

## **Emiri Decree No. (11) of 2011**

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

We, Humaid bin Rashid Al Nuaimi, Member of the Supreme Council, Ruler of the Emirate of Ajman

- Having reviewed the Constitution of the United Arab Emirates.
- And Federal Law No. (23) of 2005 regarding the rules for preparing the general budget and the final account of the Federal Government and its amendments, and Federal Law No. (1) of 2011 regarding the public revenues of the state.
- And Emiri Decree No. (4) of 2003 concerning the establishment of the Executive Council of the Emirate of Ajman and its amendments.
- And Emiri Decree No. (9) of 2008 issuing the Civil Service Law in the Emirate of Ajman.
- And Emiri Decree No. (3) of 2010 concerning the establishment of the Ajman Financial Control Authority.
- And Emiri Decree No. (4) of 2010 establishing the Department of Finance and Administrative Affairs in Ajman.
- And Emiri Decree No. (8) of 2011 concerning the regulation of local legislation issuance in the Emirate of Ajman.
- And based on the recommendation of the Executive Council of the Emirate of Ajman issued in its third session of 2011.
- And based on what was presented to us by the Crown Prince of the Emirate, Chairman of the Executive Council.

And for what we have deemed to be in the public interest.

We have issued the following Emiri Decree:

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

#### **Name of the Decree**

This Decree shall be named "Emiri Decree No. (11) of 2011 Issuing the Financial Law of the Government of Ajman".

## Article (2)

### Definitions

For the purposes of applying the provisions of this Law, the following words and phrases shall have the meanings assigned to each of them below, unless the context requires otherwise:

**"The Emirate"**: Means the Emirate of Ajman.

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

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

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

**"The Ruler's Representative"**: Means the Ruler's Representative for Administrative and Financial Affairs in the Emirate.

**"Government Department"**: Means any department, administration, institution, authority, or other entity whose budget, in whole or in part, is included in the general budget of the Government of the Emirate.

**"Department of Finance"**: Means the Department of Finance and Administrative Affairs in Ajman.

**"Head of the Government Department"**: Means the appointed head of the government department or any person exercising similar powers to those of the department head or its highest leader under the local legislation establishing the concerned government department.

**"Director of the Government Department"**: Means the Director-General or the Chief Executive Officer of the concerned government department.

**"The General Budget"**: Means the annual general budget of the Government of the Emirate.

**"The Independent Budget"**: Means the budget of any entity affiliated with the Government of the Emirate that has an independent legal personality and enjoys financial and administrative independence, in accordance with the local legislation issued for its establishment or reorganization.

**"The General Final Account of the Government"**: Means any consolidated financial account, or statement, prepared at the end of the

fiscal year that includes the final financial data of all government departments whose budgets are included in the general budget.

**"The Subsidiary Final Account"**: Means a financial account, or statement, prepared by the concerned government department at the end of the fiscal year after the implementation of its budget.

**"The General Reserve"**: Means 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.

**"The Special Reserve"**: Means 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.

**"The Fiscal Year"**: Means the fiscal year referred to in Article (7) of this Decree.

**"Government Revenues"**: Means any financial returns resulting from the exercise of various activities by government departments, 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.

**"The Public Treasury"**: Means the revenue account of the Government of the Emirate.

**"Supported Entity"**: Means any entity to which the Government of the Emirate provides annual financial support, such as associations, sports and cultural clubs, and the like.

**"Agreement"**: Includes any agreement or contract, and the word includes any annexes, attachments, or documents related to the concerned agreement or contract.

**"The Executive Regulation"**: Means the executive regulation of this Law issued pursuant to Article (46) of this Law.

### **Article (3)**

#### **Objectives of the Financial Law**

This Law aims to achieve the following:

- (1) To clarify how the general budget is prepared, organized, issued, implemented, and managed.
- (2) To clarify the ways and means of controlling government revenues, expenditures, assets, and their various accounts.
- (3) To determine the financial and accounting policies and procedures to be followed by government departments for the purpose of standardizing and regulating accounting and financial treatments of government transactions at all administrative levels.
- (4) To establish model governance and transparency rules and standards for sound institutional performance derived from the best practices applied in the state.
- (5) To improve risk prevention and management systems as well as procedures for completing financial operations.

## **Article (4)**

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

The Department of Finance shall manage the cash funds owned by the Government of the Emirate, and the tasks of opening and closing bank accounts, whether in the name of the Government or in the name of any government department, and supervise the operation of those accounts according to the rules determined by the Executive Regulation.

## **Article (5)**

### **Use of Automated and Electronic Systems**

The automated system for financial management and e-government applications shall be used in financial operations in accordance with the provisions and procedures determined by the Executive Regulation.

## **Article (6)**

### **Use of the Arabic Language**

6(1) Agreements and their general conditions must be concluded, and reports, financial and accounting statements, and correspondence related

to all government financial transactions must be written in the Arabic language. A translation into English may be prepared if necessary, and the Arabic text of the said reports, statements, or correspondence shall be the prevailing text in all matters related to the legality of the application and interpretation of all agreements to which the Government of the Emirate is a party.

6(2) Notwithstanding the provisions of clause (6)(1) above, it is permissible, when necessary and with the approval of the director of the concerned government department, to conclude any agreement in the English language if its nature and the technical terms contained therein require such an exception.

## **Article (7)**

### **The Fiscal Year**

The fiscal year of the Government begins on the first day of January and ends on the last day of December of the concerned calendar year. The fiscal year of each government department shall be the same as the fiscal year of the Government of the Emirate unless the Ruler decides otherwise in the case of establishing a new government department or dissolving and liquidating an existing government department during the course of any fiscal year of the Government of the Emirate.

## **Article (8)**

### **Subjection of Financial Documents and Data to Internal Control**

All financial or accounting documents, or their automated equivalents, and the supplementary and supporting data thereto shall be subject to the provisions of internal control and internal audit procedures stipulated in the Executive Regulation. Authorized signatories must verify the correctness of the said documents and data and the soundness of their procedures before approving and referring them for disbursement.

## **Article (9)**

### **The General Budget**

9(1) The General Budget shall be issued by an Emiri Decree and must include the financial policy of the Government of the Emirate, which aims to achieve economic development and sustainable stability in the Emirate through the optimal allocation and efficient use of resources. In particular, the General Budget must include all estimated government revenues to be collected and all estimated expenditures to be incurred by government departments during the concerned fiscal year.

9(2) Any public authority or institution may have an independent budget. In this case, the decree establishing the concerned authority or institution must specify the extent of the financial link between its independent budget and the General Budget.

## **Article (10)**

### **General Principles of the General Budget**

When preparing and implementing the General Budget, the following general principles must be observed:

- (a) The General Budget shall include all estimated government revenues to be collected and all expected expenditures to be incurred by all government departments during the fiscal year.
- (b) The issuance of the General Budget annually shall be adhered to, and the amount of allocations included in the General Budget and the purposes for which they are allocated, as well as the details on which they were based, must be respected.
- (c) It is prohibited for any government department to carry over the surplus in its budget to the next fiscal year.
- (d) It is prohibited for any government department to commit to any expenditure without providing the financial appropriation for it in advance.
- (e) The total estimated government revenues for the fiscal year shall be allocated to cover all estimated public expenditures for the same concerned fiscal year, in accordance with the objectives and priorities of the Government of the Emirate. No government department may allocate

a specific revenue from its revenues to cover a specific expense from its expenses, nor may that government department offset expenditures incurred with revenues collected by it.

(f) No government department may use additional appropriations issued by a decision of the competent authority during the implementation of the budget for any purpose other than the purpose for which those additional appropriations are allocated.

## **Article (11)**

### **Circular Regarding the Preparation of the General Budget**

The Ruler's Representative shall issue annually, during the first half of each fiscal year, a written circular to all government departments regarding the preparation of the General Budget, specifying the methodology to be followed in preparing the General Budget and the instructions, procedures, and deadlines that government departments must adhere to when preparing their annual draft budgets.

## **Article (12)**

### **Responsibility of the Government Department for Preparing its Annual Budget**

12(1) Each government department is obligated to submit its draft annual budget to the Department of Finance within the period and deadline specified in the circular issued by the Ruler's Representative pursuant to Article (11) above.

12(2) When preparing the draft annual budget, the concerned government department must commit to estimating its revenues and expected expenditures realistically and reasonably, and these estimates must be accompanied by a statement of the bases on which they were built, and all data, information, and clarifications requested by the Department of Finance in this regard.

12(3) In the event that any government department fails to submit its draft annual budget within the specified period, the Department of Finance shall prepare the draft budget for the concerned government department based on the current year's budget of that government department,

taking into account any amendments made to it during the current fiscal year, in addition to any expected changes or any special plans for the concerned government department. The concerned government department may not object to its annual budget prepared by the Department of Finance under this Article.

### **Article (13)**

#### **Responsibility of the Department of Finance for Preparing the General Budget and Submitting it to the Ruler's Representative**

13(1) The Department of Finance is obligated to prepare the draft annual General Budget of the Government of the Emirate after studying the draft budgets of the government departments and discussing them with those government departments. The Department of Finance must, when preparing the draft General Budget, take into account the actual expenditure of each government department over the past years, taking into consideration the changes that occur in the plans of each government department separately, the number of its employees, and the projects that the concerned government department is implementing in the current year and in the next fiscal year.

13(2) The Department of Finance must, within the period and deadline specified in the circular referred to in Article (11) above, present the draft General Budget to the Ruler's Representative.

### **Article (14)**

#### **Presentation of the General Budget to the Chairman of the Executive Council**

The Ruler's Representative, after approving the draft General Budget, must present it with its accompanying reports, if any, to the Chairman of the Executive Council to review the contents of the Government's General Budget and to decide on any proposals concerning it after discussing them with the Ruler's Representative.

## **Article (15)**

### **Approval of the General Budget by the Ruler**

15(1) After completing the procedures set out in Article (14) above, the Crown Prince and the Ruler's Representative shall present the draft General Budget to the Ruler for his approval by a decree issued by the Ruler before the end of December of each calendar year.

15(2) In the event that the General Budget is not approved by the Ruler before the beginning of the concerned fiscal year, the Department of Finance is automatically and exceptionally authorized to make disbursements from the General Budget, provided that such disbursement is for a temporary period and in accordance with the temporary disbursement powers set out in the Executive Regulation.

## **Article (16)**

### **Financing the General Budget**

The annual General Budget is financed through the government revenues described in Article (23) of this Law and from financial support as decided by the Ruler in this regard.

## **Article (17)**

### **Financial Powers**

17(1) The Ruler shall, by a decision he issues, determine the powers of the heads and directors of government departments with respect to the implementation of the annual budget of the concerned government department.

17(2) The head or director of the concerned government department may issue decisions delegating some of his powers to one of his subordinates holding supervisory positions, provided that the said delegated powers are in writing, specified in detail and unambiguously, and in accordance with the provisions of the Executive Regulation. The Department of Finance and the relevant authorities must be notified of any delegation of powers

issued by the head or director of any government department in accordance with the provisions of this Article.

## **Article (18)**

### **Control over the Implementation of the General Budget**

18(1) For the purposes of this Law and in addition to the competencies assigned to it in the decree establishing it, the Department of Finance is responsible for the tasks of controlling the implementation of the General Budget, in line with the Government's general strategic plan and the main objectives of the government departments, and in accordance with the laws and regulations in force in the Emirate.

18(2) For the purpose of carrying out the control tasks mentioned in Article 18(1) above, the Department of Finance has the right to access and obtain all original copies of documents, records, and supporting documents of the concerned financial transaction and any other data or information that the Department of Finance deems necessary for carrying out its aforementioned tasks. No government department may refuse, for any reason whatsoever, to respond to any written request sent to it by the Department of Finance in accordance with the powers vested in it under this Article.

## **Article (19)**

### **Additional Appropriations and Financial Obligations**

19(1) No government department may submit a request to the Department of Finance for additional appropriations except in case of necessity. Any request for additional appropriation must be supported by justifications and supporting data in a manner that enables the Department of Finance to prepare the necessary study of the concerned request before its approval by the competent authority.

19(2) Additional financial appropriations shall be approved in accordance with the powers issued by the Ruler.

19(3) No government department may obtain any loan or banking facilities that create financial obligations on it, of any kind, to implement any

projects before obtaining prior approval from the Crown Prince, based on a recommendation from the Ruler's Representative.

## **Article (20)**

### **Cancellation of Savings and Unused Financial Appropriations**

20(1) Any financial appropriation included in the budget of the concerned government department that is not used during the concerned fiscal year shall be automatically canceled without notice.

20(2) Any saving achieved in an appropriation included in the budget of any government department during the concerned fiscal year shall be automatically canceled without notice.

20(3) No person may act on a canceled financial appropriation or a saving in a used appropriation, or cause it to be disbursed after its automatic cancellation.

## **Article (21)**

### **Handling of Surplus or Deficit**

The surplus in revenues or the deficit in the General Budget shall be handled in accordance with the controls and procedures set out in the Executive Regulation.

## **Article (22)**

### **Special Reserve**

The Department of Finance shall estimate an amount to be included annually in the General Budget and allocated to the Special Reserve. The amounts available for the Special Reserve shall be used with the written approval of the Crown Prince to meet unexpected or emergency needs not included in the appropriations of the General Budget for the concerned fiscal year.

## **Article (23)**

### **Government Revenues**

Government revenues consist of fees, fines, and other funds collected by government departments, in accordance with the laws, Emiri decrees, regulations, and decisions in force, in addition to the returns on the investments of the Government of the Emirate, and the amounts due to the Government under concession agreements concluded between it and third parties.

## **Article (24)**

### **Taxes, Fees, and Fines**

24(1) No taxes, fees, fines, or other government revenues may be imposed or amended in the Emirate except by a law, decree, or Emiri decision issued upon the recommendation of the Department of Finance.

24(2) No exemption from the payment of taxes, fees, fines, or other government revenues may be granted except by a decision of the Ruler of the Emirate or his authorized representative.

## **Article (25)**

### **Revenues of Government Departments**

All government revenues collected by government departments shall accrue to the Public Treasury account. These government departments may not retain any part of their government revenues, spend from them on their activities, invest them, or use them.

## **Article (26)**

### **Returns on Government Investments and Revenues of Independent Entities**

26(1) All returns on government investments shall be considered as government revenues and shall accrue to the Public Treasury.

26(2) The surplus of revenues of any entity enjoying financial and administrative independence shall be distributed in accordance with the requirements of local legislation or the legal instruments issued for its establishment or reorganization, and the share due from that surplus to the Government shall accrue to the Public Treasury as government revenues.

## **Article (27)**

### **Financial Performance Reports**

Each government department shall submit to the Department of Finance a report on its monthly financial performance, including revenues and expenditures, and any other financial data, provided that it adheres in this regard to the provisions, conditions, procedures, and forms mentioned in the Executive Regulation.

## **Article (28)**

### **Government Payments**

Expenditures paid by any government department must be related to the main objectives of the concerned government department, and it must be ensured in advance that the procedures and powers stipulated in this Law and its Executive Regulation, or in the regulations and instructions in force in the Emirate, are applied before paying the concerned expenditures.

## **Article (29)**

### **Disbursement within the Limits of Appropriations**

The Department of Finance shall provide cash liquidity to government departments within the limits of the appropriations allocated to them, in a way that enables the government departments to perform their tasks and implement their plans as specified in their annual budget. The Executive Regulation shall specify the organization and preparation of disbursement documents, procedures for recording and disbursing expenditures, and the conditions to be met when making the disbursement.

## **Article (30)**

### **Right of Deduction from Due Payments**

The government department has the right to deduct from any payment due to any beneficiary who still has outstanding financial obligations to the Government of the Emirate. The concerned government department shall notify the beneficiary of this in writing.

## **Article (31)**

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

No government department may grant any financial subsidy, donation, gift, contribution, or similar gratuity amounts to any entity, except only within the limits of the approved and allocated amounts for the concerned government department for the said purposes. Any government department may accept any donations or subsidies after the approval of the head of the concerned government department, provided that these donations or subsidies are recorded in the records and accounts of the concerned government department.

## **Article (32)**

### **Disbursement of Entitlements to Civilian and Military Employees**

The entitlements of local civilian and military employees in government departments, including salaries, bonuses, or any financial benefits or compensations, shall be disbursed in accordance with the provisions of the laws and regulations in force in the Emirate regarding each of them, as the case may be.

## **Article (33)**

### **Systems for Tenders, Procurement, Government Warehouses, and Other Financial Systems**

The provisions and conditions for tenders and auctions systems, the procedures to be followed for the purchase of goods and materials and the

provision of services and works, the provisions and conditions for the organization of government warehouses and stores, the system of internal advances, both temporary and permanent, and any other financial systems shall be specified in the Executive Regulation. All government departments in the Emirate must apply these provisions and conditions and strictly adhere to what is stated therein.

### **Article (34)**

#### **Circular Regarding the Preparation of Final Accounts**

The Ruler's Representative shall issue, before the end of each fiscal year, a written circular regarding the closing of the final accounts, clarifying the instructions, bases, procedures, and deadlines that government departments must adhere to for closing the accounts and preparing the draft General Final Account of the Government and the subsidiary final accounts of the government departments.

### **Article (35)**

#### **Responsibility of the Government Department for Preparing its Draft Final Account**

Each government department shall prepare its draft final account for the past fiscal year and submit it to the Department of Finance, attached with the reports required under the Executive Regulation, provided that it adheres in this regard to the bases, rules, instructions, and deadlines mentioned in the circular issued by the Ruler's Representative in this regard, pursuant to Article (34) above.

### **Article (36)**

#### **Responsibility of the Department of Finance for Preparing the General Final Account**

The Department of Finance shall annually prepare the draft General Final Account of the Government in accordance with the bases and instructions and on the dates specified in the financial circular issued for closing the accounts. It must present it to the Ajman Financial Control Authority for its

review and to provide any comments on it, provided that the Ajman Financial Control Authority provides the Department of Finance with its opinion on the draft General Final Account or statement of the Government on the date specified in the financial circular issued in this regard.

## **Article (37)**

### **Procedures for Approving the Final Account**

37(1) After receiving the comments of the Ajman Financial Control Authority, the Department of Finance shall prepare the draft General Final Account of the Government in its final form after making the necessary settlements and amendments, and shall present a detailed report on it to the Ruler's Representative.

37(2) After the approval of the Ruler's Representative on the draft General Final Account of the Government, the Department of Finance shall present a report on it to the Executive Council for its review and to provide any comments on it, and then it shall be presented to the Ruler of the Emirate for his approval and issuance by an Emiri decree.

## **Article (38)**

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

The result of the implementation of the Government's General Budget for the ended fiscal year shall be closed in the General Reserve account with the Department of Finance in accordance with the procedures set out in the Executive Regulation.

## **Article (39)**

### **Special Provisions for Independent Entities**

All provisions, rules, and instructions regulating their financial affairs in accordance with the legislation issued for their establishment shall apply to the annual budgets and final accounts of independent entities and their management of their bank accounts. These entities are obligated to

submit financial reports and performance reports to the Department of Finance in accordance with the provisions of the Executive Regulation.

## **Article (40)**

### **Granting Loans to Independent Entities**

It is permissible, when necessary, and in accordance with the actual needs of independent entities, to grant them financial loans upon the recommendation of the Ruler's Representative and with the written approval of the Crown Prince.

## **Article (41)**

### **Granting Financial Support**

Government support shall be granted to any entity upon a recommendation from the Ruler's Representative and with the written approval of the Ruler or the Crown Prince. The names of the entities to which the Government provides financial support, the amount of annual support for each entity, and the activities associated with the disbursement of the financial support, if possible, shall be specified in the Government's General Budget. Each supported entity must provide the Department of Finance with financial reports in the form and at the times stipulated in the Executive Regulation.

## **Article (42)**

### **Debts or Dues of Others with Government Departments**

The right to claim any dues or debts from government departments owed to others shall lapse after the expiration of five years from the end of the fiscal year in which those debts and dues became due. No lawsuit or claim from interested parties in this regard against the government department regarding those debts or dues shall be accepted after the expiration of the said five-year period. The said period shall be interrupted if a written or judicial claim is submitted to the concerned government department regarding the concerned dues or debts by the interested parties before the expiration of the said five-year period, or if the non-disbursement is due to

the negligence of the concerned government department. When either of these two cases occurs, the commencement of the said five-year period shall resume upon the removal of the cause of its interruption.

### **Article (43)**

#### **Debts or Dues of Government Departments with Others**

Without prejudice to the responsibility of the employee who neglects to follow up on the claim of the government department for any debts or other dues with others, the right of the government department to claim any dues or debts from others owed to the government department shall lapse after the expiration of ten years from the end of the fiscal year in which those debts or dues became due. No lawsuit or claim from the government department regarding those debts and dues shall be accepted after the expiration of the said ten-year period. The said period shall be interrupted if the concerned government department submits a written or judicial claim to others regarding the concerned debts or dues before the expiration of the said ten-year period, and the commencement of the said five-year period shall resume upon the removal of the cause of its interruption.

### **Article (44)**

#### **Prior Control over Financial Legislation**

The draft of any local legislation that imposes a financial burden on the Government's General Budget shall be presented to the Department of Finance to study its financial aspects and to express its opinion on how to arrange the financial resource to cover the concerned financial burden in the event of the application of this local legislation.

### **Article (45)**

#### **Retention of Financial Documents and Records**

Government departments shall retain financial and administrative documents and records, or those with a financial impact, in their various forms, audible, readable, and visual, for a period of not less than ten years

from the end of the calendar year in which the Government's General Final Account for the fiscal year to which the concerned documents and records belong is approved. Financial and administrative records and the like shall also be retained, and it is not permissible to destroy or dispose of them, except only in the cases and in accordance with the procedures and provisions stipulated in the Executive Regulation.

## **Article (46)**

### **Executive Regulation**

The Department of Finance shall prepare the draft Executive Regulation for the provisions of this Law, and after its written approval by the Ruler's Representative, it shall be issued by an Emiri decision issued by the Crown Prince, provided that the Executive Regulation does not contain any provisions that violate or contradict this Law.

## **Article (47)**

### **Continuation of Previous Subsidiary Legislation**

The regulations, rules, and financial circulars currently in force shall continue to be applied until the issuance of the Executive Regulation pursuant to the provisions of Article (46) of this Law. Nevertheless, no provision of the said regulations, rules, and circulars that violates or contradicts the provisions of this Law may be applied.

## **Article (48)**

### **Repeal of Contradictory Local Legislation**

Any provision in a local legislation in force in the Emirate that violates or contradicts the provisions of this Law shall be repealed to the extent that may be required to remove the violation or contradiction.

## **Article (49)**

### **Enforcement and Publication of the Law**

This Law shall come into force fifteen days after the date of its signing, and shall be published in the Official Gazette of the Emirate and circulated to all concerned parties for the implementation of its provisions, each within its own jurisdiction.

Issued by us with our signature and official seal at our Emiri Diwan in Ajman on this day, Wednesday, the sixth of the month of Rajab, year 1432 Hijri, corresponding to the eighth day of the month of June, year 2011 Gregorian.

Humaid bin Rashid Al Nuaimi

Ruler of the Emirate of Ajman