

**FEDERAL DECRETAL LAW
NO (26) OF 2019
ON PUBLIC FINANCIAL MANAGEMENT**

We Khalifa Bin Zayed Al Nahyan, President of the United Arab Emirates

- After reviewing the Constitution;
- Federal Law no (1) of 1972, concerning the Competences of the Ministries and the Ministers' Powers, as amended;
- Civil Transactions Law, issued by Federal Law no (5) of 1985, as amended;
- Civil Procedures Code, issued by Federal Law no (11) of 1992, as amended;
- Federal Decretal Law no (4) of 2007, Establishing Emirates Investment Authority, as amended;
- Federal Law no (7) of 2008, establishing the National Archives, as amended;
- Federal Decretal Law no (11) of 2008, concerning the Human Resources in the Federal Government, as amended;
- Federal Law no (1) of 2011, concerning the Public Revenues of the State;
- Federal Law no (8) of 2011, concerning the reorganization of the State Audit Bureau;
- Federal Decretal Law no (8) of 2011, concerning the Rules of Preparation of the General Budget and Final Accounts;
- Federal Law no (14) of 2016, concerning the Administrative Violations and Penalties in the Federal Government;
- Federal Decretal Law no (5) of 2017, concerning the Settlement of the General Reserve Account;
- Federal Law no (7) of 2017, concerning the Tax Procedures;
- Federal Decretal Law no (7) of 2017, concerning the Excise Tax;
- Federal Decretal Law no (8) of 2017, concerning the Value Added Tax;
- Federal Decretal Law no (11) of 2017 , concerning the Delegation of Certain Powers to the Council of Ministers;
- Federal Decretal Law no (9) of 2018, concerning the Public Debt;
- Federal Decretal Law no (14) of 2018, concerning the Central Bank and the Regulation of Financial Institutions and Activities;

- Federal Decretal Law no (15) of 2018, concerning the Collection of Revenues and Public Funds;
- Federal Decretal Law no (16) of 2018, concerning the Real Estate Properties of the Federal Government; and
- Pursuant to the proposal of the Minister of Finance and the approval of the Council of Ministers;

Have issued the following Decretal Law:

CHAPTER 1

Definitions

Article (1)

Definitions

For the implementation of the provisions of this Decretal Law, the following words and expressions shall have the meanings indicated opposite thereto below unless the context requires otherwise:

State: The United Arab Emirates

Government: The State's Federal Government

Ministry: The Ministry of Finance

Minister: The Minister of Finance

Bank: The Central Bank of the United Arab Emirates

Federal Entities: The Ministries established under Federal Law no (1) of 1972, concerning the Competences of the Ministries and the Ministers' Powers, and the Federal Government Bodies and Authorities classified in Article (3) of this Decretal Law.

Head of Federal Entity: The competent Minister or the Chairman or Head of the Entity or any other official holding equivalent position.

Autonomous Federal Entities: The Autonomous Federal Entities established according to the Legislations in force in the State and described in Article (3) hereof.

Fiscal Year: Twelve calendar months, starting from January 01 and ending December 31 each year.

General Budget Assessment Law: The Federal Law issued in each Fiscal Year to approve the General Budget of that year.

General Budget: The Government Budget adopted by a Federal Law, which includes the estimated General Revenues to be collected and the estimated General Expenditures to be disbursed by the various Federal Entities during a given Fiscal Year.

Autonomous Federal Entity Budget: A separate detailed statement prepared by the Autonomous Federal Entity, containing an estimate of its General Revenues and their sources, and its Expenditures and Projected Expenditures during a given Fiscal Year.

Supplementary Budget: The additional financial allocations issued by a Federal Law to cover any new policies not included in the General Budget and to identify the sources of the Revenues necessary to finance the same.

Public Financial Management: The set of rules, regulations and processes applicable to Federal Entities pursuant to this Decretal Law and its Executive Regulations, the Council of Ministers' Decisions, the Ministerial Decrees, the Circulars related to the provision and identification of the Revenues and their sources, the allocation of public funds and the determination of the objects of expenditure, the relevant controls and the accounting controls, and the preparation of financial reports thereon.

Unified Chart of Accounts: A unified classification approved by the Council of Ministers for the accounts used in the Federal Entities to classify and record financial transactions.

Medium-Term Financial Strategy (Financial Framework): The set of financial studies and reports approved by the Council of Ministers, including the general economic projections and the revenues policies, the priorities for expenditures and projected financial risks for at least five (5) years.

Medium-Term Budget Framework: A study containing the medium-term projections of total revenues and expenditures, the difference between them, the funding mechanism required to cover deficits, the ceilings of basic expenditures determined by the Council of Ministers and that do not exceed the Medium-Term Financial Strategy (Financial Framework).

Medium-Term Expenditures Framework: A report based on administrative, economic, and programmatic classifications as determined by the Council of Ministers estimating the Federal Entities Expenditures.

Programs: A coherent set of activities and services provided and defined by the Federal Entities and aiming at achieving the strategic objectives associated therewith.

Capital Projects: The projects aiming at establishing, acquiring or renewing any assets owned by the Federal Entities.

New Capital Projects: The Capital Projects for which no funds are allocated in the General Budget and are introduced during the Fiscal Year.

Treasury Single Account: The Government Central Account opened by a Decision of the Minister, in which the Financial Revenues of all Federal Entities are deposited.

Government-Held Funds: The funds of third parties deposited in the bank accounts of the Government or of the Federal Entities, and held until fulfilment of the object for which they were held.

Financial Appropriations: The high ceilings binding on expenditure categories approved within the General Budget Assessment Law.

Semi-Annual Budget Review: A semi-annual report prepared by the Ministry and the Federal Entities describing and analysing the Revenues, the Expenditures and the overall performance related to the General Budget during the first half of the Fiscal Year, including a review of the economic assumptions of the General Budget and updated projections for the current Fiscal Year.

Federal Entity Final Account: The annual report prepared by each Federal Entity in accordance with the instructions included in the Annual Financial Circular issued by the Minister, pursuant to the form and content requested by the Ministry, and including an analysis of the Financial Statements and the Explanatory Memo of the Final Account.

Consolidated Final Account: An annual report issued for the approval of the Annual Consolidated Financial Statements of the Federal Entities, prepared by the Ministry on basis of the Final Account Reports submitted by the Federal Entities, and including the Consolidated Financial Statements and Explanatory Memos as per the instructions described in the Annual Financial Circular issued by the Minister.

Consolidated Final Account Law: The Federal Law approving the actual Expenditures and Revenues of the Federal Entities separately from the past Fiscal Year, and showing the differences in comparison with the General Budget Assessment Law, as amended.

Contingency Expenditures: Estimated funds to meet a situation not included in the General Budget Appropriations for the current Fiscal Year and which may not be deferred to the subsequent Fiscal Year Budget due to being associated to public interest requirements.

General Revenues: The Federal Government Revenues resulting from its public and private properties, charges and taxes collected by the competent Federal Entities, the returns on investment in various economic activities, in addition to transfers, contributions and other financial revenues handed over or transferred to the Treasury Single Account and allocated to meet Public Expenditures in the General Budget of the State.

Government Guarantee: A written undertaking to third parties under which the Government commits to fulfil the obligations of any Federal Entity that the Government wishes to grant a guarantee on its behalf.

Cash Reserve: An account financed from the actual cash surplus available after deducting all the obligations and the guarantees expected to be paid in the subsequent Fiscal Year.

Special Reserve: A financial appropriation to be estimated on annual basis to finance the emergency expenditures.

CHAPTER 2

Objectives and Scope of Implementation of this Decretal Law

Article (2)

Objectives of this Decretal Law

This Decretal Law aims to achieve the following:

- (1) Determining the rules of preparing the General Budget, the Final Account of the Federal Entities and the Consolidated Final Account, and laying down the rules that govern the Financial Revenues of the Federal Entities;
- (2) Establishing an integrated regulatory framework for the Financial Revenues and Fiscal Policies of the Federal Entities by defining the following:
 - a. Principles of management and financial revenues policies of the Federal Entities;
 - b. General rules regulating the Federal Entities' financial revenues collection, management and disbursement;

- c. Powers, competences, authorities and responsibilities for the management of the Federal Entities Financial Revenues;
- d. Minimum number of reports related to the management of the Federal Entities Financial Revenues;
- e. Principles of governance, control and risk management related to the management of the Federal Entities Financial Revenues.

Article (3)

Scope of Application of this Decretal Law

The provisions of this Decretal Law are applicable to the Federal Entities classified for the purposes hereof as follows:

- (1) **Ministries and Central Authorities:** Ministries established under Federal Law no (1) of 1972 concerning the Competences of the Ministries and the Ministers' Powers, and any similar councils and bodies carrying out Federal executive, legislative, and judicial activities;
- (2) **Autonomous Federal Entities:** The Federal Entities established or to be established pursuant to the legislations in force in the State, with a view to carrying out specific government functions or services and operating under the supervision of the Government and that:
 - a. Are granted by the law or decision establishing them an independent juridical personality and the capacity to act, prepare, organize and execute its own budget;
 - b. Have their own administrative and organizational structure; and
 - c. Are non-profit entities.

CHAPTER 3

Financial and Administrative Powers

Article (4)

Powers of the Council of Ministers

- (1) The Council of Ministers is vested with the following powers:
 - a. Approving or amending the Medium-Term Financial Strategy (Financial Framework) and Medium-Term Budget Framework;
 - b. Approving the financing of New Capital Projects;
 - c. Approving the Draft General Budget Assessment Law and the accompanying Tables for each Fiscal Year of the medium-term Budget Years and any modifications thereto;
 - d. Approving the Supplementary Budget projects;
 - e. Approving the Draft Law of the Consolidated Final Account, the non-covered Final Accounts and the accompanying Schedules;

- f. Issuing policies and decisions related to the General Budget and Public Financial Management;
 - g. Excluding some Federal Entities from the obligation to apply all or some of the provisions of this Decretal Law.
- (2) The Council of Ministers shall, upon the proposal of the Minister, issue a decision specifying the terms and conditions governing the issuance of the Government Guarantee.

Article (5)

Powers of the Minister

The Minister shall, with the approval of the Council of Ministers, determine the rules for the management of the State's funds and revenues, and the Public Financial Management, and shall coordinate the financial policies of the State at the federal level and issue the relevant procedures and circulars. The Minister shall further:

- (1) Propose the general financial plans and fiscal policies of the State within the scope of the Ministry's work and submit the same to the Council of Ministers for approval;
- (2) Propose draft laws related to the General Fiscal Policy of the State in coordination with the concerned authorities;
- (3) Issue manuals of procedures, circulars and decisions related to the General Budget, the General Fiscal Policy of the State, the rules and dates of closing the accounts and the preparation of the Final Account in a manner that does not contradict the legislations in force in the State;
- (4) Propose the Unified Financial Policies, the Consolidated Accounts Manual and the General Rules for the organization of accounting operations and records in accordance with generally accepted international accounting standards, and submit the same to the Council of Ministers for approval;
- (5) Supervise in general the preparation of the Draft General Budget Law and the Draft Consolidated Final Account Law;
- (6) Propose the reduction of the approved appropriations in the General Budget in the event of an exceptional decline in the Financial Revenues of the Federal Entities, subject to not exceeding the percentage specified in the Executive Regulations of this Decretal Law, and to submit the same to the Council of Ministers for approval;
- (7) Oversee all aspects of General Budget Execution including the mechanism for the collection of the Federal Entities Financial Revenues and the controls over expenditures and treasury operations applicable to Federal Entities;
- (8) Set rules for opening and closing the bank accounts of the Federal Entities;
- (9) Issue a decision regulating the transfer of funds necessary to cover the Government expenditures from the Treasury Single Account to one bank account or more;
- (10) Submit the following drafts to the Council of Ministers:
 - a. Draft Medium-Term Financial Strategy (Financial Framework);

- b. Draft Medium-Term Budget Framework;
- c. Draft General Budget Assessment Law;
- d. Draft Supplementary Budgets Assessment Laws;
- e. Draft Law on Consolidated Final Account.

Article (6)

Competencies of the Ministry

The Ministry is vested with the following authorities:

- (1) Preparing the Federal Government Financial Policy;
- (2) Preparing the Medium-Term Expenditures Framework of the Federal Entities;
- (3) Examining the draft Medium-Term Plan Budgets of the Federal Entities to take them into consideration and submit when necessary related suggestions;
- (4) Preparing the Draft General Budget Assessment Law;
- (5) Following up on the execution of the General Budget;
- (6) Setting the rules regulating the expenditures disbursement, the collection of Federal Entities Financial Revenues, the management of bank accounts, the management of assets and liabilities accounts and the investment projects. A Ministerial Decision shall be issued on such rules;
- (7) Supervising and following up on the execution of the General Budget performance, including the mechanism of collecting the Federal Entities Financial Revenues, the controls over expenditures, managing the Federal Entities treasury operations and reporting the same to the Council of Ministers;
- (8) Managing the Public Treasury, and regulating the Federal Entities Bank Accounts, including opening and closing bank accounts as per the provisions of this Decretal Law;
- (9) Opening zero accounts for Federal Entities with commercial bank(s) operating in the State through which the Annual Budget Appropriations are paid;
- (10) Reviewing, examining and verifying the financial and administrative operations and records with financial impacts on the Federal Entities in accordance with the requirements of the public interest and pursuant to the Minister's instructions;
- (11) Supervising and managing the Government's General Cash Reserve account in accordance with the regulations, legislations, policies and procedures in force;
- (12) Developing and issuing the Unified Financial Policies and Manuals, the Consolidated chart of accounts, and the General Rules to close accounting periods and preparing reports in light of approved accounting standards;

- (13) Developing the Financial and Accounting Policies of the Federal Entities, amending and submitting the same to the Council of Ministers for approval;
- (14) Preparing the Consolidated Final Account;
- (15) Directing, supporting and training as required the employees of the Federal Entities with regard to the implementation of this Decretal Law, as well as the regulations, decisions and circulars issued pursuant to it;
- (16) The right of obtaining any data or information related to the bank accounts of the Government or those of any Federal Entity;
- (17) Obtaining from the banks operating in the State any information pertaining to the bank account of the Government or any Federal Entity;
- (18) Recording annually, the amounts necessary to service the public debt and fulfil the payments on maturity in the State's General Budget;
- (19) Collecting and preparing governmental financial reports in coordination with the local Emirates.

Article (7)

Management of Public Funds

The Management of Public Funds carried out by the Minister in accordance with the provisions of this Decretal Law and its Executive Regulations, aims at cash hedging that is achieved through limiting the level of current cash balances held in the Treasury Single Account, through the use of tools that allow the Government to safely invest surplus balances in short-term investment instruments.

Article (8)

Government Banking Procedures

The Minister or his authorized representative shall open government bank accounts, subject to the following rules:

- (1) Opening the main bank account of the Government at the bank.
- (2) All Revenues of the Federal Entities included in the General Budget Assessment Law shall be deposited in the Consolidated Treasury Account and all payments shall be made from such Account.
- (3) No account may be opened with any commercial bank without the prior written approval of the Ministry.
- (4) The Minister shall open, suspend, or close the bank accounts kept with local and foreign commercial banks to facilitate the collection of revenues or the settlement of payments. The balances of the said bank accounts shall remain within the limits approved by the Minister, and any surplus shall be transferred to the Treasury Single Account pursuant to the Ministry's instructions.
- (5) The Minister may enter into agreements with other local and foreign commercial bank(s) qualified to efficiently manage balances available in the interim bank accounts in accordance with the regulations issued by the Ministry regarding the procedures for opening, closing and managing such accounts.

- (6) Any funds available in one of the bank accounts of the Government or of any Federal Entity may be transferred to another Government bank account or to the bank account of another Federal Entity at the request of the Minister and after approval of the Council of Ministers with notice to be sent to all relevant authorities.
- (7) The Minister may hold the funds available in the Government's bank accounts as short-term deposits.

Article (9)

Presenting Draft Financial Legislations to the Ministry

All draft laws, resolutions and regulations resulting in financial obligations or impacts on the General Budget shall be presented to the Ministry for opinion before submitting them to the Council of Ministers.

CHAPTER 4

Responsibilities and Obligations of Federal Entities and their Employees

Article (10)

Responsibilities of Federal Entities and their Employees

- (1) Decentralization and the powers vested in the Federal Entities do not prejudice their responsibility for the implementation of the financial and accounting procedures and instructions in place to maintain and dispose of the Public Funds.
- (2) Decentralization does not prejudice the legal responsibility of employees entrusted with financial and accounting tasks and duties in case they violate the provisions of this Decretal Law or its Executive Regulations or the laws, regulations and resolutions related thereto.
- (3) Federal Entities are responsible for the planning, preparation and execution of their budgets, and for the preparation of the periodical financial reports and the Final Account.

Article (11)

Obligations of Federal Entities

- (1) Federal Entities shall coordinate with the Ministry to fulfil the following requirements:
 - a. The objectives set out in the Medium-Term Financial Strategy (Financial Framework), approved by the Council of Ministers and obtaining the latter's prior approval when amending any such objectives, not exceeding in any event the total Financial Appropriations dedicated to the objectives upon amendment;
 - b. The rules issued by the Ministry on the implementation of the approved planning and analytical systems for strategic objectives, the programs and the Capital Projects;
 - c. The efficient and proficient management of their own Financial Revenues;
 - d. The execution of strategic objectives within the limits of Financial Appropriations reserved thereto;
- (2) Refrain from borrowing, lending, or providing debt securities except pursuant to the legislations in force in the State;
- (3) Refrain from entering into sponsorship agreements to fund events and activities unless they are included in the Federal Entities' approved annual budgets, but the latter may enter into sponsorship agreements funded by the Private Sector according to the regulating rules issued by the Ministry;

- (4) Federal Entities shall provide any data or information requested by the Ministry within the deadline specified in the request.

CHAPTER 5

General Budget Provisions

Article (12)

General Budget

The General Budget is the Federal Entities Financial Program which includes all the estimated Financial Revenues and the estimated Public Expenditures for a given Fiscal Year, in order to achieve economic and social development through the optimal distribution and efficient use of resources within the framework of the Federal Strategy on expenditures expected to be spent by the Federal Entities during the next Fiscal Year, provided that such General Budget is balanced in terms of revenues and expenditures, and developed in the light of the Medium-Term (Financial Framework) Financial Strategy.

Article (13)

Independent Budgets

By express provision stipulated in the laws of Autonomous Service Federal Entities, including Autonomous Federal Entities whose budgets are subject to the approval of their Board of Directors, such Entities may have their own Independent Budget in which their revenues and expenditures are detailed in an Annex to be attached to the General Budget Assessment Law, provided that such Federal Entities shall abide by the following:

- (1) The principles of governance and management thereof;
- (2) The Unified Chart of Accounts and provision of data and reports according to the relevant form within the deadline specified by the Ministry.

Article (14)

Submission of Independent Budgets

The Autonomous Federal Entities shall submit their Budget to the Ministry for approval within the Draft General Budget Assessment Law on the date specified by the Minister in the Annual Financial Circular provided for in Article (21) of this Decretal Law.

Article (15)

Inclusion in the Draft General Budget Assessment Law

- (1) The Ministry shall include the Budgetary Appropriations of the Autonomous Federal Entities, including their own estimated Financial Revenues, in the Draft General Budget Assessment Law.
- (2) No financial burdens may be imposed on the Government if the Autonomous Federal Entity does not realize any of its own estimated revenues, unless the public interest requires otherwise.

Article (16)

Draft Medium-Term Budgets

A decision by the Council of Ministers may entrust Federal Entities with the preparation of a draft medium-term budget, the number of years of which shall be determined by a Decision of the Council of Ministers, provided that they include Financial Revenues and Expenditures Estimates separately for each Fiscal Year. Budget Appropriations Decision shall be issued by the Council of Ministers.

Article (17)

Medium-Term Budget Adjustments

In preparing the Draft General Budget Assessment Law for each year of the Medium-Term Plan, the following shall be taken into account:

- (1) Any adjustments to the Budget of that Plan have already been approved by the Council of Ministers;
- (2) The Medium-Term Financial Strategy (Financial Framework);
- (3) The Medium-Term Budget Framework.

Article (18)

Medium-Term Budget Framework

The Medium-Term Budget Framework sets out the bases for defining total expenditures ceilings in the Annual Budget. Estimates of total expenditures for the current Fiscal Year are only indicative in respect of the following Fiscal Year.

Article (19)

Disclosure of In-Kind Support

Federal Entities authorized to receive in-kind support shall disclose the same indicating its financial value in accordance with the form set by the Ministry to that effect, provided that the said statement is submitted with the Draft Budget documents of the relevant Federal Entity.

Article (20)

Chart of Accounts

- (1) Upon the Minister's proposal, the Council of Ministers shall issue the Unified Chart of Accounts binding the Federal Entities.
- (2) The Federal Entities shall prepare the reports in accordance with the rules and regulations specified in the Unified Chart of Accounts.
- (3) The Ministry may issue the necessary directives and instructions to enable Federal Entities to prepare their reports in accordance with the Unified Chart of Accounts.

CHAPTER 6

General Budget Preparation

Article (21)

Financial Circular on the Controls for Preparing the Draft General Budget

During the first week of the third month of each Fiscal Year, the Minister shall issue a Financial Circular to the Federal Entities specifying the rules and regulations required for the preparation of their Draft Budgets for the following year, provided that such Circular includes the Budget Ceiling and the deadline for submitting the Draft General Budget to the Ministry.

Article (22)

Study and Analysis of the Federal Entities' Initial Estimates

The Federal Entities, included in the General Budget, shall prepare the preliminary estimates of their Financial Revenues based on their types and sources, and the preliminary estimates of their Current and Capital Expenditures, in consistence with the strategic objectives and the approved activities of each Program, and including performance measures and financial efficiency indicators.

The Initial Estimates must be submitted to the Ministry on the date specified in the Minister's Circular referred to in Article (21) of this Decretal Law.

Article (23)

Late Submission of Draft General Budget by Federal Entities

In case any Federal Entity submits its Draft Budget to the Ministry after the date set in the Circular mentioned in Article (21) of this Decretal Law, the Ministry shall, after notifying the relevant Entity, prepare such estimates pursuant to such Entity's Current Fiscal Year Appropriations, subject to any amendments and adjustments brought thereto during the current Fiscal Year and subject to other relevant considerations in accordance with such Entity's Strategic Programs and Objectives.

Article (24)

New Capital Projects

When proposing New Capital Projects based on Long-Term Capital Expenditures Plans, Federal Entities shall provide the following:

- (1) A certified title deed of the land allocated to the Project or the decision issued by the competent authority to allocate the required piece of land to the Project;
- (2) The feasibility study;
- (3) The design plan proposed for the Project;
- (4) The Project execution timetable and the amounts required throughout the years of execution;
- (5) All the annual financial costs required for operating the Project after its completion;
- (6) Any other requirements in accordance with the Circulars issued in this regard by the Ministry and the competent authorities.

Article (25)

Appropriations for Completion of Capital Projects

The Federal Entity executing the Project shall, in coordination with the Ministry, propose the Financial Appropriations required for the completion of the Projects included in the General Budget and in the Independent Budgets for the Fiscal Year regarding which the Budget was prepared.

Article (26)

Study and Evaluation of New Capital Projects

- (1) The Ministry in charge of the development of the infrastructure shall study and evaluate the New Capital Projects to be built, acquired or renovated and grant its prior approval thereof before submission to the Council of Ministers.
- (2) Should the total cost of any New Capital Project included in the Budget be modified, the Federal Entity executing the Project shall, in coordination with the Ministry, amend the total cost of the Project and state the reasons for such amendment.

Article (27)

Special Reserve

The Ministry shall estimate and include in the General Budget on an annual basis, a Special Reserve amount to cover unexpected contingent expenditures not included in other items of the Budget.

Article (28)

Estimation of Revenues

Federal Entities shall, during the current Fiscal Year, estimate their Financial Revenues and indicate the basis of such estimate along with any impacting factors. The Ministry shall examine and approve the same in accordance with the Draft Annual Budget Strategy and the Draft General Budget Assessment Law.

Article (29)

Principle of Balance of the General Budget

The Ministry shall take into account in the General Budget the principle of balance between the total Financial Revenues of the Federal Entities on the one hand and the Total Public Expenditures.

Article (30)

Maximum Expenditures

If the total initial estimates of the expenditures exceed the initial estimates of the Federal Entities Financial Revenues, the Ministry may propose a maximum ceiling for the expenditures] to be observed by the Federal Entities after approval of the Council of Ministers.

Article (31)

Draft General Budget Assessment Law

- (1) The Ministry shall prepare and submit to the Council of Ministers the Draft Medium-Term Budget Framework.
- (2) The Ministry shall prepare and submit to the Council of Ministers the Draft General Budget Assessment Law, with all explanatory reports and documents.

Article (32)

Revenues Classification

When preparing the Draft General Budget Assessment Law, the classification of the Annual Financial Revenues of the Federal Entities shall be taken into consideration in accordance with the types of Revenues stipulated in Article (57) of this Decretal Law.

Article (33)

Expenditures Classification

When preparing the Draft General Budget Assessment Law, all Annual Expenditures shall be classified according to the following groups:

- (1) Employee Indemnities
- (2) Goods and Services
- (3) Aids
- (4) Grants, Charities and Donations
- (5) Social Benefits
- (6) Other Federal Expenditures
- (7) Capital Expenditures

Article (34)

The Inclusion of Grants

Estimates of Grants, Charity and Donations and the like accepted by the Federal Entities and in line with their objectives and competences, shall be included in the Total Revenues of the Medium-Term Budget Framework, and in the Revenues Estimates of the Draft General Budget Assessment Law. The Expenditures linked to the management of such Grants shall be determined in the Draft General Budget of the Federal Entity.

CHAPTER 7

General Budget Approval

Article (35)

Draft General Budget Assessment Law

At least two months prior to the beginning of the Fiscal Year, the Draft General Budget Assessment Law, including all documents pertaining thereto and Budgets of the Autonomous Federal Entities, shall be presented to the Federal National Council for discussion and comments, then the Federal National Council refers the same with its comments to the Federal Supreme Council for ratification.

Article (36)

Budget Notification

As soon as the General Budget Assessment Law is issued, the Ministry shall notify the Federal Entities of the Financial Appropriations assigned thereto for the relevant Fiscal Year.

Article (37)

Provisional Monthly Financial Appropriations

In all cases where the General Budget Assessment Law is not issued before the beginning of the Fiscal Year, Provisional Monthly Appropriations on the basis of one twelfth part of the previous Fiscal Year's Appropriations may be approved, by a Federal Decree and upon a proposal from the Minister Fiscal Year.

CHAPTER 8

General Budget Amendment

Article (38)

General Budget Amendment

Every expenditure not included in the General Budget or exceeding the estimates listed in one single section, and each transfer of any amount from one section to another of the General Budget Sections, shall take place

by Law. However, in case of utmost necessity, the said expenditure or transfer may take place by a decretal law.

Article (39)

Supplementary Budget

- (1) The Ministry submits to the Council of Ministers a Draft Federal Law on a Supplementary Budget in any of the following events:
 - a. Adoption of new policies having a financial impact not listed in the Approved General Budget;
 - b. Funding necessary Capital Projects from outside the Budget cycle;
 - c. Any other cases decided by the Council of Ministers.
- (2) The Supplementary Budget is issued by a Federal Law.
- (3) Federal Entities shall not submit requests for Supplementary Appropriations during the Fiscal Year except in emergency or utmost necessity cases, when they must state the sources for arranging the revenues to cover such requests.

CHAPTER 9

General Budget Execution

Article (40)

General Budget Execution

All Federal Entities Financial Revenues and Expenditures incurred by reason of disposals carried out during the Fiscal Year shall be recorded in the Fiscal Year Accounts pursuant to the date of the occurrence of the right or debt irrespective of the date of execution thereof.

Article (41)

Accrual Accounting Basis

Upon the proposal of the Minister, the Council of Ministers shall issue a decision to determine the targeted year to commence the implementation of accrual accounting basis and the accounting standards to be implemented by the Federal Entities.

Article (42)

The Accounting Standards Council

- (1) The Minister may issue a decision to form a Council for the Government Accounting Standards consisting of employees of the Ministry and other specialists and experts, The said decision shall determine the powers and responsibilities of the Council.
- (2) The Minister shall present to the Council of Ministers for approval the recommendations of the Council for Accounting Standards regarding amending and developing the Federal Government Account Standards.
- (3) The Federal Entities shall continue to implement the accounting policies and standards presently approved by the Ministry until the Council of Ministers' decision is issued.

Article (43)

Compliance with Financial Appropriations

- (1) The Federal Entities shall commit to execute their Budgets within the limits of the Financial Appropriations reserved thereto in the General Budget Assessment Law.
- (2) The General Expenditures, the order to disburse the same, and their payment methods shall be settled by the Federal Entities according to the rules in force until issuance of the Executive Regulations of this Decretal Law. Such Expenditures shall only be disbursed if determined and due for payment pursuant to the legislation in force.

Article (44)

Concluding Contracts

Federal Entities shall not conclude contracts that entail financial obligations exceeding those provided for in the current Fiscal Year to forthcoming Fiscal Year(s), except in accordance with the procedures and controls determined by the Executive Regulations of this Decretal Law.

Article (45)

Adherence to the Total Projects Costs

As an exception to the provision of Article (44) of this Decretal Law, it is permissible to commit to the Capital Projects total costs as stipulated in the General Budget, provided that the disbursement made for a project during the Fiscal Year shall adhere to the Financial Appropriations allocated to such project in the General Budget for such year.

Article (46)

Multi-Year Financial Appropriations

The General Budget Assessment Law may provide for multi-year appropriations designated to cover any existing contractual obligations, provided that the ceiling of the cash expenditures for the first Fiscal Year of the multi-year project is determined and that the entire cost of the project is specified during the expected period of execution. The Minister shall issue a decision to regulate the registration system, monitoring and controlling the financial appropriations.

Article (47)

Projects not included in the General Budget

The Federal Entities, with the approval of the Council of Ministers, may set up Capital Projects, or commit to issue tenders for any projects not included in the General Budget, provided that the provisions related to the Supplementary Budget mentioned in this Decretal Law are applied to such projects.

Article (48)

Non-Completion of Capital Projects

Should any Capital Project not be completed within the current Fiscal Year, the Financial Appropriation or its balance shall be included in the budget for the next Fiscal Year of the Project execution plan.

Article (49)

Expenditures Disbursement controls

The Federal Entities shall abide by the legal and regulatory controls prescribed in accordance with the provisions of this Decretal Law to spend on the Projects included in the General Budget.

Article (50)

The Transfers

- (1) Subject to the provisions of Article (38) of this Decretal Law, the transfer of any amount from one group to another in the same section must be approved by the Ministry, upon the request of the Federal Entity.
- (2) The Federal Entity may effect transfers within the same group in accordance with the policies, rules and controls determined by the Minister.

Article (51)

The Use of the Special Reserve

The Special Reserve provided for in Article (27) of this Decretal Law, may be used in accordance with the provisions of a decision to be issued by the Council of Ministers, in cases that require funding of some unexpected needs, or cases that arise during the current Fiscal Year, subject to identifying the Federal Beneficiary Entity, the strategic goal and the intended program.

After execution, the concerned Federal Entity shall prepare a special schedule for the use, to be included in the explanatory note attached to the final Entity's Final Account and the Consolidated Final Account.

Article (52)

Unexecuted Financial Appropriation

Without prejudice to the provisions of Articles (48) and (49) of this Decretal Law, any Financial Appropriation included in the General Budget and not fully executed during the Fiscal Year shall be deemed null and void.

Article (53)

Keeping Records and Reports

The Federal Entities shall commit to maintain comprehensive electronic records, and their supporting documents, concerning the execution of their Budgets, as well as the performance reports and indicators according to the systems and within the deadlines specified by the Ministry.

Article (54)

Periodic Reports

The Ministry shall submit a semi-annual report to the Council of Ministers on the Federal Entities' execution of the General Budget including the financial performance indicators.

CHAPTER 10

Follow-up on General Budget Execution

Article (55)

Control and Internal Audit

- (1) The competent administrative units of the Federal Entities shall monitor and audit the execution of the General Budget in respect of the collection of its Revenues and payment of its Expenditures, follow-up on the performance, and ensure conformity with the legislation in force in the State.
- (2) The Federal Entity's Internal Audit Office shall perform independent audits on the General Budget execution by the administrative unit in accordance with the work mechanisms, policies, procedures, regulations and risk management applied in that Entity.

Article (56)

Federal Entities Reports

Federal Entities shall provide the Ministry with financial reports and data in accordance with the decision issued by the Minister specifying the required data, the form and content of the reports, and the monthly and semi-annual reporting dates related to the Budget execution.

CHAPTER 11

Financial Revenues of the Federal Entities

Article (57)

Types of Revenues

The Financial Revenues of the Federal Entities estimated to be collected for the purpose of preparing the General Budget consist of the following:

- (1) Taxes, charges, and royalties imposed by a Federal Law.
- (2) Charges and wages collected by the Government in consideration for the services provided thereby.
- (3) The share contributed to the General Budget by each of the Emirates of the State.
- (4) Revenues of the Government from its own properties.
- (5) The military retirement contributions.
- (6) The fines and amounts judicially adjudicated.
- (7) Return on investment and reinvestment of the Government funds.
- (8) Grants, donations, gifts, and the like.
- (9) Administrative fines.
- (10) Any other Revenues determined by the Council of Ministers.

Article (58)

Imposing Charges

The Council of Ministers shall impose federal charges of all kinds or exempt therefrom – save for taxes - by a decision issued thereby at the Minister's proposal, in accordance with the provisions of the legislation in force in the State.

Article (59)

Collecting Revenues

Subject to the terms and conditions for accepting grants, donations, gifts and the like intended for a specific purpose, the concerned Federal Entity shall collect and settle its Revenues in accordance with the legislation in force and the instructions issued by the Minister.

Article (60)

Local Charges

The Federal Entities shall not add or collect charges in favor of any local authority in any Emirate except after coordination with the Ministry.

Article (61)

Deduction from Revenues

The Federal Entities shall not deduct sums from their Revenues under any designation or for any reason in accordance with the legislation in force.

Article (62)

Transfer of Revenues

Subject to the provisions of Article (8) of this Decretal Law, the Federal Entities are required to transfer the Revenues collected to the Treasury Single Account in accordance with the rules and instructions specified by the Ministry. The appropriation of specific Revenues for specific Expenditures shall get the approval of the Council of Ministers; grants, donations, gifts, and the like are hereby exempted.

Article (63)

Grants, Donations, Gifts and the Like

- (1) The Federal Entities may accept grants, donations, gifts, and the like, commensurate with their objectives and competences, and a Special Budget shall be prepared for them.
- (2) Any grants, donations, gifts, and the like shall be recorded in the accounting books of the concerned Federal Entity, classified according to their nature based on the Unified Chart of Accounts, and included in the annual Final Account when received.
- (3) The value of grants, donations, gifts, and the like, repeated and confirmed to be received, shall be included in the annual Budget of the Federal Entity.

Article (64)

The Conclusion of Revenues Sharing Contracts

The Federal Entities shall not conclude contracts with private institutions and companies and with the concerned entities in the Emirates Governments, for the provision of services to the public on Revenues sharing basis except with the approval of the Ministry. The contracts already concluded prior to the effective date of this Decretal Law, shall be renewed only with the approval of the Ministry.

Article (65)

Private Sector Partnership

The Federal Entities shall not contract with a private juridical person with the aim of participating in the management or operation of any public facility except in accordance with the general terms and conditions determined by the Council of Ministers regulating partnership contracts with the private sector.

CHAPTER 12

The Federal Entity Final Account

Article (66)

Financial Circular

During the second week of the tenth month of each Fiscal Year, the Minister shall issue a financial circular to Federal Entities outlining the rules, controls, procedures, and accounting processes for transactions and reconciliations necessary to prepare the Draft Final Account of the Federal Entity and the Consolidated Final Account for the current Fiscal Year.

Article (67)

Rules and Deadlines for closing accounts and preparing the Final Account

- (1) Accounting periods shall be closed latest by the eighth day of the following month.
- (2) In the financial circular referred to in Article (66) of this Decretal Law, the Minister shall specify the date for closing the accounts by the end of the Fiscal Year.

Article (68)

Federal Entity's Draft Final Account

- (1) As an exception to the provisions stipulated in the laws establishing the Autonomous Federal Entities, each Federal Entity shall prepare its own Draft Final Account for the past Fiscal Year, according to the basic rules specified in this Decretal Law, its Executive Regulations and the circulars issued in that respect, and submit the same to the State Audit Institution, with copy thereof to the Ministry, along with its report on achievement of performance targets, all within the deadlines specified in the Minister's Circulars.
- (2) The Federal Entities and their competent administrative units are responsible for monitoring and verifying the accuracy of their Final Accounts data and for reporting on the achievement of the goals.

CHAPTER 13

Federal Government Consolidated Final Account

Article (69)

Draft Consolidated Final Account

- (1) The Ministry shall prepare, according to the provisions of this Decretal Law and its Executive Regulations, the Draft Consolidated Final Account. The Ministry shall also prepare a report on this account, to reflect the Government's true financial position and a report on the performance of the Federal Entities included in the General Budget of the past Fiscal Year
- (2) The Ministry shall prepare a Draft Federal Law on the approval of the Consolidated Final Account for the ending Fiscal Year, and shall refer the same to the State Audit Bureau.
- (3) The Minister shall issue a decision stipulating the deadline for referring the Draft Law mentioned in Clause (2) of this Article to the State Audit Bureau, and the date on which the latter must deliver its report to the Ministry.

Article (70)

Draft Law on Approval of The Consolidated Final Account

- (1) The Minister shall submit the Consolidated Final Account Approval Draft Law in its final version no later than the end of April of the Fiscal Year following the Fiscal Year of the said Final Account, along with the Draft Consolidated Final Account, the State Audit Bureau Report on the same and the Ministry's response in this respect to the Council of Ministers, for approval in any form it may deem; then for referral thereof to the Federal National Council for comments before submitting the same to the Federal Supreme Council for approval ahead of its issuance.
- (2) The Autonomous Federal Entities for which there is no specific provision in the General Budget Assessment Law shall submit their Final Account Approval Draft Laws to the Council of Ministers pursuant to the instructions issued by the Ministry.

Article (71)

The Cash Reserve Structure

- (1) The Ministry shall prepare an annual report to clarify the mechanism for calculating the Cash Reserve allocated to support the Annual Budget, and submit the same to the Council of Ministers for its decision specifying the percentage of total General Budget to be included for that purpose. The funding of Cash Reserve and the disbursement therefrom shall be determined according to the provisions of that decision.
- (2) The Government shall create another Cash Reserve of at least (15) fifteen billion dirhams to support the Government's financial position. The Council of Ministers may decide to increase the minimum Cash Reserve, provided that the Ministry manages the same pursuant to rules and regulations issued by decision of the Council of Ministers at the Minister's proposal.
- (3) Subject to Paragraphs (1) and (2) of this Article, and after approval of the Council of Ministers on the Final Account Draft Law for the past Fiscal Year, the Ministry shall transfer no more than (70%) seventy percent of the cash amounts in excess of its needs to Emirates Investment Authority.

Article (72)

Government Funds Investment

Subject to the provisions of Federal Decretal Law no (4) of 2007, as amended, the Minister shall issue a decision regulating the investment of the Public Treasury funds surplus in fixed-term deposits, each of which not exceeding one year, renewable, provided that such funds are deposited with banks in the State.

Article (73)

Transfer of Cash Surpluses

- (1) All Federal Entities shall transfer any surplus resulting from the execution of their Annual Budget approved in the General Budget Assessment Law, as amended, to the Treasury Single Account within (30) thirty days from the date of the Ministry's receipt of the State Audit Bureau Report on such Entity's Initial Draft Final Account.
- (2) At the Minister's proposal, the Council of Ministers may issue a decision ordering any Federal Entity having surplus cash balance to transfer the same to the Consolidated Treasury Account within the period specified in the decision or to deduct the value of that surplus from their Annual Budget financing payments.

CHAPTER 14

Final Provisions

Article (74)

Document Keeping

- (1) All financial and administrative documents and records in their various forms, having financial impact and related to each Fiscal Year, must be kept for a minimum period of ten years from the date of issuance of the Consolidated Final Account Approval Law, provided that documents and records worth to be kept permanently are transferred to the National Archives. Such documents and records may be destroyed after expiry of that period if the concerned Entity is convinced that it no longer needs them according to the rules determined by the Executive Regulations of this Decretal Law.
- (2) Documents and records may not be destroyed in any event, even after expiry of the deadline, if they are the subject of an administrative or judicial conflict or investigation.

Article (75)

Transfer of Financial Appropriations and Provisions

- (1) In the event that any Federal Entity is restructured, merged, dissolved, transferred, canceled, or if any existing programs or activities are merged between Federal Entities, the Ministry is authorized to transfer the financial appropriations and provisions of such entities, or programs or activities.
- (2) Accounts of Federal Entities, that have been merged or dissolved, shall be closed according to the procedures stipulated in the Executive Regulations of this Decretal Law.

Article (76)

Government-Held Funds

- (1) The Federal Entity shall register and include the Government-Held Funds in registers separate from those prepared for the registration and inclusion of any part of Public Funds.
- (2) The Federal Entities shall deposit the Government-Held Funds in separate accounts, managed by the Ministry, in accordance with instructions issued by a decision of the Minister.
- (3) An action filed to claim for any Government-Held Funds shall not be heard after (5) five years from the date on which the right to redeem them is established for those eligible to redeem them, and shall become, once this period is lapsed, public funds to be handed to the State Treasury.
- (4) As an exception to the provision included in Paragraph (3) of this Article, the Council of Ministers may, upon a submission by the Minister, issue a decision ordering the restitution of any Trust Funds, that have become public funds after expiry of the period stipulated in Paragraph (3) above, to those who are entitled thereto, whenever the claimant's right to recover these funds is established.

Article (77)

Government Guarantees

- (1) On the recommendation of the Ministry, the Council of Ministers may issue a decision approving the granting of guarantees or pledges to pay on behalf of any Federal Entity.
- (2) The decision issued by the Council of Ministers determines the conditions for granting such guarantee or the measures to be taken to recover from the Federal Entity any money paid by the Government as a result of such guarantee.

- (3) Any funds paid by the Government as a result of a government guarantee shall be deemed debts to be repaid to the Government, and the Minister may specify the conditions for the recovery of the said sums.
- (4) Entities benefiting from such guarantees shall submit monthly or periodic reports to the Ministry on the repayment of the debts related to the said guarantees.

Article (78)

Third Parties' Time-barred Debts

- (1) A claim filed against any Federal Entity for the recovery of any debts or receivables, whose owners fail to claim for them before the end of the fifth Fiscal Year following the Fiscal Year during which they became due, shall not be heard.
- (2) The Federal Entities shall prepare a detailed statement of the debts to be written off during the Fiscal Year, within the first three months of that year, and provide the Ministry with a copy thereof.
- (3) Federal Entities shall announce time-barred debts to be written off at the level of the Federal Government in any manner they may deem appropriate.
- (4) As an exception to the provision of Paragraph (1) of this Article, the Council of Ministers may, at the Minister's submission, issue a decision to refund any amount due to its owner, even after the expiry of the period prescribed, if the claimant's right to recover such amount is established.

Article (79)

Federal Entities Debts No Subject to Time-Bar

Debts or claims of any Federal Entity against a third party are not subject to time-bar. The relevant Federal Entity shall take all available administrative and legal measures to claim the value of the debt as soon as it becomes aware of its entitlement.

Article (80)

Time-Bar Interruption

The Time-Bar stipulated in Articles (76.3) and (78) of this Decretal Law shall be interrupted by raising a claim, whether through administrative or judicial channels, and the interruption shall set a new effective date for the Time-Bar.

Article (81)

Debt Remission and Writing off

- (1) The Council of Ministers may remit all or part of the debts and receivables claimed by Federal Entities from other Federal Entities or persons, at the request of the Minister expressing the Ministry's views, based on the request of the concerned Federal Entity received by written memo submitted to the Minister including the reasons and justifications for such remission.
- (2) The Council of Ministers may specify special conditions on the basis of which any remission is granted in accordance with the preceding clause.

Article (82)

Inventory Committees

- (1) A Permanent Inventory Committee shall be formed in each Federal Entity by decision of the competent Minister, his deputy or the Director General of the Autonomous Federal Entity; such decision shall define the duties of the Committee, and shall be notified to the Ministry and the State Audit Bureau.
- (2) The Competent Department of the Federal Entity—whenever it may deem convenient- is may make an inventory of the financial trusts.

Article (83)

Penalties

Without prejudice to any penalty stipulated in another law, any employee who violates the provisions of this Decretal Law shall be liable to the penalties provided for in the Federal Government Human Resources Law.

Article (84)

Executive Regulation

On the proposal of the Minister, the Council of Ministers shall issue this Decretal Law Executive Regulation, and the Minister shall issue the necessary decisions in accordance with the provisions thereof.

Article (85)

Repeal of Legislation

- (1) Federal Law no (1) of 2011, as amended, Federal Decretal Law no (8) of 2011, as amended, and Federal Decretal Law no (5) of 2017, are repealed, as well as every provision violating or contradicting the provisions of this Decretal Law.
- (2) All Regulations, Decisions, and Circulars implementing the abovementioned Federal Law no (1), of 2011, and Federal Decretal Law no (8) of 2011 shall remain in force as long as they do not conflict with the provisions of this Decretal Law, until issuance of the Regulations, the Decisions, and the Circulars alternative thereto.
- (3) Federal Entities previously excluded by the Council of Ministers from the application of the abovementioned provisions of Federal Law no (1) of 2011, and Federal Decretal Law no (8) of 2011, are excluded from the application of this Decretal Law, pending issuance of repeal decisions by the Council of Ministers.

Article (86)

Law Publication and Effective Date

This Decretal Law shall be published in the Official Gazette, and shall come into effect one day following its publication.

Khalifa bin Zayed Al Nahyan
President of the United Arab Emirates

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