuaimi

Crown Prince of the Emirate of Ajman

### **Executive Regulation**

### **of the Financial Law of the Government of Ajman**

Attached to Amiri Resolution No. (7) of 2024

## Chapter One

### General Provisions

#### Article (1)

##### Definitions

The following words and phrases, wherever mentioned in this Regulation, shall have the meanings assigned to each of them, unless the context indicates otherwise:

**The Emirate** : The Emirate of Ajman.

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

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

**The Crown Prince** : The Crown Prince of the Emirate.

**The Ruler's Representative** : The Ruler's Representative for Administrative and Financial Affairs.

**Department of Finance** : The Department of Finance in Ajman.

**The Authority** : The Financial Audit Authority in Ajman.

**Government Department** : Any department, administration, institution, authority, or other entity whose budget is included, in whole or in part, within the General Budget of the Government.

**Independent Entity** : A public authority or institution affiliated with the Government that enjoys financial and administrative independence according to the local legislation issued for its establishment or reorganization, including free zones.

**Government Company** : A commercial institution or company wholly owned by the Government or Government Departments, directly or indirectly.

<b>Support Entity</b>	: An entity to which the Government provides annual financial support, such as sports and cultural associations and clubs, and the like.
<b>Head of Government Department</b>	: The appointed head of the Government Department or any person exercising powers similar to those of the head of the department or its highest leader under the local legislation issued for the establishment of the concerned Government Department.
<b>Director of Government Department</b>	: The Director-General or the highest executive director in the concerned Government Department.
<b>Financial Law</b>	: The Financial Law of the Government of Ajman issued by Amiri Decree No. (11) of 2011.
<b>Human Resources Regulations</b>	: The Human Resources Law of the Government of Ajman issued by Amiri Decree No. (4) of 2017 and its Executive Regulation, and any legislation or regulations that may replace them in the future.
<b>General Financial Plan</b>	: A statement containing projections of government revenues and government expenditures for the Government for more than one year, with the estimates for each fiscal year being separate.
<b>General Budget</b>	: The annual general budget of the Government.
<b>General Reserve</b>	: An account maintained by the Department of Finance in which the result of the implementation of the General Budget for the concerned fiscal year is recorded.
<b>Special Reserve</b>	: An annual amount estimated by the Department of Finance and included in the General Budget to meet unexpected or emergency needs not included in the General Budget.
<b>Fiscal Year</b>	: The calendar year that begins on the first day of January and ends on the thirty-first day of December of each year.

<b>Government Revenues</b>	: Any financial returns resulting from the practice of Government Departments' various activities, and the phrase also includes taxes, fees, fines, proceeds from the sale of any assets, franchise rights, profits, returns on government investments, and any other similar returns.
<b>Government Expenditures</b>	: Everything spent from the budgets of Government Departments to meet their needs and enable them to carry out their assigned tasks, and the phrase also includes aid and financial support.
<b>Financial Appropriations</b>	: A financial authorization with a specific ceiling and duration that allows the Government Department to commit to expenditures to meet its needs and enable it to carry out its assigned tasks.
<b>Public Treasury</b>	: The Government's revenue account.
<b>Consolidated Financial Statements</b>	: The financial statements of the consolidated actual data of the Government and its affiliated entities, including Government Departments, Independent Entities, Government Companies, and any other entity in which these entities own a part of its capital that enables them to control its financial and operational policies directly or indirectly.
<b>General Final Account</b>	: A consolidated financial statement prepared at the end of the fiscal year that includes the final financial statements of all Government Departments whose budgets are included in the General Budget.
<b>Deposits and Trusts</b>	: Funds received and held until the purpose for which they were held is completed and are refundable.
<b>Government Services Costing and Pricing Manual</b>	: The manual prepared by the Department of Finance which includes the principles, rules, and procedures to be followed in calculating costs and determining the value of government services and goods.
<b>Tax</b>	

	: A mandatory financial resource collected from the taxpayer without a corresponding direct private benefit.
<b>Fine</b>	: A financial administrative penalty imposed on a person for violating the legislation or regulations in force in the Emirate, or for breaching the terms of a contract concluded with them.
<b>Fee</b>	: A financial resource collected in return for administrative and regulatory government services.
<b>Price</b>	: A financial resource collected in return for government goods and services that are provided on a commercial and competitive basis.
<b>Tariff</b>	: A financial resource collected in return for government goods and services that are provided on a non-competitive economic basis.
<b>Fiscal Policy</b>	: A set of procedures and mechanisms that positively affect the economic activity in the Emirate by determining the size of public spending, public revenues, and public debt.
<b>Public Debt</b>	: The set of financial obligations incurred by the Government, Government Departments, or Independent Entities, valued in UAE Dirhams, and includes internal and external debt.
<b>Debt Instruments</b>	: Bonds, sukuk, treasury bills, public or commercial loans, credit facilities, or payment guarantees.
<b>Government Guarantee</b>	: A written undertaking in which the Government explicitly commits to repaying a loan in case the borrower defaults on its repayment.
<b>Public Funds</b>	: All tangible and intangible assets owned by the Government, Government Departments, and Independent Entities, including government revenues and compensations, capital invested in Government Companies, embezzled, stolen, or unduly paid government funds, government debts

owed by others, funds provided to them as loans, aid, grants, or cash and in-kind donations, proceeds from treasury bills issued by the Government, financial support provided by the Government, and all other funds that current legislation stipulates are to be considered public funds.

<b>Capital Projects</b>	: Projects aimed at creating, acquiring, or renewing any fixed assets owned by the Government or Government Departments.
<b>Debtor</b>	: A person who has incurred a debt to the Government or a Government Department.
<b>Person</b>	: A natural or legal person.
<b>Working Day</b>	: The official working day designated for Government Departments.
<b>Commercial Sponsorship</b>	: Financial support "cash" or "in-kind" or both, for sponsoring an activity or event, in exchange for promotional and advertising benefits.
<b>Banks</b>	: Banks and financial institutions operating in the State.
<b>Petty Cash Advance</b>	: An amount disbursed in advance to complete work, services, perform specific tasks.
<b>Financial Policies and Procedures Manual</b>	: A manual that includes the financial policies and procedures that Government Departments must adhere to when implementing their financial and related administrative operations.
<b>Accounting Policies Manual</b>	: A manual that includes the specific principles, bases, rules, and practices that Government Departments are committed to applying in the preparation and presentation of financial reports and final accounts.
<b>Chart of Accounts Manual</b>	: A manual that includes a unified classification and a list of accounts used by Government Departments in recording financial transactions and accounting

	events for the purposes of issuing financial reports and final accounts.
<b>Accrual Basis</b>	: An accounting basis whereby transactions and events are recognized when they occur (and not just when cash or its equivalent is received or paid). Consequently, transactions and accounting events are recorded and recognized in the financial statements for their respective time periods, noting that the elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue, and expenses.
<b>Electronic Collection Tools</b>	: Any digital means approved by the Department of Finance, by which government revenues are collected.
<b>Electronic Payment Tools</b>	: Any digital means approved by the Department of Finance, by which financial obligations are paid.
<b>Internal Control</b>	: All control measures put in place to preserve the assets and properties of the Government Department and its rights with third parties, the rules for disbursing and collecting public funds, ensuring the integrity and efficiency of the implementation of the Government Department's work and objectives, the extent of compliance with the applicable legislation, and ensuring the accuracy and completeness of accounting books and records and the preparation of sound financial reports on time.
<b>Competent Authority</b>	: The person authorized in accordance with the provisions of the Financial Law and its complementary legislation and regulations.

## **Article (2)**

### **Responsibility for Implementing the Financial Law and its Executive Regulation and Following Up on their Implementation**

a. Decentralization and the financial powers enjoyed by Government Departments do not detract from their responsibility for applying and implementing the provisions of the Financial Law and this Regulation, and the decisions, manuals, circulars, instructions, and directives issued thereunder, to preserve and dispose of public funds. Government Departments must, in particular, commit to the following:

1. Managing and implementing their budget efficiently, effectively, and economically through effective financial management and internal control systems, and collecting their revenues and due public funds and transferring them to the Public Treasury account.
2. Providing any data or information requested by the Department of Finance within the period specified in the request.
3. Not borrowing, lending, or providing debt guarantees except in accordance with the provisions of the Financial Law and this Regulation.
4. Submitting proposals related to imposing, amending, or canceling any fees, fines, prices, or tariffs to the Department of Finance for study and action.

b. Subject to the legislation in force in the Emirate, the Department of Finance is responsible for following up on the implementation of the Financial Law and this Regulation and the decisions, manuals, circulars, instructions, and directives issued thereunder, and the tasks of interpreting the provisions contained therein, clarifying any ambiguity or vagueness, and responding to any inquiries received regarding them.

## **Article (3)**

### **Delegation of Financial Powers**

The Head or Director of the Government Department may issue a written decision to delegate some of their financial powers to one or more

occupants of leadership or supervisory positions in the Government Department, taking into account the following rules:

1. The powers to be delegated must be specific and explicitly mentioned among the powers legally assigned to the Head or Director of the Government Department, as the case may be.
2. Powers shall be delegated to the employee in their capacity, not in their personal capacity.
3. The delegate of certain powers may not, in turn, delegate them to others.
4. If an employee is assigned to carry out the duties of the delegated employee, this does not entail the assigned employee exercising the powers delegated to the person who held the position, unless it is stipulated in the assignment decision or the delegation decision.
5. The delegate shall exercise the delegated powers within the limits prescribed for them in the delegation decision, and shall not exceed them.
6. The delegation shall not result in a breach of internal control provisions or internal control rules, by the delegate undertaking two competencies in a single financial transaction, one of which is originally assigned to them by virtue of their position and the second by virtue of the delegation.
7. The delegation of financial powers shall not prevent the delegator from remaining responsible for the actions and decisions made within the scope of the delegation.
8. The Department of Finance and relevant entities must be notified with a copy of any decision issued to delegate any powers legally assigned to the Head or Director of the Government Department.

## **Chapter Two**

### **The General Budget**

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

##### **Basis for Estimating Revenues and Expenditures of the General Budget**

Revenues and expenditures of the General Budget are estimated on the basis of expected revenues to be achieved and expected expenditures to be executed based on the date of the creation of the right or debt (performance of the service or receipt of the goods). This basis may be adjusted for some items of government revenues or expenditures in accordance with what is stated in the circular stipulated in Article (11) of the Financial Law.

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

##### **General Financial Plan**

- a. The Department of Finance shall prepare a general financial plan in coordination with the Government Departments, the number of its years and the mechanism for its preparation shall be determined by the circular issued by the Ruler's Representative in this regard.
- b. Each Government Department shall prepare its draft financial plan in accordance with the circular issued in this regard and in accordance with the rules for preparing the draft General Budget.
- c. The general financial plan shall be approved by the same legislative instrument by which the Government's General Budget is approved annually.

#### **Article (6)**

##### **Annual Positions Budget**

- a. The annual budget of the Government Department shall determine the number of positions, their grades, titles, and financial allocations. It is not permissible to exceed the number of positions or the financial allocations

specified for those positions in the approved budget of the Government Department.

- b. Subject to the provision of paragraph (c) of this Article, if any position becomes vacant during the fiscal year for any reason, its financial allocation shall be automatically adjusted to the beginning of its grade's scale plus the increase percentages prescribed for the competent authority for appointment in the human resources regulations, or its previous allocation, whichever is less, and the difference, if any, shall be transferred to the Special Reserve.
- c. If any position held by an employee with a special contract becomes vacant during the fiscal year for any reason, its financial allocation shall be automatically adjusted to the ceiling specified for special contracts in the human resources regulations or its previous allocation, whichever is less, and the difference, if any, shall be transferred to the Special Reserve.

## **Article (7)**

### **Cost of Capital Projects**

The Government Department must include the financial appropriations for the capital projects to be implemented in its draft annual budget, as follows:

1. For new projects:
  - a. The total cost of each new project.
  - b. Financial appropriations for what is expected to be implemented from the project for each year of implementation.
  - c. The annual financial costs required for operation after the completion of the project.
2. For projects that have started implementation in previous fiscal years and are being completed during the fiscal year of the draft General Budget, the following must be updated:
  - a. The expected cost to be spent for each year of implementation.
  - b. The annual financial costs required for operation after the completion of the project.

## **Article (8)**

### **Attachments to the Draft Annual Budget**

The circular for preparing the General Budget referred to in Article (11) of the Financial Law shall specify the studies, data, and other documents that Government Departments are required to submit with their draft annual budget.

## **Article (9)**

### **Classification of the General Budget**

- a. The General Budget shall be classified as follows:
  1. Administrative classification, showing the government expenditures and revenues for each Government Department separately.
  2. Economic classification, showing government expenditures and revenues based on the nature and type of revenue or expenditure.
  3. Functional classification, showing government expenditures and revenues according to the functions performed by the Government Departments.
- b. One or more classifications may be added to the classifications referred to in paragraph (a) of this Article, in accordance with what is stated in the circular stipulated in Article (11) of the Financial Law.

## **Article (10)**

### **Role of the Department of Finance after the Approval of the General Budget**

After the issuance of the decree approving the General Budget, the Department of Finance shall undertake the following:

1. Announce the General Budget as the case may be, by the means it deems appropriate, unless other instructions are issued in this regard.
2. Notify the Government Departments of the appropriations allocated to each of them within the General Budget, to act accordingly.

3. Issue the necessary instructions for the implementation of the General Budget, which Government Departments must adhere to.

## **Article (11)**

### **Restrictions on Financial Disclosure**

It is prohibited to publish or distribute financial information, data, or reports if doing so would lead to:

1. Harming the economic interests of the Emirate.
2. Compromising the security or international relations of the Government.
3. Causing material losses of significant value to the Government.

## **Article (12)**

### **Temporary Spending Before the Approval of the General Budget**

- a. In the event that the decree approving the General Budget is not issued before the beginning of the concerned fiscal year, the Department of Finance shall issue a decision for temporary appropriations for the Government Departments, specifying the aspects of temporary spending, taking into account the draft annual budget for the concerned fiscal year of the Government Department, and any other considerations the Department of Finance deems appropriate.
- b. Government revenues realized and government expenditures executed before the issuance of the decree approving the General Budget for the concerned year shall be settled in accordance with the financial appropriations included in the annual budget of the Government Department in the approved General Budget.

## **Article (13)**

### **Financing the General Budget and Providing Liquidity**

- a. The General Budget is financed through government revenues. In case of a deficit in the General Budget, the Department of Finance shall propose appropriate solutions to finance this deficit.

- b. The Department of Finance shall provide cash liquidity to the Government Departments within the limits of the cash flows required for each of them in the General Budget.
- c. The Director-General of the Department of Finance shall issue a decision regulating the investment of monthly surpluses from the Public Treasury funds in short-term deposits, provided that these funds are deposited in banks within the State.

## **Article (14)**

### **Financial Transfers**

Transfers may be made between the financial appropriations included in the annual budget of the Government Department in accordance with the prescribed powers, provided that the following controls are observed:

1. Financial transfers must be to meet actual necessary needs that cannot be postponed or dispensed with.
2. There are sufficient reasons and justifications that necessitate the transfer, and their factors are taken into account in preparing the budget for the coming years.
3. No financial transfer may be made from the additional appropriations made during the concerned year.
4. Financial transfers must be recorded on the electronic financial systems approved by the Department of Finance.
5. Any other controls included in the instructions for implementing the annual budget.

## **Article (15)**

### **Additional Appropriations**

- a. A Government Department may not request an additional appropriation unless there are necessary reasons that cannot be avoided or covered by financial transfers. The Government Department must provide the Department of Finance with those reasons, which will study them, determine their feasibility, and present its recommendations on the matter to the competent authority.

- b. The request shall be submitted by the Government Department, according to the forms and through the electronic financial systems approved by the Department of Finance, and this request shall include the reasons for it, a description of the emergency situation or initiative, the required amount, the cash flow plan, and any other data requested by the Department of Finance.
- c. The additional appropriations for which a decision is issued by the competent authority may not be used for purposes other than those for which they were allocated.

## **Article (16)**

### **Use of the Special Reserve**

The Department of Finance, with the approval of the Crown Prince, may transfer from the Special Reserve to the appropriations of any of the Government Departments in any of the following cases:

1. The occurrence of an emergency or unexpected situation that was difficult to foresee when preparing the General Budget.
2. The approval of a necessary or particularly important initiative that requires funding from the Special Reserve.
3. Any other case decided by the Crown Prince.

## **Chapter Three**

### **Government Revenues**

## **Article (17)**

### **Costing and Pricing of Government Services**

- a. The Department of Finance shall prepare a manual for the costing and pricing of government services, which shall be the basis for pricing services and goods provided by Government Departments, and it shall be issued by a decision of the Ruler's Representative.
- b. When establishing, amending, or canceling any fees, prices, or tariffs, the Government Department must adhere to the principles and

procedures contained in the manual referred to in paragraph (a) of this Article.

## **Article (18)**

### **Collection and Transfer of Government Revenues**

Without prejudice to existing concession agreements and any other contracts concluded in accordance with the aforementioned Law No. (2) of 2022, Government Departments must collect government revenues in accordance with the applicable legislation, through the systems, applications, and smart financial solutions approved by the Department of Finance, and transfer them to the Public Treasury account in accordance with the rules and instructions specified in the Financial Policies and Procedures Manual, taking into account the following controls:

1. Issuing a receipt voucher upon collecting any transaction, regardless of its amount or method of payment.
2. Recording all government revenues and any other amounts collected other than government revenues in the financial records, in accordance with the approved accounting policies in this regard.
3. Separating the tasks of completing financial transactions from the tasks of receiving and recording government revenues in the financial records, and the tasks of auditing government revenues according to the established procedures in this regard.
4. Conducting the necessary reconciliations and settlements to ensure the collection of all government revenues that are made through smart systems, applications, and financial solutions.
5. The Government Department may, after obtaining prior approval from the Department of Finance, entrust the collection of its revenues to any other public or private entity, under a written agreement concluded with it for this purpose, which specifies the rights and obligations of both parties, and the methods and mechanisms for transferring and depositing its funds and insuring them, provided that the authorized collection entity commits to the following:
  - a. Collecting government revenues in accordance with the provisions of the Financial Law and this Regulation.

- b. Transferring the proceeds of government revenues that are collected to the designated bank accounts, in accordance with the agreement concluded with it in this regard.
- c. Fulfilling all obligations stipulated in the agreement concluded with it.

6. All government revenues collected by Government Departments shall be transferred to the Public Treasury account, and they may not retain them or any part of them, or spend them on their activities, invest them, or use them.

## **Article (19)**

### **Refund of Collected Revenues**

Collected revenues for services rendered may not be refunded. A refund may only be made in the following cases:

- 1. If it was collected in error (duplicate or excess payment).
- 2. Failure to receive the service for reasons attributable to the Government Department.

## **Article (20)**

### **Grievance**

- a. Without prejudice to the applicable legislation in Government Departments regarding grievances against fines, any interested party may submit a written grievance to the Government Department against the decisions, procedures, or measures taken against them under this Resolution within (30) thirty days from the date of being notified of the decision, procedure, or measure being grieved. This grievance shall be decided upon within (30) thirty days from the date of its submission by a committee formed by the Head of the Government Department for this purpose, and the decision issued regarding this grievance shall be final.
- b. The Financial Policies and Procedures Manual shall specify the mechanism for considering grievances submitted against administrative fines.

## **Article (21)**

### **Deposits and Trusts**

- a. Deposits and trusts collected by Government Departments shall be recorded as a liability in the designated accounts within the chart of accounts until the purpose for which they were held is completed or they are refunded.
- b. All collected deposits and trusts shall be deposited in the Government's bank accounts until they are disbursed to their rightful owners.
- c. Each Government Department shall maintain detailed records of the amounts received as trusts, showing the amount of each deposit or security, the name of its owner, and the reasons, date, and conditions for its refund.
- d. The security or deposit shall be refunded in full or in part to the rightful owner within five years from the date the right to its refund arises, and the records referred to in paragraph (c) of this Article shall be updated to reflect this.

## **Article (22)**

### **The Government's Due Share of Surpluses and Net Profits of Independent Entities**

- a. Independent Entities must transfer the Government's due share of their revenue surpluses or annual profits to the Treasury account within one month from the date of their approval in accordance with their establishment or reorganization legislation.
- b. Notwithstanding what is stated in paragraph (a) of this Article, upon the recommendation of the Department of Finance and the approval of the Crown Prince, the Independent Entity may be allowed to reinvest the Government's due share of its revenue surpluses or annual profits in whole or in part for the period determined by the Department of Finance before its transfer.
- c. If the Independent Entity wishes to reinvest the Government's due share of its revenue surpluses or annual profits in whole or in part, in accordance

with paragraph (b) of this Article, it must submit a prior request to the Department of Finance, including the following:

1. The proposed amount to be reinvested.
2. The reasons and justifications.
3. The due dates for their payment.
4. Any other data requested by the Department of Finance.

## **Chapter Four**

### **Government Expenditures**

#### **Article (23)**

#### **Spending from the Government Department's Annual Budget**

When spending from its annual budget, the Government Department must adhere to the following rules:

1. Optimal use of the financial appropriations allocated to it in its annual budget and within the purposes for which they are allocated.
2. Performing its tasks and completing its work and plans at the lowest financial cost and on time.
3. Not creating any liability on its part towards any person until the financial appropriations are available in its annual budget and in accordance with the applicable legislation in this regard.
4. Not resorting in the last month of the fiscal year to binding or contracting for works, services, or purchases in an urgent manner for the purpose of exhausting unused appropriations.
5. Not paying any expenditure unless it is due and payable.
6. Payments for supplied materials or completed services shall not exceed what has been supplied or completed, unless the contract concluded with the Government Department provides otherwise, and in a manner that does not conflict with applicable legislation.
7. Expenditures shall be paid in UAE Dirhams. If payment is made in any other currency, the budget shall be debited in Dirhams according to the exchange rate on the date of the transaction.
8. Not paying any expenditures from the government revenues it collects, even temporarily.

9. Not transferring, paying, or delivering due expenditures to any person to another party, except in the following cases:
  - a. A final court judgment ordering the transfer of all or part of the due expenditures to another party.
  - b. An official power of attorney from the beneficiary to deliver those expenditures to another party.
  - c. A provision in the contract concluded with the Government Department that permits the delivery of those expenditures to another party.
10. Subject to item (3) of this Article, no set-off shall be made between amounts due to any person and amounts due from them to the Government Department except when there are justifications that require such an action, and provided that the following are available:
  - a. The approval of the Director of the Government Department for the set-off based on the recommendation of the head of the organizational unit concerned with financial affairs in the Government Department.
  - b. The person signs a release for the amounts being settled with the Government Department.
  - c. Recording the expenditures and revenues being set-off against government expenditure items and government revenue items in accordance with the approved accounting policies in this regard.
11. Not paying any expenditures due to any person until after deducting what is due from them in terms of delay fines, penalties, or any other deductions due to the Government Department under any legal instrument.
12. Deducting any expenditures due to any person if they refuse, procrastinate, or delay in paying any amounts due from them to any other Government Department, with written notification to them in this regard.
13. Due government expenditures shall not be fragmented for the purpose of circumventing any provisions or procedures related to contracting or payment procedures, such as fragmenting expenditures to avoid the prescribed spending powers.

14. Organizing the necessary payment documents in accordance with the forms approved by the Department of Finance.
15. Obtaining the supporting documents for payment, whether paper or electronic, to match and review them with the records, and keeping them with the supporting attachments to the expenditure vouchers.

## **Article (24)**

### **Contracts that Create Financial Obligations Exceeding the Fiscal Year**

- a. A Government Department may not conclude a contract that creates financial obligations on it exceeding the fiscal year except with the approval of the Department of Finance, with the exception of:
  1. The appointment of employees and staff (employee contracts).
  2. Annual contracts, such as rental, maintenance, and operational services contracts, provided that the value of the rental, maintenance, and services contracts in each upcoming year does not exceed the appropriation allocated in the budget of the year in which the contract was concluded.
  3. Capital project contracts, not exceeding the total approved cost of the project.
- b. When concluding a contract that creates financial obligations on it exceeding the fiscal year to a future fiscal year or years in accordance with item (3) of paragraph (a) of this Article, the Government Department must adhere to the following controls:
  1. The contract must be for an approved capital project of the Government Department and within its total approved cost, and a financial appropriation must be available in the Government Department's budget during the fiscal year in which the contract was concluded to cover the financial obligations resulting from it.
  2. The Government Department must include the necessary annual financial appropriations for the implementation of the capital project for each fiscal year separately until the contract is completed, in its draft annual budget.

3. Unused financial appropriations listed to cover the obligations of implementing the contract shall not be used for purposes other than those for which those appropriations were allocated.
4. Adherence to the applicable systems for contracts and procurement.

## **Article (25)**

### **Expenditures on Salaries, Wages, and Employee Benefits**

- a. Monthly payrolls shall be prepared based on employee contracts, attendance records, and any other documents with a financial impact by which salaries are updated in accordance with human resources regulations.
- b. Salaries shall be paid before the end of the month according to the dates set by the Department of Finance and through a bank transfer to the employees' bank accounts, and in accordance with what is specified in the Financial Policies and Procedures Manual.
- c. Dues to the General Pension and Social Security Authority shall be transferred in accordance with applicable legislation and before the specified time to avoid any penalties.
- d. End-of-service benefits for the employee shall be paid after deducting any amounts due to the Government Department from that employee through a bank transfer to the employee's bank account in accordance with the employment contract and applicable human resources regulations and after obtaining a clearance certificate from the relevant units in the Government Department.
- e. An employee's salary may not be paid in advance except in the case of the salary for their granted annual leave.
- f. The month is considered thirty days, and all salary and wage entitlements for part of the month are calculated as a proportion of the actual number of days to thirty, except for the month of appointment and the month of termination of service, which are calculated based on the actual working days relative to the actual number of days in the month.
- g. Adherence to the limits of the financial appropriations included in the annual budget of the Government Department.

## **Article (26)**

### **Expenditures on Electricity, Water, and Communications**

Expenditures related to the consumption of water, electricity, and communications shall be paid after ensuring that the following conditions are met:

1. The subscription is registered in the name of the Government Department.
2. Invoices are approved by the competent unit in the Government Department, confirming the monitoring and study of the consumption rates contained therein.
3. Payments for international communications for landlines shall be made with the approval of the Director of the Government Department.
4. Adherence to the limits of the financial appropriations included in the annual budget of the Government Department.

## **Article (27)**

### **Expenditures on Government Vehicles**

a. All expenditures related to vehicles shall be paid after ensuring that the following conditions are met:

1. The vehicle is registered in the name of the Government Department.
2. Invoices are approved by the competent unit, confirming the monitoring and study of the quantities and expenditures contained therein.
3. Adherence to the limits of the financial appropriations included in the annual budget of the Government Department.

b. Each Government Department shall establish a policy for the use of its government vehicles appropriate to the nature of its work, provided that this policy includes rules for the use of vehicles, monitoring of use, fuel, maintenance, and insurance, and it shall be issued by a decision of its Head.

## **Article (28)**

### **Remunerations and Fees for Non-Employees**

The Director of the Government Department may approve the payment of remuneration or fees to non-employees of the Government Department for services rendered to the Government Department, provided that financial appropriations are available for this in the annual budget of the Government Department.

## **Article (29)**

### **Hosting Visitors and New Employees**

- a. Hosting of official visitors and new non-national employees from outside the country shall be based on the approval of the Director of the Government Department, after ensuring the availability of financial appropriations for this in the annual budget of the Government Department.
- b. The Government Department shall bear the costs of hosting official visitors and their accommodation in the Emirate, and the expenses of conferences and seminars related to the hosting subject.
- c. The duration of hosting for new non-national employees shall be a maximum of two weeks.
- d. The Government Department shall not bear any unauthorized expenses in accordance with the applicable legislation in the State.

## **Article (30)**

### **Payment Deadlines**

Dues to suppliers and contractors shall be paid within a maximum period of (30) thirty working days from the date of receiving the supplier's or contractor's invoice and the acceptance of the materials, services, or works, or in accordance with the periods specified in the contracts concluded with them.

## **Article (31)**

### **Payment of Financial Obligations with Electronic Payment Tools**

a. The Department of Finance shall supervise the process of paying financial obligations through electronic payment tools, and for this purpose, it shall have the authority to do the following:

1. Negotiate with banks to issue electronic payment tools and determine the credit limit allowed for each card delivered to the employees of the Government Department as required by the work needs.
2. Cancel electronic payment tools in case their users fail to comply with the controls and obligations stipulated in this Article.
3. Request any data from the bank that issued the electronic payment tools or the Government Department for which an electronic payment tool was issued.
4. Review the payment documents made by electronic payment tools to verify the accuracy of the transactions and the amounts paid.

b. The electronic payment tool must bear the name of the employee entrusted with the responsibility of carrying and using this tool to pay expenditures on behalf of the Government Department, and it may not be used by any person other than the employee whose name appears on it. This employee shall be solely responsible for the transactions made on the electronic payment tool.

c. No more than one electronic payment tool may be issued to an employee, and it may not be issued to non-permanent employees of the Government Department.

d. Electronic payment tools shall be used to pay for expenses made via the internet or points of sale inside and outside the country, provided that there is an appropriation in the budget that allows debiting it when settling the expenditures to be paid from electronic payment tools.

e. The use of electronic payment tools for any of the following purposes is prohibited:

1. Cash withdrawal of amounts.

2. Transferring any amounts from the electronic payment tool account to personal accounts.
3. Paying for purchases that do not belong to the Government Department.
4. Paying for personal purchases, regardless of their amount or type.
5. Paying for purchases not authorized under the applicable legislation in the State.

f. The expenditures paid through an electronic payment tool may not exceed the authorized credit limit for this tool, otherwise the employee entrusted with the responsibility of carrying and using this tool shall bear all the fees and costs resulting from that.

g. The Government Department is committed to paying the full amounts due on its electronic payment tool account before the due date for payment of the debit balance, or as agreed with the issuing bank, to avoid incurring interest resulting from late payment of these amounts.

h. The Government Department is committed to canceling the electronic payment tool after ensuring that its obligations have been paid, if the purpose of its issuance has ended, or the relationship of the employee holding the tool with the Government Department has ended, or if it is found that the holder is not complying with the controls contained in this Regulation, without prejudice to the liability arising from that.

## **Article (32)**

### **Foreign Payments**

The value of foreign purchases shall be paid by documentary credits or money transfers in accordance with the contracts concluded between the Government Department and the foreign supplier. Transfers may be made in a single payment, or in installments on account, or in advance payments, provided that guarantees are taken to ensure the delivery of purchases within the prescribed specifications and specified times.

## **Article (33)**

### **Petty Cash Advances**

- a. A petty cash advance is granted by a decision of the Director of the Government Department, and according to the following types:
  - 1. Permanent advance to cover recurring petty expenses.
  - 2. Temporary advance to carry out a specific work, purchase specific supplies, perform a specific task, provide a good or service, or meet urgent expenses, and it is closed upon the completion of the purpose or task for which it was disbursed directly.
- b. An appropriation must be available in the budget that allows debiting it when settling the expenditures to be paid through advances.
- c. The Financial Policies and Procedures Manual shall specify the controls for settling advances. The Director of the Government Department may approve the settlement of expenditure not supported by documents if there are reasons that justify it, for example (gratuities and daily wages).
- d. Advances are subject to surprise audits and annual audits in accordance with the instructions issued in this regard.
- e. Employees who have been issued petty cash advances bear personal responsibility for their proper management and preservation, and they are considered a debt in their name. In case of non-payment, it shall be collected from them by the established methods, including deduction from their salaries or entitlements by a decision of the Director of the Government Department. In this case, they may not be granted advances again.

## **Chapter Five**

### **Follow-up on the Implementation of the General Budget**

## **Article (34)**

### **Internal Control and Audit**

- a. The Director of the Government Department and the heads of organizational units in the Government Department, each within their

jurisdiction, are committed to overseeing the implementation of the Government Department's budget, with regard to the collection of its revenues, payment of its expenditures, monitoring its performance, and ensuring its compliance with the applicable legislation, and the application of the Financial Policies and Procedures Manual, the Accounting Policies Manual, the Chart of Accounts Manual, and other manuals, decisions, instructions, and directives issued in this regard.

b. The Internal Audit Unit in the Government Department is committed to conducting an independent and objective audit of the implementation of the Government Department's budget in accordance with the applicable work mechanisms, policies, procedures, and systems, and verifying the effectiveness of the risk management systems applied in the Government Department.

## **Article (35)**

### **Supervision of the Implementation of the General Budget**

a. The Department of Finance shall supervise the implementation of the General Budget, and for this purpose, it shall have the authority to review the original and electronic copies of the documents, records, and documents supporting financial transactions, as well as to review the electronic systems organizing the recording of Government Departments' transactions, and it has the right to request any data, information, or reports it deems important to study.

b. Officials and employees of Government Departments must take the necessary measures to respond to the requests of the Department of Finance and cooperate with its employees to enable them to perform the tasks assigned to them in accordance with the provisions of the Financial Law and this Regulation, and the decisions, manuals, circulars, instructions, and directives issued thereunder.

## **Article (36)**

### **Addressing Surplus or Deficit**

a. In case of a revenue surplus during the implementation of the General Budget, the Department of Finance shall take any of the following measures:

1. Invest the surplus amount or part of it in accordance with the provisions of paragraph (c) of Article (13) of this Regulation.
2. Allocate the entire surplus amount or any part of it to pay any government obligations.
3. Any other measures determined by the Ruler's Representative based on the recommendation of the Department of Finance.

b. In case of a deficit in the General Budget during its implementation, the Department of Finance shall submit a memorandum to the Ruler with its recommendations in this regard, including the adoption of any of the following measures:

1. Reduce the appropriations allocated to all or some Government Departments, except for the appropriations allocated to mandatory personnel.
2. Postpone or cancel the implementation of one or more capital projects included in the General Budget, and consequently cancel the amounts allocated for them in the current General Budget.
3. Use the General Reserve or the Special Reserve.
4. Issue any public debt instrument.
5. Any other measures proposed by the Department of Finance.

## **Chapter Six**

### **Accounting Basis, Chart of Accounts, Financial Reports, and Closing of Results in the General Reserve Account**

#### **Article (37)**

##### **Accounting Basis**

The Department of Finance shall prepare an Accounting Policies Manual according to the accrual basis, to be approved by the Ruler's Representative, and all Government Departments must adhere to the accounting policies contained therein in recording all their financial and accounting transactions and issuing their final accounts.

#### **Article (38)**

##### **Chart of Accounts**

- a. The Department of Finance shall issue a Chart of Accounts Manual which includes a unified classification and a list of accounts used by Government Departments in recording financial and accounting transactions, for the purposes of issuing financial reports and final accounts.
- b. The Department of Finance may issue the necessary directives and instructions to enable Government Departments to prepare their reports in accordance with the Chart of Accounts.

#### **Article (39)**

##### **Closing of Accounting Periods**

The accounting periods for Government Departments during the fiscal year shall be closed in accordance with what is specified in the Financial Policies and Procedures Manual, except for the last period of the concerned fiscal year, which shall be closed in accordance with the circular referred to in Article (34) of the Financial Law.

## **Article (40)**

### **Financial Reports of the Government**

The Department of Finance is responsible for preparing the following financial reports:

1. Consolidated Financial Statements.
2. Periodic reports on financial performance.
3. Annual report on public debt and government guarantees.
4. Any other financial reports proposed by its Director General.

## **Article (41)**

### **Financial Performance Reports**

Government departments and independent entities must submit a monthly report to the Department of Finance on the implementation of their revenue and expenditure budget, according to the forms specified by the Department of Finance, no later than the end of the month following the concerned month. These reports must be approved by their Director of Accounts or equivalent.

## **Article (42)**

### **Financial Reports on Public Debt**

- a. All government departments and independent entities must notify the Department of Finance within (30) thirty days from the date of issuance of these regulations of all data and information related to any loans they may have obtained before these regulations came into effect.
- b. The borrowing government departments and independent entities are obligated to provide the Department of Finance with all reports, data, and information it requests related to these loans, in accordance with the deadlines, mechanisms, and manner it specifies.

## **Article (43)**

### **Consolidated Financial Statements**

- a. Government departments, independent entities, government companies, and any other entity affiliated with the government must provide the Department of Finance with the audited financial reports for the past fiscal year in accordance with the deadlines, principles, and instructions contained in the circular issued by the Ruler's Representative in this regard.
- b. The Department of Finance must prepare and issue the consolidated financial statements no later than thirty days from the date of receiving the last audited financial statements in accordance with paragraph (a) of this article.

## **Article (44)**

### **Closing the Results in the General Reserve Account**

The results of the implementation of the general budget are closed in the General Reserve Account according to the following procedures:

1. If a surplus is achieved as a result of implementing the general budget in any fiscal year, the Department of Finance shall transfer it to the General Reserve Account within (5) working days from the date of approval of the final general account.
2. If a deficit occurs as a result of implementing the general budget in any fiscal year, the Department of Finance shall investigate its causes, take necessary measures and precautions to prevent its recurrence, and settle it in whole or in part in the next fiscal year or years, as decided by the Ruler based on the recommendation of the Department of Finance.

## **Chapter Seven**

### **Management of Government Funds and Bank Accounts**

#### **Article (45)**

##### **General Reserve Account**

- a. The General Reserve Account is managed in accordance with the rules and regulations issued by the Chairman of the Department of Finance.
- b. After the approval of the competent authority, the General Reserve Account may be used for the following purposes:
  1. Financing the general budget deficit.
  2. Financing any government investments.
  3. Temporary financing for cash flow.
  4. Repayment of any government obligations.
  5. Any other purposes proposed by the Department of Finance.

#### **Article (46)**

##### **Government Department Investments**

- a. A government department authorized according to its establishment or reorganization legislation may invest in investment activities related to its competencies, provided that the necessary resources for the said investment are available. The government department must conduct the necessary economic and financial studies and ascertain the economic and financial feasibility before entering into any investment in its name, particularly identifying the potential risks of the investment. In all cases, the concerned government department is responsible for ensuring the economic and financial feasibility of the investment before concluding any agreement regarding it with a third party, without prejudice to the special provisions for the procedures of establishing companies mentioned in Article (48) of these regulations.
- b. The government department shall undertake the tasks and responsibilities of managing its investments, supervising them, and

following up on the collection of their returns and their transfer to the Public Treasury account.

c. The decision to dispose of investments belonging to the government department shall be issued in writing by its chairman after a study by the government department confirming the existence of reasonable justifications for the said disposal. A copy of the mentioned decision must be sent to the Department of Finance.

## **Article (47)**

### **Establishment of Government Companies**

a. The following controls must be observed when establishing a government company:

1. The primary activity of the company to be established must be limited to the production and provision of goods and services of a commercial nature, directly related to the competencies of the government department as stipulated by current legislation, and this activity must have a positive impact on the sustainable development plans of the Emirate.
2. The private sector is unable to produce, provide, and deliver goods or services to the public competitively, with high quality, and at acceptable prices.
3. The public interest requires government intervention to enhance competition, achieve welfare, provide the good or service sustainably, with high quality, and offer multiple options to the public.
4. The analysis of competition between the public and private sectors shows that the production and provision of the good or service by the company is viable and will not negatively affect the private sector.
5. The competition analysis includes several factors, such as potential for performance improvement, quality enhancement, cost reduction, operational risk mitigation, workforce planning enhancement, optimal utilization of human resources, and retention of competencies.
6. Without prejudice to any special provisions in the prevailing legislation in the Emirate or in the articles of association or bylaws of government companies, companies established after these regulations come into effect shall be subject to the legislation governing commercial companies,

competition, bankruptcy, good governance, and public-private partnerships.

b. After the company is established, the government department must conduct a periodic competition analysis, at least once every (3) three years, to ensure efficiency and sustainability, and submit the results of this analysis to the Department of Finance for review and recommendations.

## **Article (48)**

### **Establishment Procedures**

A government department authorized to establish companies according to its establishment or reorganization legislation, when wishing to establish any company wholly owned by it or in partnership with others, regardless of its legal form, must follow the following procedures:

1. Identify the goods or services that can be provided to the public through its subsidiary companies, and evaluate them in a way that ensures the enhancement of the quality of those goods or services and the efficiency of their production and provision.
2. Submit the results reached from the identification and evaluation process referred to in paragraph (1) of this article to the Department of Finance, accompanied by a comprehensive study supported by documents, data, and statistics, including everything related to the establishment of the company, and in particular the following:
  - a. A statement of the economic feasibility of establishing the company.
  - b. Financial planning for (10) ten years for the company to be established.
  - c. Performance indicators and targets for the company to be established.
  - d. The proposed capital for establishing the company, its financing methods, a statement of the distribution of shares, and its contribution percentage if the company is to be established in partnership with others.
  - e. The proposed legal form for the company to be established.
  - f. Defining the company's activity and objectives.
  - g. Identifying the person with whom the government department wishes to establish the company, whether a natural or legal person, their nationality, financial solvency, and previous experience.

- h. An analysis of the competition between the public and private sectors conducted by the government department, to show the impact of the company to be established on the private sector.
- i. Any other data or information requested by the Department of Finance.

3. The Department of Finance will review the study prepared by the government department in accordance with paragraph (2) of this article, to verify the need to establish the company, whether by the government department alone or in partnership with others, and to determine the best available options in this regard.
4. The Department of Finance will submit a report containing its recommendation regarding the establishment of the company to the Ruler's Representative, to obtain his prior approval for the establishment of the company or not.
5. In the event that the establishment of the company is approved, the government department, in coordination with the Department of Finance and the Department of Legal Affairs, according to its establishment and reorganization legislation, will complete the establishment procedures with the competent licensing authority in accordance with the applicable legislation.

## **Article (49)**

### **Company Obligations**

Without prejudice to any special provisions contained in the applicable legislation in the Emirate, or in the articles of association or bylaws of government companies, such companies shall comply with the following:

1. Apply fair competition rules with other privately-owned companies.
2. Ensure the sustainability of its financial resources, so that after its establishment it does not receive any financial support from the government, and the prices it charges cover the total cost of the goods it produces or the services it provides, plus a fair return that achieves an appropriate profit margin, taking into account what is stated in clause (1) of paragraph (a) of Article (50) of these regulations.
3. The company shall have complete financial independence from its parent government department, so that no government assets are

mortgaged or restricted in the name of the company, or loans are obtained with the guarantee of the government department's assets or funds.

4. Not to compete with privately-owned companies, or negatively affect competition and the attractiveness of the investment environment in the Emirate, including controlling a large share of the local market in a way that prevents the establishment or expansion of privately-owned companies.
5. Pay all taxes, fees, prices, tariffs, and any other amounts stipulated by the legislation applicable to commercial companies.
6. Comply with the legislation regulating commercial companies or governing their activities and business.
7. Contribute to providing job opportunities for citizens of the state.
8. Pricing of goods and services provided by the company according to the following rules:
  - a. Ensuring a balance between its strategic objectives, represented in the company achieving the primary role and goals for which it was established, and its financial objectives, represented in achieving an appropriate profit margin.
  - b. Notwithstanding what is stated in clause (a) of paragraph (8) of this article, the company may, with prior approval from the Department of Finance, and in special cases, prioritize strategic objectives over financial objectives or vice versa, such as providing a good or service to a larger segment of society at prices lower than the market, or at a price higher than the market price with the aim of changing the behavior pattern of consumers in the market, to achieve certain economic or social goals.
  - c. Conduct a periodic review of the prices of its goods and services whenever necessary, to ensure the achievement of the desired objectives behind its establishment.
9. Provide the Department of Finance, according to the deadlines it specifies, with the following:
  - a. Estimated data of revenues and expenditures for the next fiscal year, and a cash flow statement appropriate to the nature of its work, no later than the end of December of each year.

b. Quarterly financial reports.

## **Article (50)**

### **Company Termination**

a. Subject to the provisions of the applicable legislation in the state, government-owned companies shall be terminated by a decision of the Ruler's Representative through liquidation, sale, or merger, based on a recommendation from the Department of Finance, in any of the following cases:

1. The company's lack of financial sustainability, due to recurring financial losses or its inability to compete in the market. However, with the approval of the Ruler's Representative, the continuation of the government-owned company may be decided and it may be granted financial advances until its financial situation is corrected, provided that the Ruler's Representative determines the method of settling these advances.
2. The company is proven to be competing with privately-owned companies.
3. The negative impact of the company's existence on competition and the attractiveness of the investment environment in the Emirate.
4. The primary purpose of establishing the company has ended.
5. Any other case stipulated in its articles of association or bylaws.

b. The company owned by the government department shall be terminated by a decision of its chairman after a study by the owning government department confirms the existence of reasonable justifications for terminating the company in any of the cases specified in paragraph (a) of this article.

c. The government department to which the company belongs, which is decided to be terminated in accordance with the provisions of paragraph (b) of this article, in coordination with the Department of Finance, shall develop a clear and specific timeline not exceeding two years, to cancel the company's registration with the competent licensing authority.

## **Article (51)**

### **Net Profits of Government Companies**

Government companies must transfer the share due to the government or the government department from their annual net profits within one month from the date of approval of their dividend distributions, in accordance with their articles of association or bylaws.

## **Article (52)**

### **Lending**

A government department may not lend money to any person. Only the Department of Finance, upon the recommendation of the Ruler's Representative and with the written approval of the Crown Prince, may lend money on behalf of and in the name of the government to independent entities according to their actual needs, and it shall have the right to exercise any powers and rights related thereto in accordance with the powers granted to it.

## **Article (53)**

### **Bank Accounts**

The Department of Finance is responsible for opening and closing bank accounts, whether in the name of the government or any government department, inside or outside the Emirate, and supervising their operation according to the following:

1. The request to open a bank account is issued exclusively by the Department of Finance, on its own initiative or at the request of the government department.
2. An agreement must be concluded by the Department of Finance, as a representative of the government, with the concerned bank, specifying in that agreement, in particular, the fees for all banking operations, debit and credit interests, and the benefits, facilities, and services granted free of charge.

3. The Department of Finance may open bank accounts in foreign currencies.
4. The Department of Finance may open zero-balance accounts for government departments at banks to be used for managing cash flows.
5. No bank account may be used for a purpose other than that for which it was opened.
6. No debit or credit notices from the bank or any modification in fees and interests shall be accepted if they violate the terms of the bank account opening agreement.
7. The Department of Finance shall notify the banks of the names of the authorized signatories from the heads and directors of government departments within the limits of their prescribed powers, their signature specimens, and any amendments or changes that occur to them.
8. The dealing banks shall be notified by a letter approved by the director of the government department of the names and signature specimens of the employees authorized to sign on behalf of the government department on all documents and banking transactions, and any amendments or changes that occur to them.
9. The government department must use the electronic banking solutions and services provided by banks for the purposes of bank reconciliations, payment operations, inquiring about bank account balances, or any other banking operations as determined by the Department of Finance.

## **Article (54)**

### **Special Bank Accounts**

- a. The Department of Finance may, at the request of the government department, open a special-nature bank account according to the following controls:
  1. The special bank account shall be for the purpose of tracking the work of the government department for which specific decisions have been issued and whose work necessitates the opening of special bank accounts in their names, such as committees formed at the government level / receiving grants and donations / participating in private forums, councils, and exhibitions.

2. A decision shall be issued by the head of the government department approving the powers and signing limits on the special bank account, provided that a minimum of two signatures are approved or according to the rules proposed by the government department and approved by the Department of Finance.
3. The Department of Finance shall be notified immediately upon the completion of the purpose for which the special account was opened to take procedures to close the special bank account. The concerned department may, after the approval of the Department of Finance, retain the special bank account if it relates to a periodically recurring activity or event.
  - b. All government departments must notify the Department of Finance within (30) thirty days from the date of issuance of these regulations of any open special accounts, their uses, and their balances.

## **Article (55)**

### **Bank Accounts of Abolished or Restructured Government Departments**

In the event of legislation being issued regarding the abolition or restructuring of any government department, the Department of Finance shall communicate with the banks regarding any instructions related to the bank accounts of the abolished or restructured government departments, including the transfer of available balances in those accounts to the government accounts or to any other account in accordance with the legislation issued in this regard.

## **Article (56)**

### **Bank Reconciliations**

The government department must prepare bank reconciliations for its bank accounts daily, monthly, or as needed, as follows:

1. Request a bank statement through electronic banking systems.
2. Match the debit and deposit movements in the bank statement with the government department's records.

3. Follow up on unreconciled amounts and work to reconcile them.
4. Issue a monthly report on the status of bank reconciliations and unreconciled movements, in paper or electronic form, and attach it with the monthly account closing report.

## **Chapter Eight**

### **Public Debt**

#### **Article (57)**

##### **Controls and Procedures for Government Borrowing**

- a. No government department may obtain a loan, banking facility, or guarantee any person in a debt that creates an obligation on the government department to a third party, except with the prior written approval of the Crown Prince based on a written recommendation from the Ruler's Representative.
- b. If any government department wishes to obtain a loan or banking facility, it must first prepare an economic study that includes sufficient justifications for requesting the loan or banking facility, and send it to the Department of Finance to express its opinion on it and submit its recommendations to the Ruler's Representative, provided that the study includes:
  1. The purposes for obtaining the loan or banking facility.
  2. The ceiling of the total amount of the loan or banking facility.
  3. The term of the loan or facility and the maturity dates for its repayment.
- c. After the Crown Prince's approval of the concerned loan or banking facility, the government department shall conclude and manage the loan agreement, and it must send a copy of the agreement to the Department of Finance.

#### **Article (58)**

### **Public Debt Repayment**

- a. Public debt is considered an obligation of the government.

- b. The Director General of the Department of Finance may authorize banks to automatically withdraw from government accounts to pay public debt dues.
- c. If the due date for payment of any amount of public debt falls on an official holiday for the government or banks operating in the state, the first working day thereafter shall be the day on which payment is due, unless the loan agreement provides otherwise.
- d. The government department may, in a manner that ensures its interests and after coordinating with the Department of Finance, repay its outstanding loans before their due date.

## **Article (59)**

### **Public Debt Ceiling**

Public debt must not exceed the specified and approved ceiling in the government's fiscal policy.

## **Article (60)**

### **Issuance of Government Guarantees**

- a. The Department of Finance has the authority to issue government guarantees on behalf of the government after the approval of the Crown Prince and based on a written recommendation from the Ruler's Representative.
- b. The entities specified in paragraph (c) of this article, which wish to obtain a government guarantee, must submit a request to the Department of Finance explaining the reasons for requesting the guarantee and its amount, and the financial sources or investments allocated to repay their resulting debts, supported by all data related to their current debts, so that it can study it and submit its recommendations thereon.
- c. The government guarantee is issued on behalf of:
  1. Any of the government departments.
  2. Any of the government departments as a shareholder/partner in another entity.

3. Any other entity that the Crown Prince approves to be granted a government guarantee.
  - d. Any funds paid by the government as a result of a government guarantee are considered debts due to it from the guaranteed entity, and the Department of Finance must take all necessary measures to ensure the recovery of any funds paid by the government in fulfillment of its obligations under the government guarantee.
  - e. The Crown Prince may, based on a recommendation from the Ruler's Representative, exempt the entity on whose behalf the government guarantee was issued from all or part of the funds paid by the government in fulfillment of its obligations under the government guarantee.

## **Article (61)**

### **Obligations of the Entity Issued a Government Guarantee**

The entity on whose behalf the government guarantee is issued shall be obligated to the following:

1. To fully carry out all actions and take all necessary precautions to comply with the conditions specified in the government guarantee.
2. To provide all data, information, and documents requested by the Department of Finance, whether related to the issuance of the government guarantee, its performance, or the extent of the entity's fulfillment of any of the obligations contained in the government guarantee.
3. To submit periodic reports to the Department of Finance on the performance of the debts associated with the government guarantee issued to it.
4. To notify the Department of Finance of any events, cases, or circumstances that may lead to a breach of any of its obligations contained in the government guarantee, and of the procedures or measures it recommends to be taken to avoid this breach.

## **Article (62)**

### **Public Debt Ceiling Resulting from Government Guarantees**

The total financial amounts guaranteed by existing government guarantees, when added to the existing public debt of the government, may not exceed the percentage specified for public debt in the government's fiscal policy.

## **Chapter Nine**

### **Grants, Subsidies, Donations, and the Like**

## **Article (63)**

### **Conditions for Accepting Grants, Subsidies, Donations, and the Like**

- a. A government department may accept any grants, subsidies, donations, and the like after the approval of its head, provided that such grants, subsidies, or donations are recorded in the records and accounts of the government department in accordance with the approved accounting policies in this regard.
- b. Conditional cash grants, donations, and subsidies shall be disbursed according to the purposes specified by the donor or grantor.
- c. The same provisions and regulations applicable to government procurement shall apply to purchases and expenditures made from cash grants, donations, and subsidies.
- d. In-kind grants, donations, and subsidies, after being accepted, are considered among the assets and properties of the government department.
- e. A government department may, for reasons required by the public interest, sell in-kind donations and subsidies and deposit their value into the revenue account.

## **Article (64)**

### **Gifts Presented in the Name of the Government Department**

- a. A government department may purchase and present gifts to its official guests and visitors, provided that financial appropriations for this purpose are available in the annual budget of the government department.
- b. The gifts must be in-kind, and the gifts presented by the government department must bear the form of a gift from the government department.
- c. The head or director of the government department, as the case may be, determines the nature and value of the gift, the identity of the recipient, and the purpose of the gift.

## **Article (65)**

### **Granting Sponsorships**

- a. A government department may finance the sponsorship of an activity or event, according to the following controls:
  1. A financial appropriation is available in the annual budget of the government department to sponsor the activity or event.
  2. A prior study is received from the entity to be sponsored showing the desired objectives.
  3. Ensuring that the objectives of the activity or event to be sponsored are compatible with the strategic objectives of the government department.
  4. Concluding a contract with the beneficiary entity including the following:
    - a. Tasks and responsibilities of each party.
    - b. Objectives and outcomes of the activity or event.
    - c. Determining the sponsorship amount and its disbursement mechanisms.
    - d. Determining the mechanism for returning the surplus of the sponsorship amount (if any).

- e. Determining the value of financial penalties imposed on the beneficiary entity in case of breaching the contract terms or damaging the reputation of the government department.
- b. Sponsorship may not be provided in any of the following cases:
  - 1. The policies and objectives of the beneficiary entity conflict with the directions and policies of the government department.
  - 2. The beneficiary entity represents political, partisan, religious, or sectarian associations.
  - 3. The activity or event conflicts with the state's policies regarding the environment and sustainability.
  - 4. There is a conflict of interest between the granting government department and the beneficiary entity.

## **Article (66)**

### **Accepting Sponsorships**

- a. A government department may accept commercial sponsorship financed by the private sector according to the following controls:
  - 1. Ensuring there is no conflict of interest between the sponsor and the government department.
  - 2. Concluding a contract or memorandum of understanding with the sponsor, such that the contract or memorandum of understanding includes the following:
    - a. Objectives and outcomes of the sponsored activity or event.
    - b. Tasks and responsibilities of the contract parties.
    - c. A statement of all details related to the sponsorship and the financing mechanism.
    - d. Determining the mechanism for handling the surplus of the sponsorship amount, if any.
    - e. Determining the value of financial penalties imposed on the sponsor in case of breaching the contract terms or damaging the reputation of the government department.

f. The total value of the contract and the due dates for payments, ensuring that the timing of commercial sponsorship payments aligns with the event's schedule.

b. The following are prohibited:

1. Accepting sponsorships that include religious, political, and ethnic activities that violate the principle of coexistence and tolerance.
2. Accepting sponsorships that result in anything that may offend the state, society, or individuals.
3. Disclosing, publishing, or disposing of any information or data of the government department without its consent.
4. Accepting a commercial sponsorship offer that contradicts the general directions of the government.
5. Linking commercial sponsorship to individuals and persons representing the government or to special benefits for employees in the government department.
6. Collecting donations during the activity or event except in accordance with applicable legislation.
7. Granting preference to sponsors in government procurement.

c. In the event of agreeing to receive an in-kind or financial "cash" sponsorship, and it later becomes apparent to the government department that there is information, causes, or changes that lead to a decision to reject the sponsorship, the sponsorship contract shall be terminated, and the sponsorship amount or the received item shall be returned to the sponsor.

## **Article (67)**

### **Financial Controls for Accepting Sponsorships**

The government department must adhere to the following financial controls when accepting sponsorships:

1. Submit a request to the Department of Finance to open a special bank account for commercial sponsorship contracts.

2. Use the special bank account to deposit the amounts received from the sponsor and disburse them for the event according to the collection and disbursement rules stated in these regulations.
3. Apply Value Added Tax (VAT) in accordance with tax legislation in cases where there is a benefit in exchange for the sponsorship.
4. Do not use the received funds for purposes other than those for which they were received.
5. Record the financial transactions related to commercial sponsorship contracts in accordance with the approved accounting policies in this regard.
6. Periodically perform account reconciliations and necessary reconciliations for the special bank account for commercial sponsorship contracts with the accounting records.
7. In the event that the activity or event is not completed for any reason after receiving the sponsorship amount, the sponsorship amount shall be disposed of in accordance with what is stipulated in the contract.
8. Transfer sponsorship surpluses, if any, to the government department's bank account after the completion of the activity or event, unless the contract provides otherwise.
9. Submit a request to the Department of Finance to close the special bank account after the activity or event ends, taking into account the provision of clause (3) of paragraph (a) of Article (54) of these regulations.

## **Article (68)**

### **Financial Support**

- a. Entities that receive financial support from the government must provide the Department of Finance with the following requirements:
  1. When requesting support, justifications for the financial support request and any other data requested by the Department of Finance.
  2. In case the support is granted, submit a semi-annual report by the twentieth day of the month following the respective half-year at the latest, including the following:
    - a. Details of all expenses and revenues.

- b. Areas of support expenditure.
- c. Any other data specified by the Department of Finance.
- b. Entities receiving financial support must spend the support in the designated purposes and areas.
- c. The Department of Finance may be guided by the recommendations in the reports of the Authority on these entities when preparing its recommendations to the Ruler's Representative to decide whether to grant support to these entities in the following years.

## **Chapter Ten**

### **Financial Transactions Between Entities**

#### **Article (69)**

#### **Settlement of Financial Transactions Between Government Departments**

A government department must adhere to the following rules and procedures when conducting any financial transaction with another government department:

1. There must be acceptance by the government department of the service or materials provided to it by the other government department and of their value.
2. The government department providing the materials or services must comply with the applicable government procurement systems when requesting any materials or services from suppliers or assigning them to meet the requirements of the receiving government department.
3. The value of the transactions shall be recorded in the financial records of the government department in accordance with the approved accounting policies in this regard.
4. In the event of a dispute between the two government departments over the amount of financial claims arising from financial dealings between them, a request for settlement of the dispute, supported by documentary evidence, shall be submitted to the Department of Finance no later than (14) fourteen days from the date of the dispute. The decision

issued by the Department of Finance in this dispute shall be final and binding on both government departments.

5. In the event of a dispute between the government department and the Department of Finance over the amount of financial claims arising from financial dealings between them, a request for settlement of the dispute, supported by documentary evidence, shall be submitted to the Ruler's Representative no later than (14) fourteen days from the date of the dispute. The decision issued by the Ruler's Representative in this dispute shall be final and binding on both government departments.

6. Reconcile balances (if any) every (3) three months with the other government department.

7. Settle balances (if any) at the end of each year in accordance with the instructions issued by the Department of Finance.

## **Article (70)**

### **Settlement of Financial Transactions with Independent Entities**

A government department must adhere to the following rules and procedures when conducting any financial transaction with an independent entity:

1. Conclude a joint agreement with the independent entity that includes the obligations of each party and send a copy of this agreement to the Department of Finance.
2. The government department providing the materials or services must comply with the applicable government procurement systems when requesting any materials or services from suppliers or assigning them to meet the requirements of the receiving independent entity.
3. Transfer the amounts due to each entity for the financial transactions that take place between them.
4. Record the value of these transactions in accordance with the approved accounting policies in this regard.
5. In the event of a dispute between the government department and the independent entity over the amount of financial claims arising from financial dealings between them, a request for settlement of the dispute,

supported by documentary evidence, shall be submitted to the Department of Finance no later than (14) fourteen days from the date of the dispute. The decision issued by the Department of Finance in this dispute shall be final and binding on both parties.

6. In the event of a dispute between the Department of Finance and the independent entity over the amount of financial claims arising from financial dealings between them, a request for settlement of the dispute, supported by documentary evidence, shall be submitted to the Ruler's Representative no later than (14) fourteen days from the date of the dispute. The decision issued by the Ruler's Representative in this dispute shall be final and binding on both parties.

## **Chapter Eleven**

### **Collection of Public Funds**

#### **Article (71)**

##### **Rules and Procedures for the Collection of Public Funds**

- a. The government department is responsible for collecting the public funds due to it, and it must adhere to the same rules established for the collection and remittance of government revenues as stated in Article (18) of these regulations.
- b. A debtor of public funds who is also a creditor to the government or the government department may not set off what is due to them against what is due from them, and they must pay the public funds due from them without delay.
- c. If the debtor refuses to pay the legally due public funds, the government department must take the measures outlined below against the defaulting debtor on an urgent basis, taking into account the powers vested in the Department of Legal Affairs in its establishment or reorganization decree, in the following sequence:
  1. Send a payment notice within (30) thirty days from the due date.
  2. Seize any property held by it for the benefit of the debtor after the expiry of the notice period referred to in clause (1) of paragraph (c) of this

article and sell it by public auction, after obtaining a court judgment to that effect.

3. Request the competent court to impose a precautionary attachment on the debtor's assets that can be legally attached, if there are serious reasons for the attachment, or to prevent the smuggling or concealment of his assets, including their transfer to a third party.
4. Resort to the judiciary to compel the debtor to pay the public funds due from them.
- d. The competent employee in the government department shall be legally responsible in case of negligence and failure to take the necessary measures to collect the due public funds as stated in paragraph (c) above or failure to coordinate with the Department of Legal Affairs to exercise its powers as stated in its establishment or reorganization decree.
- e. The Department of Finance shall follow up on the government department's remittance of the collected public funds to the Public Treasury account.
- f. The procedures for collecting due public funds shall be suspended in case of a decision of exemption from them by the competent authority.

## **Article (72)**

### **Guarantees for the Collection of Public Funds**

- a. A government department may accept the following guarantees for the payment of public funds due to it:
  1. A bank guarantee letter issued by an approved bank in the United Arab Emirates.
  2. A judicial guarantee from a solvent guarantor who guarantees the payment of the public funds due from the debtor, according to the guarantee contract form approved by the Department of Finance. The guarantee contract shall not be effective until it is authenticated by a notary public.
  3. Any other guarantees approved by the Department of Finance.
- b. The government department shall not accept the guarantee of any person for the payment of due public funds until it has verified their

financial solvency and ability to pay these funds in case of non-payment by the debtor.

## **Article (73)**

### **Facilities for Payment of Due Public Funds**

- a. A government department may allow the payment of its due public funds in installments and must prepare a list of public funds eligible for installment payments and submit it to the Department of Finance for approval. When preparing this list, the controls and standards specified in the financial policies and procedures manual in this regard shall be observed.
- b. The director of the government department may approve the installment payment of the public funds specified in the list referred to in paragraph (a) of this article, based on a request submitted by the debtor or their legal representative. This request shall be decided upon in accordance with the rules and procedures stipulated in this article.
- c. The following conditions are required for the installment payment of public funds:
  1. The public funds must be due at the time of submitting the installment request.
  2. The value of the public funds for which installment payment is requested shall not be less than the minimum limit approved by the Department of Finance, and the type and nature of the public funds shall be taken into account when determining this limit.
  3. The applicant for installment payment must pay at least (25%) of the public funds for which installment payment is requested.
  4. The installment period shall not exceed (5) five years.
  5. The installment payments shall be made by checks or any other means approved by the Department of Finance.
  6. Any other conditions specified by the government department.
- d. Notwithstanding the condition stipulated in clause (3) of paragraph (c) of this article, the director of the government department may, based on a reasoned request submitted by the applicant for installment payment,

amend the percentage that must be paid before approving the installment request submitted by them.

e. The applicant for installment payment must, within (15) fifteen days from the date of being notified of the decision to approve the installment request, provide the guarantees or securities specified by the government department, equivalent to the value of the amounts due from them. These guarantees and securities shall remain valid throughout the installment period and until full payment. In the event that the applicant for installment payment fails to fulfill their obligations to pay the installments on their scheduled dates, the decision to approve the installment plan shall be considered null and void.

## **Article (74)**

### **Postponement of Installment Payments**

The director of the government department may approve a request to postpone the payment of no more than (3) three installments for a debtor who has been approved for installment payment of public funds due from them. In this case, the applicant for installment payment must commit to paying the installments that were approved for postponement on the specified dates.

## **Article (75)**

### **Default on Installment Payments**

a. The government department shall take the following measures against an installment applicant who defaults on paying any due installment without an excuse acceptable to the government department:

1. Cancel the installment plan and collect the remaining installments in a single payment.
2. Prohibit them from benefiting from installment payments of any public funds due from them for two consecutive years, starting from the date of default.

b. The measures stipulated in paragraph (a) of this article do not prejudice the taking of the measures stipulated in Article (71) of these regulations to claim the amount that the installment applicant has defaulted on paying.

# **Chapter Twelve**

## **Financial Systems, Records, and Documents**

### **Article (76)**

#### **Use of Smart Financial Systems, Applications, and Solutions**

- a. The Department of Finance is responsible for approving, managing, and developing smart financial systems, applications, and solutions related to the management and planning of government financial resources, which include, but are not limited to, the following:
  1. Receipts, payments, fixed assets, cash, general ledger, and inter-departmental transactions.
  2. Government procurement, contracts, and warehouses.
  3. Salaries and wages.
  4. Financial management of projects.
  5. Financial planning and budget preparation.
  6. Calculating the costs of government services.
  7. Various financial management systems, such as financial data collection, presentation, disclosure, and reconciliation.
  8. Tax management.
- b. All financial operations carried out through the smart financial systems, applications, and solutions approved by the Department of Finance are considered to have legal effect, provided that such operations comply with the applicable legislation.
- c. Government departments are obligated to use the smart financial systems, applications, and solutions approved by the Department of Finance, in accordance with the mechanisms, powers, and procedures for operating each system or application.
- d. Notwithstanding what is stated in paragraph (a) of this article, a government department may create its own smart financial systems, applications, and solutions, provided that it obtains the prior approval of the Department of Finance and the Ajman Digital Department for the creation of such systems, applications, and smart financial solutions, and

ensures linkage and integration with the smart financial systems, applications, and solutions approved by the Department of Finance.

e. Provide the necessary support and training for users of smart financial systems, applications, and solutions.

## **Article (77)**

### **Destruction of Financial Books, Records, and Documents**

a. A government department may dispose of financial and administrative books, records, documents, and papers with financial impact that are decided to be destroyed after ten years from the end of the fiscal year in which the government's final general account to which those documents and papers belong is approved, in the following cases:

1. The government department no longer needs them.
2. They are not related to any disputed rights or rights decided to be established until these rights are finally settled or the statute of limitations has passed, whichever is earlier.
3. They are not the subject of an administrative or judicial investigation or dispute.

b. The retention period for disbursement and collection documents shall begin from the beginning of the fiscal year following the year in which the work with these documents ended. The retention period for contractual documents, including financial contracts, shall begin from the date of completion of the contractual obligations contained in the contract or contractual document, and the end of the warranty and maintenance periods.

c. Financial books, records, and documents must be kept in an organized manner that ensures their protection and easy reference when needed.

d. The government department shall prepare lists of the financial books, records, and documents that are decided to be disposed of within (3) three months from the date of the expiry of their retention period.

e. The documents, papers, and records referred to in paragraph (a) of this article shall be destroyed by a committee formed by a decision of the director of the government department for this purpose.

- f. The destruction committee shall inventory the documents, papers, and records to be destroyed, collect them, prepare their lists, select the appropriate means to carry out the destruction process, set a date for destruction, and organize lists and minutes of what has been destroyed.
- g. The destruction must be carried out in a way that prevents the use of what has been destroyed by others.
- h. The destruction minutes shall be kept in a way that is easy to refer to when necessary.

## **Chapter Thirteen**

### **Final Provisions**

#### **Article (78)**

##### **Fixed Assets**

The financial policies and procedures manual shall specify the controls, provisions, and procedures that government departments must adhere to regarding fixed assets.

#### **Article (79)**

##### **Inventory**

The financial policies and procedures manual shall specify the controls, provisions, and procedures that government departments must adhere to regarding inventory.

#### **Article (80)**

##### **Repayment of Third-Party Debts and Dues**

A government department may, after the approval of the Crown Prince or his authorized representative, repay any debts or dues that have become public funds after the expiry of the period stipulated in Article (42) of the Financial Law to their rightful owners, if the right holder submits a request to the government department to recover these funds, and in accordance

with the controls and conditions specified in the financial policies and procedures manual in this regard.

## **Article (81)**

### **Penalties**

Without prejudice to any penalty stipulated in any other legislation, any employee who violates the provisions of the Financial Law and these regulations shall be punished with the administrative penalties stipulated in the human resources regulations applicable in the government.