

Financial Circular No. () for the year 2017

Regarding the Preparation of the Draft General Budget of the Government of Ajman for the Fiscal Year 2018

Within the Approved Medium-Term Financial Plan for the Years (2016-2018)

Introduction

In the context of achieving Ajman Vision 2021, in implementation of the provisions of the Unified Financial System of the Government of Ajman, based on the approved medium-term financial plan for the years (2016-2017-2018), and stemming from our responsibility to supervise the implementation of the government's financial policies and plans, and emphasizing the active role of all government entities in implementing those policies, which will be based during the budget cycle (2016-2017-2018) on the implementation of the following pillars:

1. Commitment to the principles and dimensions of the strategic vision of the Government of Ajman 2021.
2. Developing revenues and supporting the practical and organizational steps necessary to raise the efficiency of collecting revenues due to government entities.
3. Rationalizing expenditures and maximizing the utilization of available resources.

In implementation of the provisions of Article (11) of the Financial Law of the Government of Ajman, and further to Financial Circular No. (1) for the year 2015 regarding the preparation of the general budget of the Government of Ajman within the medium-term plan for the years (2016-2017-2018), and in our keenness to issue the annual general budget of the Government of Ajman for the year 2018 on schedule, we direct the following:

First: Scope of the Circular:

This circular applies to all departments, institutions, and administrations of the Government of Ajman whose budgets are included in the annual

general budget of the Government of Ajman. It also applies to government entities that have a legal personality and enjoy financial and administrative independence and have an independent budget in accordance with the local legislation issued for their establishment or reorganization, to the extent that the provisions of this circular do not conflict with the provisions of their financial systems, if any.

Second: General Instructions and Rules:

All government entities to which this circular applies must adhere to the following:

1. Continue working with the "Planning and Performance Budgeting Methodology - Second Edition" in preparing the government's general budget within the medium-term financial plan for the years (2016-2017-2018).
2. Prepare the draft budget for the fiscal year 2018 according to the medium-term financial plan (2016-2017-2018) and its updates.
3. Amendments to the financial plan for 2018 are limited to necessary developments that have occurred in the approved strategic plans of the departments, and after obtaining prior approvals before submitting the draft annual budget for the fiscal year 2018, in accordance with the approved dates and forms.
4. Include in their draft budgets the functional classification of expenditures according to government sectors. This classification should include a redistribution of all expenditures according to government functions or the social and economic objectives that the government seeks to achieve, as illustrated in the attachments to this circular.

Third: Preparation Foundations and Rules

Revenues

Based on the general framework of the policy for enhancing and developing public revenues, it is necessary when re-estimating revenues

for the fiscal year 2018 to take into account the implementation of the following:

1. Provide a complete detail of revenue projections with an explanation of the reasons for the increase or decrease of any revenue item, along with a study on (expected exemptions during the year, if any).
2. No government entity is permitted to allocate a specific revenue to cover a specific expense, nor is any government entity permitted to offset expenditures against collected revenues. Government entities must also conduct a comprehensive review of their activities to develop and expand the application of the cost recovery principle whenever possible.
3. Attach a list of revenues due to government entities from previous years, indicating the expected collection dates for those amounts.
4. Estimates of government revenues for the draft budget should be in light of what was achieved during the fiscal year 2017. However, these estimates may be reduced or increased if all or one of the following conditions are met:
 - A- Introduction, amendment, or cancellation of fees or fines that were in effect in the fiscal year 2017 or will be in effect in the coming year.
 - B- Development and introduction of quality services that correspond to proposed government fees.
 - C- Changes in available government revenues from commercial projects and investments.
 - D- Changes in economic conditions and their potential impact on government services.

Expenditures

In light of the contents of Ajman Vision 2021 and taking into account existing commitments, it is necessary to exclude all programs and initiatives whose purpose has been fulfilled, while prioritizing implementation as follows:

- A- Necessary operational expenditures to maintain the departments' work with the same efficiency, taking into account expenditure rationalization plans.

B- Completing the implementation of initiatives from previous years, while re-evaluating their implementation feasibility.

C- Prioritizing initiatives according to their importance and relevance to the government's strategic plan.

This is with due consideration to adhering to the following instructions:

1. Re-estimate the costs and completion rates of all programs "approved and included within the medium-term financial plan for the years (2016-2017-2018) for the government department and the amendments made to them during the current year 2017 accurately, and re-prioritize the department's execution of these programs or initiatives.
2. Ensure accuracy in calculating the costs of programs or initiatives and adhere to the timeline for their implementation. Note that the Department of Finance has the right, according to the Unified Financial System of the Government of Ajman, to cancel any program or project that has been delayed for two months or whose implementation cost has exceeded the estimate in the approved budget.
3. The financial estimates for all costs of quality, excellence, institutional performance, and strategic planning programs in the draft budgets of Ajman government departments and institutions must be consistent with the basic system of the Ajman Program for Excellence and its issued guides. Entities should gradually reduce the costs of these programs annually.
4. Comparative financial data for the three previous years and the current year, in addition to the next two years, shall be recorded as follows:
 - A- Years (2014-2015-2016) actual data.
 - B- Fiscal year 2017 actual data for the first half of the current year, with an accurate estimation of the expected level of spending and revenues for the rest of the year.
 - C- Fiscal year (2018) according to the draft budget submitted by the department in light of the approved financial plan and its updates.
 - D- Fiscal years (2019 - 2020) indicative figures.

5. Continue to include the main program "Administrative Support Services" within the program structure of each government entity. This program consists of several sub-programs as detailed in the circular's attachments, so that these sub-programs include all costs of administrative support services in the draft budget of the government department. All government departments must, when preparing their draft budgets, work to rationalize the total expenditures on this program according to the instructions of the senior management in the government entities and in coordination with the Department of Finance in this regard.
6. For the purpose of estimating the financial values for implementing the costs of programs and initiatives, government entities can be guided by the following:
 - A- Salaries and the like according to the approved salary scale in the Government of Ajman.
 - B- Expenses and service procurements according to their prevailing prices in the fiscal year 2017.
 - C- Construction projects and infrastructure projects by using certified consulting offices or through the technical section or specialized departments within the government entity, if any, or through price quotations for some materials and equipment.
7. Government entities must record the cash flows for programs completed in previous years for which due amounts have not been disbursed in a statement of payments for completed programs from previous years, indicating the year of appropriation in the budget. It is emphasized that these amounts must be accrued during the year 2017 on the Mawared electronic system. Accordingly, any financial allocations must be included in the draft budget of the government department for any contracts or purchase orders issued during 2017 and expected to be received or executed in subsequent years. Note that any receipt of services or materials or execution of any works during 2018 resulting from contracts or purchase orders issued during 2017 will be charged and deducted from the budget appropriations for the fiscal year 2018. Therefore, government departments must adhere to the timeline for program implementation to avoid overlapping financial periods.

8. Government entities are committed not to take any action to enter into any commitments that result in additional financial burdens except after obtaining prior approval from the Department of Finance, due to the legal procedures required for additional appropriation requests and the disruption they cause to implementation programs.

Fourth: Preparation and Submission of Draft Budget Data

The departments, institutions, and administrations of the Government of Ajman whose budgets are included in the general budget of the Government of Ajman are required to form a committee called the (Draft Budget Preparation Committee), by a decision of its Director-General, such that its chairman and members are specialists with experience and competence in financial, administrative, and human resources affairs, in addition to strategic planning and key operations departments in the concerned government entity. This committee in the concerned government entity will be responsible for preparing the draft budget in light of the approved financial plan and presenting it to the head of the concerned government entity after the approval of its Director-General. The Department of Finance must be provided with the decision to form this committee no later than Thursday, June 15, 2017, so that the committee begins its work of completing the required data and forms immediately upon its formation. All government entities must submit their draft budgets to the Department of Finance, complete with all schedules, forms, and estimation bases mentioned in this circular, ensuring adherence to submitting their draft budget data to the Department of Finance as follows:

1. A copy of the approved or under-approval strategic plan, no later than Thursday, June 22, 2017.
2. A copy of the organizational and functional structure of the government entity, no later than Thursday, June 22, 2017.
3. Data of the main program for government financial resources (Revenues program), according to the form shown in the circular's attachments, no later than Sunday, July 16, 2017.
4. A statement of mandatory and supplementary expenditures, with copies of all contracts attached, no later than Sunday, July 23, 2017.

Government entities must also adhere to the following:

A- Send the draft budget for jobs and training to the Central Human Resources Development Department by July 16, 2017. The Central Department must study it, coordinate with the concerned entity, and submit its recommendations to the Department of Finance, attaching the agreed-upon draft budget for jobs and training with the government entity, by August 20, 2017, for study and necessary action.

B- Send the requirements related to information technology and electronic services to Ajman Digital Government by July 16, 2017. Ajman Digital Government must study them, coordinate with the concerned government entity, and submit its recommendations to the Department of Finance, attaching the agreed-upon draft budget for programs and networks with the government entity, by August 20, 2017, for study and necessary action.

C- Send the initiatives of each government entity to the General Secretariat of the Executive Council by July 16, 2017, for study, classification, and prioritization based on the emirate's strategic plan. The General Secretariat of the Executive Council must submit its recommendations to the Department of Finance, including the classification, implementation priority, total cost of the initiative, and the cost for the fiscal year 2018 agreed upon with the government entity, by August 20, 2017, for study and necessary action.

In all cases, the concerned entities (Central Human Resources Department, Ajman Digital Government, and the General Secretariat of the Executive Council) must follow up with government entities to receive their requirements and submit their recommendations thereon to the Department of Finance. If the Department of Finance is not provided with the recommendations from any of the concerned entities by the specified dates, the Department of Finance will complete the procedures as it deems appropriate.

1. Costs of approved main and sub-programs, in addition to financing, cash flow, and consolidated data, according to the financial forms shown in the circular's attachments, no later than Sunday, October 15, 2017.

* Note that the extent of government entities' commitment to the

specified procedures and deadlines will be taken into account when evaluating their financial performance.

Fifth: Procedures for Presenting and Approving the Draft Budget

1. The Department of Finance shall present the draft general budget of the government for the fiscal year 2018 to the Ruler's Representative for Administrative and Financial Affairs by September 28, 2018.
2. After the approval of the Ruler's Representative on the draft general budget of the government for the fiscal year 2018, the draft budget, along with its accompanying reports (if any), shall be presented to the Chairman of the Executive Council to decide what he deems appropriate in their regard.
3. After the approval of the Chairman of the Executive Council on the draft budget, it shall be presented before the end of December 2017 to His Highness the Ruler of the Emirate of Ajman for his approval by a decree issued by His Highness before the end of December 2017.

Sixth: General Provisions

1. If any government entity fails to submit its draft budget data within the deadlines specified in this circular, the Department of Finance will prepare the draft budget for the concerned government entity according to the approved financial plan and the amendments made during 2017, and the concerned government entity may not object to the budget prepared by the Department of Finance.
2. In the event of a delay in the approval of the draft budget before the beginning of the fiscal year 2018, the Department of Finance will issue a circular to the concerned government departments with the instructions to be followed in this regard, which regulate temporary spending and determine the priority of monthly spending, based on the provisions of the Unified Financial System.
3. The Department of Finance is responsible for interpreting the provisions of this circular, clarifying any ambiguity or vagueness in it, and responding to any inquiries from any government entity regarding the preparation of its draft budget and providing all necessary clarifications to ensure the proper and full application of this circular.

4. The Department of Finance shall circulate this circular to all concerned entities to implement its provisions, and it shall be effective from the date of its issuance.

Ahmed bin Humaid Al Nuaimi
The Ruler's Representative for Administrative and
Financial Affairs

Issued on: / 06 / 2017

Attachments:

Attachment No. (1) which includes definitions and guidelines.

Attachment No. (2) which includes the timeline for the procedures of preparing the annual draft budget of the Government of Ajman for the fiscal year 2018.

An electronic copy of all forms will be sent to the budget preparation officials.

Attachment No. 1
Definitions and Guidelines

First: Definitions and Concepts

It is a means to achieve a standard objective set within a specific time frame, having a desired value and measured by specific performance indicators. It leads to the achievement of strategic goals. It can be described as a set of activities practiced to achieve strategic goals in the medium and long term.	Main Program
The (Sub-Program) represents a sequence of basic events to achieve specific standard objectives (main programs), to ensure the establishment of a performance budget based on the contribution of each element in the sub-program to achieving the desired goal, which is the basis for determining the budget.	Sub-Program
These are expenditures that cannot be avoided if work continues under the current situation, such as (current salaries + vacancies + effect of performance	Mandatory Expenditures

appraisal - regular operating expenses like rent, electricity, internet....etc.).	
These are additional expenses to develop the department's work or to continue work with at least the same efficiency. They are:- 1- All expenses related to corporate communication, excellence, and strategy units. 2- Replacement of fixed assets. 3- Non-mandatory expenses such as (sponsorships - celebrations and events - gifts - advertising - consultations - service outsourcing contracts - publications - employee activities - subscriptions).	Supplementary Expenditures
It is another classification of the sub-program, but it is an expenditure linked to a strategic objective with a specific time frame, and the results of its implementation can be measured through specific performance indicators.	Initiative

Second: Guidelines for Budget Preparation According to the Approved Financial Plan.

Deadline	Responsibility	Procedure
July 23, 2017.	Budget Officer in the Government Department / Competent Departments	Mandatory Expenditures (Expenses) The approved mandatory expenditures in the financial plan of the government department are determined according to the designated forms, with the completion of actual data and review by the competent departments to confirm the allocations and spending rationalization plans, if any.
July 16, 2017.	All Departments / Budget Officer	Supplementary Expenditures: Prepared by department heads in coordination with the budget officer

Deadline	Responsibility	Procedure
		according to the approved financial plan.
July 16, 2017.	Human Resources Unit in the Department / Competent Departments / Central Human Resources Development Department	<p>Draft Budget for Jobs and Training</p> <p>1- Extract the salaries report from the Mawared system and complete the data not available in the system such as (performance appraisal – vacancies - health insurance) according to the financial forms.</p> <p>2- Coordinate with the Central Human Resources Development Department regarding plans for promotions, bonuses, and replacement of vacancies, if any.</p> <p>3- Update employee data with the estimated salaries for the fiscal year 2018 and plans for promotions and bonuses, then send the agreed-upon version with the Central Human Resources Development Department to the Department of Finance.</p> <p>4- Coordinate with the Central Human Resources Development Department regarding the training plan for 2018 and its estimated cost and send the agreed-upon version to the Department of Finance.</p>
July 16, 2017.	Competent Departments / Ajman Digital Government	<p>Draft Budget for Information Technology Needs:</p> <p>1- Coordinate with Ajman Digital Government regarding programs, licenses, networks, hardware, and digital transformation projects, then prepare a statement of the agreed-</p>

Deadline	Responsibility	Procedure
		upon draft budget and send a copy to the Department of Finance.
Sunday, August 27, 2017	Program Managers / Budget Committee / Policy and Strategy Department	<p>Initiatives:</p> <p>1- The budget officer prepares a list of the approved initiatives for the government department for the year 2018 in the financial plan, the total costs of those initiatives, and the cost for the year 2018, and sends it to the competent departments.</p> <p>2- Each department reviews its approved initiatives, the current status of the fiscal year 2017 initiatives, the possibility of their completion, and their implementation priority.</p> <p>3- The budget committee reviews all initiatives (completion - new) and then re-prioritizes them.</p> <p>4- The budget committee coordinates with the General Secretariat of the Executive Council regarding the alignment of initiatives with the emirate's strategic plan and implementation priority, ensuring that not all initiatives are given the same priority.</p> <p>5- The government department sends the version agreed upon with the General Secretariat of the Executive Council of the approved initiatives, their implementation priority, and their total and annual cost to the Department of Finance.</p>

Deadline	Responsibility	Procedure
October 1, 2017	Department of Finance	Notifying departments of the approved draft budget
October 15, 2017	Budget Officer in the Department / Program Managers	Distributing expenditures over months and preparing financial forms and the cash budget

Third: - Guidelines Regarding the Costs of the Main Program for Administrative Support Services.

For benchmarking purposes and to create a comparable program structure among government entities that can be used to measure cost and efficiency and to control spending on administrative services according to standards of quality, efficiency, and transparency, the work continues to include the main program "Administrative Support Services" within the program structure of each government entity. The main program consists of several sub-programs, such that these programs include all costs of administrative and support services in the draft budget of the government department. This program includes the following sub-programs:

Description of the Sub-Program	Sub-Program	No.
* Preparation of financial statements and budgets * Management of salaries and payments/receipts	Efficient and effective management of financial resources	1
* Management of goods procurement * Contract management	Management of procurement and contracts according to best approved practices	2
* Training and qualification of employees * Management of human resources services (Recruitment, performance appraisal)	Management and development of human resources	3

Description of the Sub-Program	Sub-Program	No.
<ul style="list-style-type: none"> * Ensuring the quality of management and customer services 	<p>Ensuring the application of quality and institutional excellence standards, developing strategic plans, and measuring performance</p>	4
<ul style="list-style-type: none"> * Preparation for Ajman Excellence Awards * Preparation of strategic and operational plans and performance measures 		
<ul style="list-style-type: none"> * Support for events, occasions, and other media 	<p>Ensuring effective internal and external communication</p>	5
<ul style="list-style-type: none"> * Director General's Office * Senior leadership in the entity / Internal Audit 	<p>Management of the entity through distinguished senior leadership</p>	6
<ul style="list-style-type: none"> * Management of legal affairs 	<p>Providing the best legal services through best practices</p>	7
<ul style="list-style-type: none"> * Development of internal technical systems * Providing necessary technical support 	<p>Developing and providing the latest information technology services</p>	8
<ul style="list-style-type: none"> * Shared services (electricity and water, rent, telephone and internet etc.) 	<p>Providing shared services to all organizational units efficiently and effectively</p>	9
<ul style="list-style-type: none"> * Related to updating government buildings for departments 	<p>Developing the department's infrastructure</p>	10

Attachment No. 2

Timeline for the Procedures of Preparing the Annual Draft Budget of the Government of Ajman for the Fiscal Year (2018)

Deadline	Procedures	No.
Thursday, June 15, 2017	Government entities to provide the Department of Finance with the decision to form the annual draft budget preparation committee.	1
Thursday, June 22, 2017	Government entities to provide the Department of Finance with a copy of the approved or under-approval strategic plan for the government entity.	2
	Government entities to provide the Department of Finance with a copy of the organizational and functional structure of the government entity.	3
Sunday, July 16, 2017	Government entities to provide the Department of Finance with data of the main program for government financial resources (Revenues program).	4
Sunday, July 16, 2017	<p>The government entity to send the draft budget for jobs and training to the Central Human Resources Development Department for study.</p> <p>The government entity to send the requirements related to information technology to Ajman Digital Government for study.</p> <p>The government entity to send its initiatives to the General Secretariat for study, classification, and prioritization based on the emirate's strategic plan.</p>	5
Sunday, July 23, 2017	Government entities to provide the Department of Finance with data on mandatory and supplementary expenses.	6
Sunday, August 20, 2017	The Central Human Resources Development Department to send to the Department of Finance the draft budget for jobs and training agreed upon with the government entity.	7

Deadline	Procedures	No.
	<p>The Digital Government to send to the Department of Finance the draft budget for needs related to information technology and electronic services agreed upon with the government entity.</p> <p>The General Secretariat of the Executive Council to send to the Department of Finance the initiatives of government entities, including the classification, implementation priority, total cost of each initiative, and the cost for the fiscal year 2018 agreed upon with each government entity.</p>	
Thursday, September 28, 2017	The Department of Finance to present the draft general budget of the government for the fiscal year 2018 to the Ruler's Representative for Administrative and Financial Affairs.	8
Sunday, October 1, 2017	Notifying the departments of the draft budget by the Department of Finance.	9
Sunday, October 15, 2017	Costs of approved main and sub-programs, in addition to financing, cash flow, and consolidated data, according to the financial forms.	10