

Financial Circular No. () for the year 2023 AD

**Regarding the preparation of the medium-term financial plan for the years
(2024-
2026)**

**and the draft general budget for the Government of Ajman for the fiscal year
2024**

Based on the provisions of Article No. (11) of the Emiri Decree No. (11) of 2011 issuing the Financial Law for the Government of Ajman, and stemming from our responsibility to supervise the preparation and implementation of the financial plans for the Government of Ajman, and emphasizing the active role of all government entities in implementing these financial plans, and in implementation of the directives of the esteemed Executive Council to link financial planning with strategic planning according to the best international practices, and for the requirements of preparing the general budget for the fiscal year 2024 within a medium-term financial plan for the years (2024-2026), we direct the following:

First

Scope of the Circular

This circular applies to all departments, administrations, agencies, and centers affiliated with the Government of Ajman whose budgets are included within the annual general budget of the Government of Ajman.

Second

General Instructions and Rules

All concerned government entities referred to in First above must adhere to the following instructions and rules:

- 1- Prepare a medium-term financial plan for the years (2024-2026), provided that the three-year plan is updated annually, and the general budget for the concerned fiscal year is considered the first year within that plan.
- 2- Submit all their needs at the time of preparing the financial plan for all years of the plan, noting that no other non-emergency needs will be considered during the implementation of the budget for the first year of the plan.
- 3- Prepare the draft financial plan through the Smart Financial Planning system.
- 4- Distribute revenues and expenditures based on the expected actual implementation throughout the fiscal year to avoid discrepancies in budget execution.
- 5- In the event that the start of implementing initiatives is delayed for two consecutive months from what is approved in the budget without providing

justifications acceptable to the Department of Finance, the Department of Finance has the right to stop or reconsider those initiatives.

6- The initiatives and financial allocations for the fiscal year 2024 within the approved financial plan for the years (2022-2024) are considered indicative and may be amended based on the following variables:

- Rationalizing spending on operational initiatives at the government level to provide financial space for implementing development initiatives.

- Expanding development initiatives aimed at promoting economic and social growth, improving the standard of living, and sustainable development in the Emirate.

7- Include financial allocations for any contracts, requests, or purchase orders issued during the fiscal year 2023 and expected to be executed or received during the fiscal year 2024 within the government entity's draft budget for the fiscal year 2024.

8- Provide any data or information that the Department of Finance may request, even if it was previously submitted when preparing the financial plan.

Third

Preliminary Procedures for Preparing the Draft Financial Plan and General Budget

Each of the concerned government entities must complete all preliminary work for preparing its draft financial plan and budget by the deadlines specified in the attached schedule, according to what is stated below:

1- Government Revenues:

Each concerned government entity must estimate its full revenues at the level of revenue items (activity), and ensure accuracy in forecasting its revenues, taking into account the economic indicators of the Emirate and the impact of implementing corporate tax, and coordinate and cooperate with the Government Revenues Department at the Department of Finance in this regard, and enter its final estimates into the Smart Financial Planning system by the deadline specified in the attached schedule, taking into account the following:

- Justify the reasons for any change exceeding 10% for any revenue item (activity) estimated for the concerned year compared to the approved revenue item (activity) for the previous year.

- Prepare revenue estimates for the following years of the financial plan automatically on the Smart Financial Planning system using the growth rates determined by the Department of Finance.

- In the case of revenue activities to which the growth rates determined by the Department of Finance for the following years of the plan do not apply, the government entity must coordinate with the Department of Finance regarding them and notify it of the justifications for the change in growth rates for those activities.

2- Operational Costs

Operational processes refer to the essential costs for a government entity to carry out its usual core and support functions, and they consist of:

a- Salaries, Wages, and Other Benefits.

b- Essential Operational Expenditures.

In this regard, all concerned government entities must work to rationalize their operational expenditures, propose the necessary measures and solutions to increase the efficiency and effectiveness of government operational spending, and estimate these expenditures based on the actual spending of previous years, taking into account fixing these expenditures for the following years of the plan unless there are clear justifications for increasing any expenditure, with those justifications attached, so that the assessment of these justifications is subject to the Department of Finance. While committing to entering them into the Smart Financial Planning system by the deadline specified in the attached schedule, taking into account the following:

a- Regarding the costs of salaries, wages, and other benefits.

All concerned government entities must review the data and number of their existing positions on the Smart Financial Planning system and refer to the Department of Finance in case of any discrepancies, and enter the data mentioned below by the deadline specified in the attached schedule:

- 1) Allocations for promotions at the program level.
- 2) Allocations for incentive bonuses in the designated program.
- 3) Update health insurance costs according to the contract concluded with the insurance company.
- 4) Enter secondment allowance allocations in the program to which the employee is expected to be seconded, attaching the secondment decision if available, or including future secondment plans.
- 5) Enter costs for renewing residencies and IDs.
- 6) The financial impact of any pending amendments to salary costs that have not yet been applied to the systems.
- 7) Justification for retaining any vacancy at the time of submitting the draft financial plan data.
 - Regarding the current temporary contracts with the concerned government entities that are not linked to the implementation of an initiative or project, those entities must provide the data mentioned below to the Human Resources Department to study the regularization of these temporary contracts:
 - 1- The organizational unit, its competencies, current tasks, and their distribution among current employees.

- 2- The number of current employees in the organizational unit and their job titles.
- 3- A statement of temporary contracts and the justification for their continuation.
- 4- A list of vacant positions in the entity.
- 5- Any other data that the Human Resources Department may request.

The Human Resources Department must study the regularization of the current temporary contracts not linked to the implementation of initiatives or projects and provide the Department of Finance with its recommendations in this regard by the deadline specified in the attached schedule.

b- Regarding the costs of essential operational expenditures:

- Concerned government entities must review their actual needs, rationalize operational spending, justify the reasons for any change exceeding 5% for any expense item for the concerned fiscal year compared to what was approved in the previous fiscal year's budget, and enter the data mentioned below into the Smart Financial Planning system by the deadline specified in the attached schedule:
 - 1) The entity's essential operational expenses, taking into account expenses allocated to independent programs, which are:
 - The recurring essential expenses program allocated for some shared expenses (water and electricity - communications and internet - sewage expenses).
 - The Microsoft systems sustainability program, allocated for renewing Microsoft licenses based on the contract concluded by the Ajman Digital Department.
 - The Oracle system licenses program, allocated for renewing Mawared system licenses based on the contract concluded by the Department of Finance.
 - 2) Include the latest version of service contracts related to operational processes for the current fiscal year when re-requesting them on the Financial Planning system.
 - All concerned government entities, in case they need to outsource some functions and contract with companies to supply employees, must provide both the Department of Finance and the Human Resources Department with the data mentioned below by the deadline specified in the attached schedule:
 - The organizational unit and its competencies.
 - The number of current employees in the organizational unit and their job titles.
 - A statement of the required jobs (as service outsourcing) and the justification for the request.
 - Current job and service outsourcing contracts in the organizational unit.
 - The expected cost of service outsourcing contracts versus direct hiring.
 - A statement of task distribution among employees in the organizational unit.
 - Any other data that the Human Resources Department may request.

The Human Resources Department must provide the Department of Finance with its recommendations in this regard by the deadline specified in the attached schedule.

3- Initiative Costs:

These are all non-essential expenditures (core or support) and consist of:

- Development Initiatives: These are expenditures aimed at promoting economic and social growth, improving the standard of living, and sustainable development in the Emirate.
- Operational Initiatives: These are expenditures that serve the government entity's operational processes.

In this regard, all concerned government entities must adhere to the following:

- 1) Review the strategic alignment of initiatives, strategic goals, and targets in the government's strategic plan, in coordination with the General Secretariat of the Executive Council.
- 2) Enter the case study data on the Smart Financial Planning system for all initiatives by the deadline specified in the attached schedule (with the exception of government-wide unified initiatives, for which a statement of costs and justifications must be attached), with the necessity of attaching the following:
 - Supporting documents for cost determination (contract - price quotes - RFI). No initiative will be considered without supporting documents for cost determination.
 - For digital initiatives - it is necessary to solicit indicative financial and technical proposals and attach them.
 - A detailed statement of the annual operational expenses resulting from the implementation of any initiative.
 - For initiatives of a profitable nature, the requesting government entity must attach a complete feasibility study.

3) Coordinate with the Ajman Digital Department regarding technical needs, and the Ajman Digital Department must enter its final recommendations regarding these needs on the Smart Financial Planning system by the deadline specified in the attached schedule.

4- Cash Budget

Government entities must complete the preparation of the cash budget and enter it into the Smart Financial Planning system by the deadline specified in the attached schedule, taking into account the following:

- Accuracy in estimating monthly incoming cash flows related to the estimated revenues in the 2024 budget.
- Accuracy in estimating monthly outgoing cash flows related to the estimated expenditures in the 2024 budget.

- Record outgoing cash flows for expenses completed during the fiscal year 2023 for which amounts due have not been disbursed, with the necessity of proving the accrual of these amounts during the fiscal year 2023.
- Record incoming cash flows related to the collection of revenues from previous years.
- Estimate outgoing and incoming cash flows related to non-budget transactions such as deposits, and receipts or payments on behalf of others.

Fourth

Procedures for Preparing the Draft Medium-Term Financial Plan for the Years

(2024-2026)

and the General Budget of the Government of Ajman for the Fiscal Year 2024 and Their Approval

Procedures

1. The Department of Finance shall study and analyze the draft financial plans submitted by the concerned government entities and their support requests, discuss them with those entities, and then prepare the draft financial plan for the government, taking into account the requirements of Article 13/1 of the Financial Law of the Government of Ajman.
2. The Department of Finance shall present the draft financial plan and the general budget of the government and its recommendations thereon to His Highness the Ruler's Representative for Administrative and Financial Affairs, no later than 16/10/2023 AD.
3. After his approval of the draft financial plan and the draft general budget, the Ruler's Representative shall present them with their accompanying reports (if any) to His Highness the Chairman of the Executive Council for review and to approve the plan and the budget.
4. The Department of Finance shall circulate the budget to the concerned government entities for implementation immediately after its approval by His Highness the Ruler of the Emirate of Ajman, may Allah protect and preserve him.

Fifth

Concluding Provisions

1. In the event that any government entity fails to submit its draft financial plan data within the deadlines specified in this circular, the Department of Finance shall undertake the preparation of the draft financial plan for the concerned government entity, and the concerned government entity may not object to it.
2. In the event of a delay in the approval of the general budget draft for any fiscal year, the Department of Finance shall issue a circular to the concerned government

entities to regulate spending for a temporary period, based on the provisions of the financial system of the Government of Ajman.

3. After the issuance of the decree approving the general budget for the fiscal year 2024, the Department of Finance shall do the following:

- Notify government entities of the appropriations allocated to each within the general budget, to act accordingly, and issue instructions for the implementation of the general budget for the concerned year.

- Announce the general budget through the means it deems appropriate, and state the main features of the government's financial policy reflected in this budget.

4. The Department of Finance shall be responsible for interpreting and clarifying any ambiguity or vagueness in the provisions of this circular and responding to any inquiries received from any government entity regarding it. It shall also provide all necessary clarifications to ensure the proper and complete implementation of this circular.

Sixth

Circulation and Implementation of the Circular

The Department of Finance shall be responsible for communicating this circular to the entities concerned with its application, and for following up on their compliance with its provisions. It shall come into effect from the date of its issuance.

Ahmed bin Humaid
Al Nuaimi
Representative of the Ruler for Administrative
and Financial Affairs

Issued on: / / 2023 AD

Timeline for the Preparation Procedures of the Draft Financial Plan (2024-2026) and the General Budget of the Government of Ajman for the Fiscal Year (2024)

No.	Procedures	Deadline
1	Sending a copy of the following: - Decision on the formation of the committee for preparing the draft financial plan and annual budget - The approved or under-approval strategic plan - The organizational and functional structure to the Department of Finance.	03/07/2023
2	Completion of entering operational costs (expenses and salaries) into the Smart Financial Planning System and monthly distribution.	14/08/2023
3	Sending requests for new job creations, temporary contract data, and creation requests to the Human Resources Department.	14/08/2023
4	Completion of entering revenue forecasts at the activity level into the Smart Financial Planning System.	14/08/2023

No.	Procedures	Deadline
5	Completion of linking initiatives to the strategic plan and entering initiative data and costs into the Smart Financial Planning System.	14/08/2023
6	Completion of the Human Resources Department's study of temporary contracts, outsourcing service requests, and creation requests, and submission of its recommendations.	15/09/2023
7	Completion of the Digital Ajman Department's review of technical needs and submission of its recommendations.	15/09/2023