

Financial Circular No. () for the year 2024

Regarding the Preparation of the Medium-Term Financial Plan for the Years (2025-2027)

and the Draft General Budget of the Government of Ajman for the Fiscal Year

2025

Based on the provisions of Article No. (11) of Emiri Decree No. (11) of 2011 issuing the Financial Law of the Government of Ajman and Article No. (1) of Emiri Decree No. (16) of 2023, and stemming from our responsibility to supervise the preparation and implementation of the financial plans of the Government of Ajman, and emphasizing the effective role of all government entities in implementing these financial plans, and for the requirements of preparing the general budget for the fiscal year 2025 within a medium-term financial plan for the years (2025-2027), 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 in the annual general budget of the Government of Ajman.

Second

General Instructions and Rules

All concerned government entities mentioned in First above of this circular must adhere to the following instructions and rules:

1- Prepare the medium-term financial plan for the years (2025-2027) by updating the approved financial plan for the years 2025 and 2026, ensuring commitment to the approved allocations for the plan years 2025 and 2026, and that amendments are limited to justified and highly important matters, with the assessment of these justifications being subject to the Department of Finance. This is in addition to adding the requirements for the year 2027 and entering this update and addition into the Smart Financial Planning System no later than 01/07/2024, and adhering to the procedures attached to this circular, such that the general budget is considered the data for the first year within this plan.

2- Coordinate with the Human Resources Department regarding any human resources-related requirements using the designated forms before uploading them to the Smart Financial Planning System. The Human Resources Department must complete its study of the entities' requirements by 01/08/2024 at the latest and provide the Department of Finance with its final recommendations in this regard.

- 3- Coordinate with the Digital Ajman Department regarding technical requirements according to the designated forms before uploading them to the Smart Financial Planning System. The Digital Ajman Department must complete its study of the entities' requirements by 08/01/2024 at the latest and provide the Department of Finance with its final recommendations in this regard.
 - 4- The Department of Finance will study and analyze the draft financial plans submitted by the concerned government entities and support requests, discuss them with those entities, and then prepare the draft financial plan for the government.
 - 5- The Department of Finance shall present the draft financial plan and general budget of the government and its recommendations thereon to the Ruler's Representative, no later than 26/09/2024.
 - 6- 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 will prepare the draft financial plan for the concerned government entity, and the concerned government entity may not object to it.
 - 7- In the event of a delay in the approval of the draft general budget for any fiscal year, the Department of Finance shall issue a circular to the concerned government entities regulating expenditure for a temporary period, based on the provisions contained in the financial system of the Government of Ajman.
 - 8- 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, and providing all necessary clarifications to ensure the proper and complete application of this circular.
 - 9- The Department of Finance shall communicate this circular to the entities concerned with its application and shall follow up on their compliance with its provisions. This circular shall be effective from the date of its issuance.
- Ahmed bin Humaid
Al Nuaimi
- Issued on: / / 2024
- Ruler's Representative**
for Administrative and Financial Affairs
(Attachment)
- Preliminary Procedures for Preparing the Medium-Term Financial Plan for the Years (2025-2027)**
and the Draft General Budget of the Government of Ajman for the Fiscal Year 2025

All concerned entities, when preparing their draft financial plan and budget, must take the following into account:

- 1- Conduct a comprehensive evaluation of the financial performance of previous years and utilize it to improve the monthly distribution of revenues and expenditures approved in the financial plan for the year 2025 to avoid deviations in the implementation of the monthly budget.
- 2- Include financial allocations for any contracts, requests, or purchase orders issued during the fiscal year 2024 and expected to be executed or received during the fiscal year 2025 within the government entity's draft budget for the fiscal year 2025.
- 3- Ensure alignment with the strategic objectives and Ajman Vision 2030.
- 4- Coordinate with stakeholders and relevant authorities to ensure integration and avoid overlap in spending or projects.
- 5- Provide any data or information that the Department of Finance may request, even if it has been previously submitted.

Preliminary Procedures for Preparing the Draft Financial Plan and General Budget

All concerned entities must complete all preliminary work for the preparation of their draft financial plan and budget as detailed below:

1- Government Revenues:

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 applying corporate tax, and coordinate and cooperate with the Government Revenue Department at the Department of Finance in this regard, and enter its final estimates into the Smart Financial Planning System as detailed below, taking into consideration:

- Review the revenue estimates for the approved plan years 2025 and 2026, including justifications for any amendments in the system.
- Justify the reasons for any change (increase or decrease) exceeding 5% or AED 500,000, whichever is greater, for any item (activity) in the estimated revenues for the year 2027 compared to the item (activity) of the approved or amended revenues in the approved plan for the year 2026, stating the assumptions used in estimating the revenues.

2- Operational Costs

Operational costs refer to the mandatory costs for the government entity to carry out its usual main and support activities, and they consist of:

- a- Salaries, wages, and other benefits.
- b- Mandatory operational expenditures.

In this regard, all concerned government entities must work to rationalize their operational expenditures, propose 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 keeping these expenditures fixed for the following years of the plan, except in cases where there are clear justifications for increasing any expenditure, with those justifications attached, such that the assessment of these justifications is subject to the Department of Finance. This must be entered into the Smart Financial Planning System in accordance with 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 jobs on the Smart Financial Planning System and refer to the Department of Finance in case of any discrepancies, and enter the data mentioned below:

- 1) Promotion allocations at the program level.
- 2) Incentive bonus allocations in the designated program.
- 3) Update health insurance costs according to the contract with the insurance company.
- 4) Enter secondment allowance allocations for 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 residency and ID renewal.
- 6) Ensure performance appraisals are added for all jobs (except for new jobs of less than 6 months and vacant positions).
- 7) The financial impact of any pending amendments on salary costs that have not yet been applied to the systems.
- 8) Ensure the addition of any other allowances or benefits the employee is expected to receive for the first time next year, such as (qualification allowance, children's allowance).
- 9) Justify retaining any vacant position at the time of submitting the draft financial plan data.
- 10) Costs of temporary contracts and new positions, if any, after coordinating with the Human Resources Department and obtaining its approval to include these allocations, with supporting documents for that approval attached.

b - Regarding the costs of mandatory operational expenditures:

Concerned government entities must review their actual needs, rationalize operational spending, and enter their final estimates into the Smart Financial Planning System, taking into account:

- Review the operational expenditures approved in the plan for the years 2025 and 2026, with the necessity of justifying any change in those expenditures.

- Justify the reasons for any change exceeding 5% or AED 100,000, whichever is greater, for any expense item at the program level for the year 2027 compared to what was approved in the financial plan for the year 2026, and enter the data mentioned below into the Smart Financial Planning System as follows:

1) The entity's mandatory operational expenses, considering the expenses for which separate programs are allocated, which are:

- The recurring mandatory expenses program, allocated for certain common expenses such as (water and electricity - telecommunications and internet - sewage expenses).
- The Microsoft systems operation sustainability program, allocated for renewing Microsoft licenses based on the contract concluded by the Digital Ajman Department.
- The Oracle system licenses program, allocated for renewing Mawareed 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.

3) Costs of contracting with recruitment companies for outsourcing services or jobs, after coordinating with the Human Resources Department and obtaining its approval to

include these allocations, with supporting documents for that approval attached.

4) Operational technical needs, after coordinating with the Digital Ajman Department and obtaining its approval to include these allocations, with supporting documents for that approval attached.

Government entities must enhance cooperation among themselves to exchange best practices and innovative solutions in rationalizing operational expenditures and conduct periodic analysis of operational costs to identify areas where operational spending can be improved and reduced without affecting services.

3- Initiatives Costs:

These are all non-mandatory expenditures (main or support) and consist of:

- Developmental Initiatives: Expenditures aimed at promoting economic and social growth, improving the standard of living, and achieving sustainable development in the Emirate.
- Operational Initiatives: Expenditures that serve the department's operational processes.

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

1) Review the strategic alignment of initiatives, strategic objectives, and targets with the government's strategic plan, in coordination with the General Secretariat of the Executive Council.

2) Enter the case study data for all new initiatives into the Smart Financial Planning System, making sure to state the expected impact of these initiatives, including potential economic and social benefits, in order to make informed decisions about allocating financial resources, with the need to attach the following documents:

- Documents supporting the cost determination
- Digital initiatives after coordination with the Ajman Digital Department and its approval to include these allocations, with supporting documents for that approval attached.
- A detailed statement of the annual operating expenses resulting from the implementation of any initiative.
- For for-profit initiatives, the requesting government entity must attach a complete feasibility study.

3) Unified government-level initiatives are exempt from entering case study data, provided that a statement of costs and their justifications is attached.

4- Cash Budget

Government entities must complete the preparation of the cash budget and enter it into the Smart Financial Planning System, taking into account the following:

- Distribute the estimated incoming cash flows related to the estimated revenues in the 2025 budget on a monthly basis, taking into consideration the estimated cash flows related to the collection of revenues from previous years.
- Distribute the estimated outgoing cash flows related to the estimated expenditures in the 2025 budget on a monthly basis, taking into consideration the estimated cash flows for expenditures that will be completed during the 2024 fiscal year for which the due amounts have not yet been disbursed.
- Distribute other estimated outgoing and incoming cash flows, such as guarantees and receipts or payments on behalf of others, on a monthly basis.
- Distribute cash flows according to their seasonality, taking into account the revenue trend, unless there is a better method that realistically and reasonably shows the monthly cash flows for the government entity.