



Standard Financial Manual



KINGDOM OF BAHRAIN

Ministry of Finance



Financial Manual - Introduction

This Manual sets out the financial and accounting policies and procedures necessary to control and account for all funds properties, assets, liabilities and commitments of the Government of Kingdom of Bahrain.

These policies and procedure are subject to amendment from time to time, if the need arises, as directed by the ministry of Finance.

Objectives of the standard finance manual

- To safeguard the fund, properties and other assets of the Government of Kingdom of Bahrain.
- To ensure that all Government financial transactions are correctly recorded and accounted for.
- To standardize the accounting treatment and the financial administration of all Government transactions at all levels of Government organizational structure
- To maintain a high degree of consistency of accounting treatment of the financial transaction in all ministries and Government Establishments.
- To record and control all payments from, and revenue to Government Fund
- To identify the financial obligation and commitments of the Government
- To outline accounting and financial policies for inclusion in future system design

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- 1-1-1 Introduction:
This section of the Standard Finance Manual determines the objectives and provisions that governs the issuance, amendment & cancellation of Standard Finance Manual systems.
- 1-1-2 Issue of the Standard Finance Manual systems:
The Minister of Finance is the solely authorised to issue & amend Standard Finance Manual systems, according to Article (59) of Decree Law No. (39) for the year 2002 Regarding State Budget, which authorizes The Minister to issue rules, regulations and procedures necessary to implement the provisions of State Budget Law.
- 1-1-3 Purpose of the Standard Finance Manual:
To establish standard financial systems specifies policies, provisions & procedures to control government financial transactions, including controls over receipt, safeguard & record government funds, revenues, expenditures, accruals & commitments.
- 1-1-4 Standard Finance Manual Objectives:
The objectives of Standard Finance Manual are:
a- Controlling government revenues, expenditures, assets & liabilities, to achieve transparency & accountability.
b- Safeguard government funds and assets.
c- Define authorities & responsibilities of government authorities.
d- Achieve consistency & standardise financial treatments & procedures at government authorities.
e- Assure correctness completeness of Government financial transactions.
- 1-1-5 Standard Finance Manual Scope:
Standard Finance Manual systems shall be followed by all governments authorities which are subject to State Budget Law, with exception to:
a- Government authorities which are permitted by law to apply their own financial systems.
b- Government authorities which are authorized by Minister of Finance to apply other financial systems.

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1-1-6 Deviations from the provisions of The Standard Finance Manual are only allowed after permission is obtained from H.E. The Minister of Finance.

1-1-7 In applying Standard Finance Manual systems, Directorates of Human & financial Resources at the government authorities their equivalent will be in charge of the following responsibilities:

1. Supervise and control the implementation of the Standard Finance Manual systems and ensure that the concerned directorates implement its provisions and procedures.
2. Prepare and authorize all the financial transactions and documents required by the Standard Finance Manual. Other directorates may prepare and approve the financial documents - in coordination with Directorate of Human & financial Resources- if the nature of their activities requires that.
3. Supervise the communications and correspondences with other authorities, whether government or non-government, in regards to Standard Finance Manual systems.

1-1-8 Amendment & cancellation of Standard Finance Manual systems:
The Minister of Finance is solely authorized to amend the Standard Finance Manual systems.

1-1-9 Any part of the Standard Finance Manual systems could be cancelled when such cancellation is issued by a law or by an order issued by the Minister of Finance.

1-1-10 Directorate of financial systems development at MOF may re-index, re-number the Standard Finance Manual systems, amend forms or name of government authorities, without obtaining an approval of the Minister of Finance, provided that such changes shall not result in modification to the provisions or procedures of the Standard Finance Manual systems.

1-1-11 Directorate of financial systems development at MOF shall inform all government authorities of any amendment or cancellation of Standard Finance Manual systems, and the effective date of that.

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- 1-1-12 Interpretation of the Standard Finance Manual systems:
Directorate of financial systems development at MOF is solely authorised to interpret any provision or idem of the Standard Finance Manual systems.
- 1-1-13 Arabic version of the Standard Finance Manual shall be considered when it differs from the English version.
- 1-1-14 Preserve & Circulate Standard Finance Manual:
Directorate of financial systems development at MOF shall preserve the final authorised release of the Standard Finance Manual.
- 1-1-15 Directorate of financial systems development at MOF shall prepare and circulate the authorised copy of the Standard Finance Manual to all government authorities, and publish it at MOF website.
- 1-1-16 Director of Human & financial Resources at the government authority or his equivalent is responsible to make sure that final authorized release of the Standard Finance Manual is being used according to what is circulated by Directorate of financial systems development at MOF.

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- 2-1-1 Introduction
This Section of the Standard Finance Manual contains a summary of the most prominent functions and responsibilities of Ministry of Finance (Financial and Economic Affairs). This Manual can be used as a guide in the working processes As well as it states the concerned directorate to which government authority inquiries may be sent
- 2-1-2 The main responsibility of the Ministry of Finance:
Ministry of Finance handles the following responsibilities and tasks:
- Audit and follow up:
It carries out the duties of internal audit over the Ministry of Finance and related authorities. In addition, MOF performs audit over projects, systems, and financial policies drawn up by Ministry of Finance which is related to different government authorities. And follow up remarks and queries of the Shura and Representatives Councils or any other agency on matters fall under Ministry of Finance responsibilities.
 - Financial Affairs
It undertakes the responsibility of proposing and implementing financial strategies and policies, In addition to designing and implementing the financial rules, regulations, and accounting standards. As well as preparing, implementing, and controlling the State Budget. It also evaluates, approves, follows-up with projects, pays financial obligations, receives government revenues, and maintains accounting registers of government financial transactions.
 - Economic Affairs
It undertakes the responsibility of identifying strategic objectives and future visions of foreign economic relations, In addition to preparing financial and economic forecasts at both macro and micro level. As well as carrying out projects of privatization, outsourcing, restructuring services, planning, and implementing investment strategies within the future policies of the state.

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- Resources & Information Affairs

It undertakes the responsibility of setting-up and implementing the financial, economic and administrative information systems strategy, In addition to providing all financial and administrative services, and quality assurance. It also designs and co-ordinates the programmes of administrative development and training, as well as management and control of government properties.

- Public Revenues Development Affairs:

It undertakes the responsibility of developing policies and statistics of oil revenues with consideration of developing policies for both non-oil tax revenues and non-tax revenues, as well as policies of collecting public revenues.

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2.2.1

Introduction:

This Section specifies the primary responsibilities of each of the directorates at Ministry of Finance.

Departments and sections according to the organizational structure:

First: Directorates Reporting Directly to the Undersecretary of Ministry of Finance

2.2.2

The administrative units of the Undersecretary of the Ministry of Finance and responsibilities are as follows:

Directorate of Audit & Follow up

1. Carrying out the duties of internal audit and performance audit in compliance with the established rules and regulations of internal audit for departments and agencies affiliated to the Ministry of Finance to assist them in achieving their goals with effectiveness and efficiency.
2. Following up reports of control issued by the National Audit Court for Ministry of Finance and affiliated agencies, and prepare replies of the Ministry to these reports in coordination with the concerned authorities, and submit reports in this respect to the senior administration of the Ministry of Finance.
3. Following up remarks and recommendations of the National Audit Court or any other audit agency over the various Ministries or Government Authorities in which the Ministry of Finance is involved.
4. Preparing reports required for discussing recommendations of the National Audit Court by the Shura and Representatives Councils.
5. Preparing and following up conferences, media and press materials with regards to matters related to Ministry of Finance.
6. Providing mass media with information related to the performance and comments on complaints and proposals published in various media channels in coordination with the concerned officials of the Ministry.
7. Representing Ministry of Finance in various media functions and ceremonies and prepare media and press reports and programs and annual reports related to Ministry's activities.

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8. Coordinating with the Ministry of State for Shura and Representatives Councils Affairs with regards to Ministry works.
9. Coordinating with Shura and Representatives Councils or any other council related to Ministry works and activities.
10. Carrying out any assignments from the senior management or any other directorate of the Ministry to assist in taking appropriate decisions.

Legal Affairs Office

1. Providing legal advice to the senior management and directorates of Ministry of Finance and government authorities.
2. Coordinating with the Ministry of State for Cabinet Affairs and Information and the Ministry of Justice regarding the legal issues and judicial procedures.
3. Providing legal advice regarding commercial laws and companies laws.
4. Providing legal advice in judicial procedures and arbitration related to the ministries and government establishments and companies.
5. Drawing up contracts for major projects, the contracts of constructions and buildings, contracts of materials and services, engineering contracts, consultancy services agreements and government lease contracts.
6. Drawing up agreements between the Kingdom of Bahrain and other states concerning the avoidance of double taxation, exchange of tax exemption in the field of air transportation, protecting and encouraging investment, along with economic and commercial cooperation.
7. Coordinating and cooperating with the legal advisors of the government authorities for the purpose of implementing the legal issues of the Standard Finance Manual.

Second: Directorates Reporting to the Assistant Undersecretary of Financial Affairs

2.2.3

The administrative units of the Assistant Undersecretary for Financial Affairs and responsibilities as follows:

Directorate of Treasury

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1. Reviewing payment orders from Ministries and Government Authorities and ensure their compliance with related rules and procedures.
2. Issuing all payment instruments and have them signed on behalf of the government in compliance with the authorities indicated in the Standard Financial Manual.
3. Settling all government obligations to suppliers inside or outside Bahrain and paying the salaries of the employees of the state.
4. Managing government bank accounts, and find appropriate methods to provide required cash to settle government expenses.
5. Following up government revenues.
6. Providing advice on government financial deficit.
7. Running all government debts.
8. Following up aids, donations, trusts and various forms of deposits accounts.
9. Coordinating with the Bahrain Central Bank and banks to ensure cash flow in due times.
10. Providing advice for senior management and government authorities in all matters related to revenues and expenses.

Directorate of Budget

1. Applying principles of strategic planning, modern administration, and international standards in all processes and stages of budget management.
2. Determining the framework and guidelines of the financial policy of the state on short, medium and long run in forming the political, economic and social policy and strategy of the state.
3. Establishing standard criteria that must be followed to implement the strategies, policies, plans and approved budgets. In addition to Measuring, analyzing and evaluating indications of achievement and performance.
4. Establishing the accounting and financial basis for budget estimation and its distribution in short, medium, and long run according to the applied budget structure.
5. Coordinating with the Ministry directorates and Government Authorities to provide data and information on the public

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budget of the state that may be requested by domestic, regional or global organizations and institutions.

6. Passing instructions regarding budget preparation, implementation and following up in compliance with provisions of the Constitution, the Budget Law, and any other relevant laws along with approved financial systems.
7. Reviewing and evaluating additional budget requests, in order to determine possibilities and methods of financing.
8. Performing researches & studies to all matters related to the budget.
9. Studying and evaluating policies, systems, applicable procedures, and problems faced by ministries and government authorities in matters related to budget implementation, and providing necessary advices and suitable solutions.
10. Providing the senior management in the Ministry, other Ministries, Government Authorities and concerned authorities with reports of analysis and evaluation of results of implementation of the budget, and proposing steps of support or correction if necessary.
11. Following up publications of specialized agencies and organizations of international evaluation, with regards to criteria and requirements of budget management, and ensuring full compliance with applicable policies and procedures.

Directorate of Financial Systems Development:

1. Issuing and updating Standard Finance Manual that contains financial policies, provisions and procedures governing government financial transactions.
2. Providing advisory services to ministries and government authorities in development aspects of financial, administrative and strategic planning.
3. Reviewing and evaluating cost accounting practices and methodologies followed by ministries and government authorities with view to proposing advanced methodologies, systems and global practices.
4. Developing content of financial accounting reports and closing accounts of Ministries and Government Authorities and the consolidated final account of the state.
5. Determining appropriate financial and accounting clarifications to be included in the final accounts.

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6. Providing advices and training programs to government authorities on the application of financial systems, management accounting systems, accounting standards and the application of the Standard Finance Manual.
7. Preparing consolidated final accounts of the state and the closing accounts of all Ministries and Government authorities controlled by Ministry of Finance.
8. Preparing and issuing financial reports of actual funds, expenses, and revenues on monthly basis for Ministries and government authorities, along with a monthly report reflecting the financial position of the state.
9. Establishing the best basis and strategies for risk financing and insurance of government properties, in addition to designing the master and comprehensive plan to achieve the maximum financial saving of government assets at a minimum cost.
10. Supervising changes of all provisions and procedures regulating the insurance strategies and plans to achieve the optimum use of the budget assigned for different type of risk.
11. Following all matters relating to claims for accidents and losses are addressed through insurance documents.

Directorate of Projects

1. Coordinating with various Ministries to identify developments and requirements of major projects in compliance with strategies and programs of national agencies and sectors.
2. Identifying and applying procedures, and supervising over the appointment of external consultants for conducting development and feasibility studies and assessment plans.
3. Reviewing and evaluating financial, economic and technological feasibility of development projects, capital assets and maintenance requirements.
4. Assessing the impact of major development projects on economy, including balance of payments in collaboration with the Economic Affairs.
5. Preparing information guides for Ministries on issues related to the capital budget, including techniques of selecting projects, preparing estimate budgets, measuring the performance and assessment criteria.
6. Preparing projects budgets on basis of priority as advised by the concerned government authorities, final outcome, and

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budget availability to finance projects, and government information guides on sector development.

7. Reviewing applications sent by various government authorities to present the budget of projects and programs to ensure compliance with criteria of reasonable budgets and approved expenses.
8. Studying and analyzing all engineering designs, documents and construction contracts to ensure that the projects comply with the approved projects and planned development.
9. Coordinating with funds and financing institutions to contribute to financing major and key projects, and following up the implementation of projects in compliance with the financing conditions approved by the concerned agencies.
10. Coordinating with concerned MOF directorates to control the execution of Projects budget.
11. Analyzing and evaluating various applications presented by Ministries & government authorities, and proposing appropriate solutions and steps.

Third: Directorates Reporting to the Assistant Undersecretary for Economic Affairs

2.2.4

The administrative units of the Assistant Undersecretary for Economic Affairs and its responsibilities as follows:

Directorate of Foreign Economic Relations

1. Preparing policies aiming for enhancing economic, financial, commercial and investment gains for the Kingdom of Bahrain, on basis of joint interests with other countries, Arab, regional and international blocs, and implementing these policies to serve the economic and social development process.
2. Identifying strategic objectives and future visions of foreign economic relations, and preparing required plans for implementation.
3. Following up latest economic, financial, commercial and investment developments at Gulf, Arab and global arenas, through participating in regular annual meetings and meetings of their subcommittees, along with evaluating the potential effects on Kingdom of Bahrain.

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4. Following up, evaluating and implementing resolutions and recommendations of regional and global establishments and institutions, including International Monetary Fund, World Bank, Arab League and Gulf Cooperation Council (GCC).
5. Enhancing and strengthen the role of the Kingdom of Bahrain through participating in various economic, financial, commercial and investment conferences and activities at Gulf, Arab, regional and global arenas.
6. Maximizing benefit from programs, projects and initiatives presented by various financial and investment Gulf, Arab and foreign institutions, funds, agencies and specialized regional and global agencies.
7. Negotiating on various economic, investments, commercial and tax.in addition to bilateral and multilateral agreements, as well as following up their implementation in coordination with the concerned authorities in the Kingdom.
8. Participating in negotiations related to agreements on free zone areas between GCC countries, and various states, Arab, regional and global.
9. Contacting Ministries and institutions, whether private or public, for coordination and consultation over issues related to external economic relations
10. Preparing regular reports on financial contributions of the Kingdom of Bahrain in various Gulf, Arab and international agencies and establishments

Directorate of Economic Studies and Research:

1. Following up with the financial developments in the Kingdom, and preparing studies and analytical research around that issue.
2. Following up and analyzing the macro and micro developments.
3. Executing economic goals through developing future financial policies and financial stability of the State on the long run. Along with measuring the impact of fiscal policy on the economy.
4. Following up various domestic policies and examining its implications on fiscal policy.
5. Following up regional and international economic developments, and studying their effects on the local situation.

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6. Studying the effects of draft laws and regulations relating to any amendments thereto.
7. Preparing financial and economic forecasts at both macro and micro levels.
8. Issuing annual report contains a comprehensive analysis of economic and financial developments in the Kingdom.
9. Cooperating and coordinating with the Economic Development Board in the common areas.
10. Contributing in providing the appropriate conditions to increase the growth rate and achieve financial and economic stability.
11. Providing counseling and technical assistance to ministries in the area of fiscal policy.
12. Disseminating financial information and economic data by international standards and the system of GDDS related to International Monetary Fund in coordination with the competent authorities.
13. Participating in related matters meetings on local, regional and international levels.

Directorate of Privatization and Outsourcing

1. Conducting specialized studies of supporting government performance through adopting of privatization strategy outsourcing services and restructure services of concerned sector through changes if needed.
2. Carrying out projects of privatization, outsourcing and restructure services, taking into account economic domestic, global conditions, as well as market circumstances which prevails the sector in which the concerned project is included.
3. Proposing amendments and improvements on projects of privatization, outsourcing and restructure services.
4. Coordinating and providing required support for Government authorities and Economic Development Board in order to identify, study and apply projects for privatization, outsourcing and restructuring services.
5. Selecting, appointing and supervising over external consultants (who are appointed on basis of their experience and reputation in the global market according to the concerned project) to ensure the sound application of projects of privatization, outsourcing and restructure services in compliance with international standards.

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6. Commencing and applying projects of privatization, outsourcing and restructure services on the fast track if needed on basis of internal and external factors prevailing in the concerned sector.
7. Commencing and establishing necessary cooperation with other government authorities and establishments to foster close internal links with other government authorities during the period of applying the projects of privatization, outsourcing and restructure services, to avoid any deficiencies or violations or dual works which are unnecessary.

Directorate of Government Investments

1. Designing and implementing policies for commencing, reviewing and approving public projects, budgets, investments, capital obligations, and proposals related to government bonds.
2. Reviewing feasibility studies for projects in which the Government has shares.
3. Assuming a leading role in identifying the commercial strategic goals, performance indicators and objectives for projects in which the Government has shares, in collaboration with the concerned Ministries to ensure the aspired goals are achieved.
4. Taking up the responsibility of all financial distributions by the Government for projects, and control all remittances payable to the Government, and provide early warnings against and deviation from the set plans.
5. Monitoring performance assessment and cash flow of projects and other commercial investments to ensure that the planned goals are achieved, along with developing procedures and remedial measures if needed.
6. Planning and implementing investment strategies within the future policies of the State.
7. Reviewing performance of investment programs regularly and proposing appropriate recommendations to amend investment strategies.
8. Ensuring to maintain proper records of all investment transactions.
9. Providing regular updated reports on final accounts of profit, loss and annual investment return.

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10. Following up global economic and political changes and evaluating their repercussions on investment strategies, and introducing necessary amendments.

Fourth: Directorates Reporting to the Assistant Undersecretary for Resources and Information

2.2.5

The administrative units of the Assistant Undersecretary of resources, information and its responsibilities as follows:

Directorate of Human and Financial Resources:

1. Preparing budget plan and estimates expenses and revenues of the Ministry of Finance and issuing regular reports on results and actual performance.
2. Applying administrative, financial and vocational government procedures including the authority of expenses.
3. Supervising over the performance of all duties and services which are run centrally, including maintenance, cleaning, security, transport services, telephone and reception.
4. Negotiating and signing contracts and agreements of services concluded with suppliers or other Ministries, including Ministry of Interior and Ministry of Works, and supervising over the execution of contracts.
5. Providing equipment and maintenance service to all directorates in compliance with approved policies and procedures.
6. Preparing, reviewing and approving salaries, purchases and maintenance contracts, and following up with their related payments.
7. Maintaining regular and accurate administrative, financial and vocational records, as well as updating and analyzing data on regular basis, and providing advice for senior management.
8. Providing advice and support for all directorates, related human, financial and vocational matters, in addition to explaining and clarifying various applicable procedures and policies.
9. Devising future strategy plans on manpower.
10. Coordinate Ministry staff applications of loans from the Pension Fund.
11. Arranging official visits to Ministry visitors and guests, including arrangements of entry visa, travel and hotel bookings, as well as arranging visit programs.

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Directorate of Financial Information

1. Establishing and applying an Information technology strategy for Ministry of Finance, and updating it based on the latest IT developments and standards.
2. Designing Financial Management Information Systems (CFS) and applying it in ministries and government authorities of the Kingdom.
3. Providing technical advices and support to all (CFS) users.
4. Providing, managing, and up keeping the technical environment of Ministry of Finance, and insuring that it works under high level of competency and efficiency. Preserving the IT hardware, software, and systems, and supporting all IT users.
5. Providing support for IT systems and services, and for information in the local, governmental, and international networks.
6. Designing and applying the strategies, procedures, and internal control programs, such as quality, security and database management and size/download plans.
7. Providing advice and assistance for senior management of the Ministry of Finance in all matters related to IT applications and uses.

Quality Assurance Section

1. Supervising a comprehensive and permanent program to develop, perform, and maintain quality system of the ministry.
2. Ensuring the readiness of the ministry for matching the quality assurance policy and quality manual.
3. Developing and improving the continuousness of quality level of services provided by the ministry to its customers, and supporting requests of ministry's directorates for accomplishing quality assurance.
4. Planning and supervising the performance of effective and competent internal and external audit with view of developing services quality provided by Ministry of Finance.

Government Properties Directorate

1. Managing and controlling all matters related to government properties and lands, including relevant financial transactions.

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2. Preparing analyses, studies and statistics on the real-estate market, and studying its effect on government properties.
3. Preparing exceptions reports, such as vacant government properties and past due rents.

Training and Development Section

1. Establishing and applying administrative and functional development strategy, and supervising over the implementation of training policies according to ministry strategy.
2. Supervising over the implementation of training programs in coordination with other directorates.
3. Supervising over the implementation of training programs, and performing the necessary evaluation for these programs and estimating its effect on staff performance, and performing necessary amendments, and rising reports on this field to management.
4. Providing advices for ministry on selecting the appropriate training related to professional or academic programs and other matters related to administrative development.
5. Following up the latest developments on the administrative and financial fields and adopting the policies and procedures that increases work efficiency.

Fifth: Directorates Reporting to the Assistant Undersecretary for the public revenues development:

2.2.6 The administrative units of the Assistant Undersecretary for the public revenues development and its responsibilities are as follows:

Enterprise Tax Directorate

1. Developing Policy and specifications of enterprise income tax law.
2. Maintaining a database of everything related to income taxes institutions and continuous studies on enterprise income tax and international tax.
3. Implementing the application of income tax institutions in Bahrain successfully with ensuring the success of the application of the functions of tax administration in this regard.
4. Coordinating the development of specifications enterprise income tax law and any changes to it in addition to a general advice in this regard.

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5. Participating in conferences, forums and meetings and workshops of local, regional and international taxation.
6. Preparing and reviewing comparative studies on the specifications and enterprise income tax incentives.
7. Coordinating with the relevant economic development tax incentives that encourage and attract major economic activities.
8. Issuing tax certificates.
9. Helping and educating the tax administration.
10. Managing awareness programs and marketing programs related to business income taxes.
11. Coordinating with the ministries and other government agencies concerned.
12. Managing Communication, complaints, objections and appeals relating to the introduction of the enterprise income tax.
13. Exchanging information on tax matters effectively, while ensuring the confidentiality of the information received.

Value Added Tax Directorate

1. Developing, updating, and amending the laws and policies of the value-added taxes.
2. Preparing studies and research on value-added taxes and comparing them with international regulations.
3. Preparing feasibility studies necessary for the application and modifying the tax system.
4. Creating and updating a database of everything related to value-added taxes.
5. Participating at the local, regional and international negotiations and developing plans that are related to agreements and tax treaties.
6. Issuing Tax certifications at the request of companies and institutions.
7. Participating in the marketing of Kingdom of Bahrain on the global level and creating awareness about the laws and policies in place in coordination with relevant stakeholders inside and outside the ministry.
8. Reviewing and considering complaints, objections and appeals relating to decisions of value - added taxes.
9. Cooperating and coordinating with stakeholders inside and outside the ministry and exchanging information on tax matters in order to achieve the government's vision and mission effectively.
10. Supervising the process of collection of tax and duties to make

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sure that the application of the tax system approach is properly followed.

Public Revenue Section:

1. Developing and implementing policies, plans and proposals for the development of oil revenues and non - tax non-oil by adjusting wages , fees and tariffs in coordination with government ministries and relevant government agencies and following up on things and legal requirements in this regard.
2. Developing policies to improve the collection of non - tax revenue by identifying gaps and challenges in the procedures and systems that lead to disable or loss of revenue collection in the ministries and government agencies in coordination with the ministries and government agencies concerned.
3. Estimating oil revenues and contributing in the development of oil quotations policies within the general budget and products in the local market in coordination with the National Oil and gas companies related to the oil sector.
4. Analyzing monthly oil reports received from the oil sector stakeholders and issuing necessary reports.
5. Preparing general revenue estimates to be included in the notes submitted to the Council of Ministers on estimates of the general budget of the state.
6. Following-up and consulting with other ministries and government agencies, due to the process of preparing the public revenue estimates during the debate on the state budget and look at the general guidance of the procedures and regulations in force.
7. Participating in the preparation of standards and principles under which the estimate revenue in the general budget of the ministries and government agencies, in compliance with priorities of the government's program of work and the national economic strategy.
8. Preparing briefs to be submitted to the Council of Ministers and the documents, circulars and visual presentations on the development of non-oil revenues and improves tax collection and the foundations of appreciation in coordination with the concerned authorities.
9. Finding the best international practices and experiences on the development of related public revenues and adjustments of government fees and charges and collection mechanisms and processes of public revenue estimates and associated systems.

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1. Taking the Initiative in raising the recommendations and proposals of the Ministerial Committee for Financial and Economic Affairs on financial and economic policy priority of the state through a national search, processing and preparation of evidence, reports and proposals in this regard.
2. Monitoring the implementation of the recommendations of the Ministerial Committee for Financial and Economic Affairs with the government agencies concerned.
3. Preparing periodic reports to the work of the Ministerial Committee for Financial and Economic Affairs.
4. Studying and making proposals on strategic matters that will have a positive impact on the economic and financial situation of the state.
5. Preparing visual presentations and periodic reports and strategic proposals to the Assistant Undersecretary for the development of income and senior management.
6. Preparing and reviewing the strategy of the Ministry of Finance to determine the strategic objectives and sub- major initiatives and performance indicators that are compatible with the government's work program in coordination with the senior management of the ministry and all departments.
7. Monitoring the implementation of the ministry's strategy periodically in coordination with senior management and all departments of the ministry.
8. Contributing to the preparation of briefs submitted to the Council of Ministers as well as preparing documents, circulars and visual presentations on policy of public finances.
9. Preparing of studies and policy - relevant research on the public finances at the regional and international level and making comparisons and raising proposals and recommendations in this regard.

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- 4.5.1 **Introduction**
This Sub-Section of the Standard Finance Manual covers the manual consolidated financial provisions and procedures of budget variation, and hold release of fund check control procedures at the level of exchange within the general ledger accounts of the financial management information systems (CFS).
- 4.5.2 **First: General Provisions:**
In accordance with the provision of Article No. (32) of the Decree-Law No. 39 of the year 2002 on the general budget and its amendments:
- a- Government entities may transfer from saving in an expenditure appropriation to another within the same chapter or from another chapter within the same ministry of government authority.
 - b- included in the Code of the adoption of the budget item called "Reserve Appropriation" with an amount equal to 3% of the total recurrent expenditure estimates, under the auspices of the Ministry of Finance. Minister of Finance is authorized to use this approbation to meet any urgent obligations during the implementation of public budget.
- 4.5.3 **Second: Budget variation in recurrent expenditure budget:**
The following rules shall be observed for the control on outlay the approved recurrent expenditure budget Chapters:
- a- Expenditures shall not exceed the appropriated budget of the ministry or government authority.
 - b- The appropriation of chapter One of the budget shall not be exceeded. An approval from Budget Directorate at Ministry of Finance shall be obtained for the transfer from/to chapter One of the budget.
 - c- Excess outlays in chapters two to seven of the budget shall be compensated by an equal amount of surplus in the other chapters (from two to seven) , without the need to request the approval from Ministry of Finance.
- 4.5.4 Ministry of Finance prior approval shall be obtained for the transfers among budget in the case of expenditure from "Reserve Appropriation" to meet any urgent obligations during the implementation of public budget, in compliance with law clauses.

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- 4.5.5 Ministry or government authority shall be responsible for coordinating with Civil Service Bureau for reviewing and studying transfer requisitions from or to Chapter One, if necessary.
- 4.5.6 On requesting transfer among budget, government authority shall study actual amounts needed to be transferred and the impact of transfer on budget, and shall gather and send all transfers requests in one batch, whenever possible.
- 4.5.7 Government authority shall prepare form No. FMIS GL006 - Recurrent Budget Transfer Request – to obtain the approval of Directorate of Budget at Ministry of Finance to transfer among recurrent budget, the request shall be approved in accordance with the levels of authority specified in section 15 of the Standard Finance Manual.
- 4.5.8 Form No. FMIS GL006 - Recurrent Budget Transfer Request – shall be approved by Directorate of Budget at Ministry of Finance according to authority levels specified in section 15 of the Standard Finance Manual.
- Third: Hold release of fund check control on recurrent expenditure budget:**
- 4.5.9 Directorate of Budget at the Ministry of Finance may release the hold of fund check control on the expenditures of government authority’s budget within general ledger systems (CFS) from budget cost center to ministry level of same or all chapters. Further more, it could release the hold to pass any payments during the financial year.
- 4.5.10 The hold release of fund check control shall not cause government authority to exceed its total approved budget.
- 4.5.11 If a government authority needs to release the hold of fund check control, it shall send a request signed by the director of human resources & finance addressed to directorate of Budget in the Ministry of Finance.
- 4.5.12 Written approvals to release the hold of fund check control shall be authorized by Director of Budget Directorate at the Ministry of Finance.

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- Forth: Recording the budget variation in recurrent budget:**
- 4.5.13 The Directorate of Budget in the Ministry of Finance may allocate one or more control account within the expenditure classification codes, in order to be used at year end to record budget variation amounts among budgets chapters, instead of recording such transfers on the budget items.
- 4.5.14 The Directorate of Budget in the Ministry of Finance in coordination with the concerned government authority may transfer surplus from one chapter to another to cover any deficit result from the raising of fund check level.
- Fifth: Budget variation among project budget:**
- 4.5.15 Government authority shall not exceed the project's budget unless there are justifications and surplus in the budget of another project in the same financial year, and on approval of directorate of Projects at the Ministry of Finance, stipulating that total project budget is not exceeded. refer to decree no. (39) for the year 2002. state budget law.
- 4.5.16 Government authority may not increase total cost of a project, except where there are justifiable reasons, and on approval of Minister of Finance.
- 4.5.17 Government authority shall prepare Form No. MF1802 – Request for Approval of Project Variation – to request the approval of directorate of Projects at Ministry of Finance to transfer between projects yearly budget, the form shall be authorized in accordance with the levels of authority specified in section 15 of the Standard Finance Manual.
- 4.5.18 Form No. MF1802 – Request for Approval of Project Variation – shall be reviewed and authorized by directorate of Projects at Ministry of Finance in accordance with the authority levels specified in section 15 of the Standard Finance Manual.

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- 4.6.1 **Introduction**
This Sub-Section of the Standard Finance Manual covers the general provisions and procedures for the carrying forward of unspent budget.
- 4.6.2 **General Provisions:**
Any fund allocation, which has not been spent or committed during the financial year which it has been appropriated for, shall become null and void. However, the Minister of Finance may carry forward in whole or part any remaining provisions (unspent budget) to the succeeding financial year if it is in the favor of public interest (According to Article (39) of Decree Law No. 39 for the year 2002 Regarding State Budget).
- 4-6-3 The Minister of Finance is the only one authorised to approve the carry forward of unspent budget or part of unspent budget to the succeeding financial year.
- 4-6-4 Carry forward of unspent budget to the succeeding financial year shall be restricted to the following circumstances:
a) Settlements of future commitments resulted from past financial transactions, that has not been finalized till the end of the current financial year.
b) Where projects, programs, or transactions have been postponed to next year, or have not been completed till the end of the current financial year.
c) Any other cases if so required by public interest.
- 4-6-5 Carry forward of unspent budget to the succeeding financial year shall meet all of the following conditions:
a. Government authority has surplus in its current year budget equal or greater than the amount required to be carry forward.
b. The amounts appropriated at the succeeding financial year budget are not sufficient for the completion of transactions, projects or activities included their on.
c. Amount required to be carried Forward shall not be less than BD. 3,000.

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- 4-6-6 Carrying forward of unspent Recurrent Budget is not permitted for more than one succeeding financial year.
- 4-6-7 Ministry of Finance may carry forward unspent Projects Budget for more than one succeeding financial year, in accordance with the requirements of the financial obligations of the project.
- 4-6-8 Government authority may not utilize amounts carried forward in purposes other than those approved for.
- 4-6-9 Government authority may not commit or spend from amounts approved to be carried forward unless it have been added by Ministry of Finance to the government authority's budget in the Financial Management Information Systems (CFS).
- 4-6-10 Ministry of Finance has the right to cancel or decrease amounts approved to be carried forward where the circumstances required to do so.
- 4-6-11 Expenditures from Amounts carried forward shall be recorded as expenditures in financial year which is spent in.
- Procedures for Budget carry forward:**
- 4-6-12 Government authority shall study and determine where there is a need to carry forward unspent budget, A written request must be signed by Director of Human & Financial Resources of the government authority or his equivalent.
- 4-6-13 Request to carry forward unspent budget shall be sent to the Ministry of Finance accompanied with supporting documents justifying the request.
- 4-6-14 Directorate of Budget or Directorate of Projects in the Ministry of Finance shall study requests to carry forward unspent budget, and report their recommendations to the Minister of Finance.
- 4-6-15 Concerned Government authority shall be informed in writing about the Minister of Finance decisions regarding their requests to carry forward unspent budget.

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4-6-16 Minister of Finance shall issue an order for each financial year to agreed to forward unspent budget to the succeeding financial year.

4-6-17 Amounts approved to be carried forward shall be added to the government authority succeeding financial year budget. Ministry of Finance may include such amount in control account(s) for the purpose of control over the appropriations recycled.

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First: Introduction

4.7.1 This sub-section of the manual covers the legal provisions and general provisions and procedures governing the opening of additional appropriations in the budget state.

Second: the legal provisions:

4.7.2 Government Authorities May never exceed the maximum expenditure estimates included in the Budget Act and the related amending laws, Article No. (109), paragraph (f) of the Constitution.

4.7.3 Any expenditure not included in the budget or in excess of the estimates included therein, should be done by a law, Article No. (110) of the Constitution.

4.7.4 Ministries or government authorities may not request for additional appropriations unless there were necessary considerations for that. Authorities asking for additional appropriation should inform Ministry of Finance of the justifications for their request, and if agreed to open additional appropriation, the Minister of Finance shall present such request to the Cabinet, according to the article No. (33) of the state budget Act.

4.7.5 Ministries and government authorities should obtain prior approval of the Ministry of Finance before the expansion of existing programs or creating new programs or the formation of any unit that may cause financial burdens, according to the article No. (6) paragraph (f) of the state budget Act.

Third: general provisions:

4.7.6 Prior approval of the Ministry of Finance shall be obtained for opening additional appropriations.

4.7.7 Request to open an additional appropriation shall be based on emerging essential requirements that was not possible to be predicted during the preparation of budget estimates, and it is urgent and could not be postponed to the next budget cycle.

4.7.8 Before requesting an opening of additional appropriation, Government Authority shall try to find other alternatives to finance emerging requirements, such as re-scheduling expenditure priorities and obtain required fund from appropriations within its budget.

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4.7.9 Before asking for an opening of additional appropriation, government authority shall coordinate with the concerned ministries and government authorities as deemed necessary, such as advance coordination with the Civil Service Bureau at the request for opening additional appropriation associated with an additional staffing or increase in manpower expenditures.

4.7.10 Government authority shall present the impact of the required additional appropriation on its programs or strategic plans, and provide detailed data suitable for the expenditure and cash flow for the disbursement of additional appropriation.

4.7.11 Additional appropriation amount is estimated according to the expenditure requirements until the end of the current budget cycle. Additional appropriations may be spent on expenditures assigned only.

4.7.12 Opening of additional appropriation approval requests shall be submitted in a time sufficient to complete the legal procedures necessary for the approval and for it to be used in the current financial year or budget cycle, taking into account as much as possible not to apply for opening an additional appropriation prior to a period of six months of fiscal year beginning.

Fourth: Procedures for Opening of Additional Appropriation Requests:

1 - Procedures at the ministry or the government authority:

4.7.13 Ministry or government authority shall prepare written request for opening of an additional appropriation, in the light of the general provisions set out in this section, and based on issued instructions in this regard from the Ministry of Finance. Such request shall be authorized by the minister or the head of the government authority.

4.7.14 The ministry or government authority will send request for open of additional appropriation to the Ministry of Finance, including the following:

- a. Justifications for additional appropriation request.
- b. Amount of the additional appropriation required, and the expenditure plan including cash flow schedule.
- c. Justifications for the non-inclusion of the requested appropriations within the original budget estimates, and

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justifications for not absorbing the required additional appropriation by the approved budget, or postponing the request to the subsequent budget cycle.

- d. Law or the cabinet decision, if the purpose of the request is the implementation of the requirements of these laws or decisions.
- e. Explain the implications in the case of not approving the request in the current budget cycle.
- f. Impact on financial costs of recurrent expenditure such as manpower and the rest of the other sections, when seeking to open additional appropriation for projects.
- g. Impact of manpower costs on other budget sections, or vice versa with determining the costs in both cases.
- h. The impact on government revenues, specifying type , amount, and period of the influence.

2 - Procedures in the Ministry of Finance:

4.7.15 Directorate of Budget and Directorate of Projects at the Ministry of Finance, each in its respective responsibility, will study such requests for additional appropriations as follows:

- a. Ensure that the request meets conditions for the opening of additional appropriations, and fulfilling the data specified in paragraph 14-7-14 of this system.
- b. Examine the possibility of absorbing the required additional appropriation form "reserve appropriation" supervised by Ministry of Finance to meet immediate obligations during budget implementation.
- c. Notify the ministry or government authority of its decision on the request; either by refusing the request, absorb the requested budget from "reserve appropriation", or approval of the request to open an additional appropriation.
- d. In the case of approval of the request, its recommendations shall be presented to the cabinet for approval in order to fulfill the legislative and legal procedures to issue a law of opening an additional appropriation.

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- 6.1.1 **Introduction**
This Subsection of The Standard Finance Manual contains the policies and procedures for the control of government revenues including the collection of revenues and the policy provisions relating to credit term revenue, overseas revenue transactions, revenue collected by one ministry or government authority on behalf of another, and the cancellation & refund of revenue by government authorities.
- 6.1.2 **Definitions:**
The definitions contained in this section are applied to all subsections of the revenue system.
- 6.1.3 For the purposes of the application of this system, the terms contained therein as follows:
- Ministry:** Ministry of Finance.
- Budget Directorate:** Budget Directorate at Ministry of Finance.
- Office of ASST U/SEC For Public Revenue Development:** the office of ASST U/SEC for Public Revenue Development at Ministry of Finance.
- Government Revenues:** Funds collected by government authorities according to laws and regulations regulating their collection. Government revenues consist of oil revenues, sales of goods and services, taxes & fees, revenue from estates and properties, investments and other miscellaneous revenues.
- Fees:** A committed amount of money paid by persons or entities compulsory to government, for a productive service for their own benefit. Thus called government fesses.
- Taxes:** A committed amount of money paid by persons or entities compulsory to government by legislative law, which is contribution from

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these parties in government cost, where it will not have any benefit to these parties.

Consolidated Bank Account: It is the account where all funds collected by government authorities should be deposited in, including bank accounts specified by Ministry of Finance to government's authorities to deposit government revenues.

Overseas revenue: Funds resulting from transactions with bodies outside Bahrain whether collections are made in or outside Bahrain.

Refund of collected revenue: This is the refund of collected revenues after being deposited in the bank or after they are received.

Cancellation of revenue transactions: This is achieved by the cancellation of the issued vouchers i.e. invoice/receipt voucher and the return of the collected revenue to the customer before it is deposited in the bank and the requested transaction executed.

First: Depositing Government Revenues in the Consolidated Bank Account:

6.1.4 The concerned government authority shall deposit all government revenue in the Consolidated Account through the bank accounts specified by Directorate of Treasury at Ministry of Finance.

6.1.5 It is not allowed to settle government payments out from revenues collected, or use them in any other way than depositing them in the Consolidated Bank Account.

6.1.6 It is not allowed to deposit in the consolidated account the amounts received for custody or as a guaranty. These amounts should be deposited in a separate accounts approved by Directorate of Treasury at Ministry of Finance.

6.1.7 Government authority should not allow customers to deposit revenue directly to the Consolidated Bank Account or any other bank accounts

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specified to deposit government revenue unless they coordinate with the government authority concerned.

6.1.8 Government authority that has the approval of Ministry of Finance to collect its revenues totally or partly through local or foreign banks, shall comply with all rules specified in that approval, whether in terms of financial or accounting follow up, until depositing these revenues into the consolidated bank account.

6.1.9 Record of public funds received government income in the fiscal year in which they are collected and the receipt of public funds, nor recorded as government revenue funds that are excluded under the laws of supply to the consolidated bank account, as well as funds that have been received for the Secretariat or warranty or guarantee.

6.1.10 Government authority shall inform Ministry of Finance of revenues that has been collected and deposited in the Consolidated Bank Account, or deposited in specified bank accounts, by posting entries directly through (CFS) General Ledger (GL), with exception to cases authorized by Directorate of Treasury at Ministry of Finance to post entries by preparing Revenue Voucher – Form No. MF 0601 and sending it accompany with deposit advice to Ministry of Finance, and shall be credited to the appropriate codes assigned in accordance with the standard budget classification.

6.1.11 Government authority shall perform a monthly reconciliation for its bank accounts specified to deposit government revenues, and any differences should be reconciled regularly. In respect to deposits related to revenue A/C, concerned government authority shall send a copy of (CFS) GL entry accompany with deposit advice to Ministry of Finance for reconciliation.

6.1.12 **Second: Offset between expenditures and revenues:**
It is not permissible either to deduct a part of expenditure out of a part of the revenue or to reckon the expenditure after adjusting the revenue

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against it, except by law. (According to the provisions of Article No. 13 of decree law No 39 for the year 2002 – state budget).

Third: Collection of Credit revenue:

- 6.1.13 Government authority should obtain the approval of Directorate of Treasury at Ministry of Finance before offering credit transactions.
- 6.1.14 Government authority may, after obtaining the approval of the concerned minister grant a trade discount on the sales of competing goods for promotional purposes. In such case, the maximum discount allowed shall be determined and the type of transactions on which discounts are allowed must be specified and notify that to the Directorate of Treasury at Ministry of Finance.
- 6.1.15 Government authority shall apply a system specifying the conditions for allowing credit to ensure the accuracy of selecting customers.
- 6.1.16 Government authority shall maintain customers register comprising of account relating to each customer, and they should be updated regularly.
- 6.1.17 Government authority, which operates credit transactions, should obtain the necessary guarantees to ensure the payment of the amounts due at dates of maturity, such as obtain of bank guarantees or cash deposit, if appropriate.
- 6.1.18 Credit transactions should be governed by official contracts between the government authority concerned and the other parties involved in these transactions, as appropriate.
- 6.1.19 Government authority shall issue an invoice for each credit transaction.
- 6.1.20 Government authority shall send a monthly statement of account to each customer reflecting the movement in the credit and debit transactions and the balance due at the end of each month, as appropriate.

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6.1.21 Government authority should follow-up the collection of revenues on the due dates, and in case of any customer failure to settle his debts, he should be reminded in a written notice to settle amounts over due within two weeks from the end of the credit period.

6.1.22 Government authority should take the necessary action to ensure the collection of due revenues in case a customer fails to settle his debts within the period specified in the written reminder. Procedures may include stopping payment of any amounts due to him(if any) ,or notify the Ministry of Finance to offset these amounts against any amount due to him from any other ministry or government authority (if any), or by taking legal action to recover the amounts outstanding in coordination with the Directorate of Legal Affairs.

6.1.23 Government authority shall prepare a periodic report (maximum each three months) reflecting the outstanding amounts to each customer together with an age analysis of due amounts and actions taken to collect late debts, justification of non-collections and send a copy to the office of the ASST U/SEC for Public Revenue Development and a copy to the Directorate of Treasury at Ministry of Finance.

Fourth: Government revenue collection instruments:

6.1.24 Revenue may be collected by any financial instruments or any other means of collection accepted by laws and regulations.

6.1.25 The government authority shall collect the revenue before providing the required transaction, where it is possible.

Fifth: Control over collection of government revenues:

6.1.26 Government authority has the responsibility to apply the appropriate internal control system over the collection of the government revenues, and it should consider the followings:

A. It should encompass all aspects related to government revenues collection procedures in an efficient and effective manner,

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furthermore, providing proper control procedures over financial, accounting, and administration aspects.

B. It should be convenient with government revenues nature and volume.

C. Conformity with issued laws and regulations.

6.1.27 Government authority shall insure that what is collected from revenues is legally earned; furthermore, financial operations related to these earned revenues are done in conformity with issued laws and regulations.

6.1.28 It is not allowed to perform the transaction unless the full amount has been collected, except for credit revenues.

6.1.29 Government authority should maintain the necessary registers to monitor and record its revenues, and take the necessary actions to follow-up the collection of amounts due and deposit in the specified bank accounts.

6.1.30 There should be segregation of duties of receiving and performing the transaction of revenue, and between recording and preparing the bank reconciliation statements, that is to be in harmony with the organization structure and work nature of the government authority.

Sixth: Exemption of Duties or cancellation of outstanding amounts:

6.1.31 Government authority shall not give exemption from the levied charges and shall not write off outstanding amounts and if it cannot be recovered, and after using up all procedures specified in this section to follow and collect outstanding amounts, Be reclassified and recorded within a special register indebted impossible collected at the government agency concerned and must in all cases, to obtain the approval of the minister or the head of the government agency concerned or his authorized representative in it, the reclassification of the debt owed to the government and recognized in the record debt impossible collected, and shall notify the Department of Treasury and the Office of Assistant Undersecretary for the development of public revenues, including the procedures regarding each case.

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Seventh: Review of Government Revenues:

- 6.1.32 The collections of the government revenue shall be reviewed daily, and reconciled with deposit advices or any other vouchers supporting the collection of revenue, in order to make ensure that all collected revenue are correct and has been deposited in the bank on time.
- 6.1.33 Government authority should compare the collection of revenue with any relevant financial or statistical information available (where possible) from sources other than the entity who collect them, to verify the accuracy of the collections.
- 6.1.34 Government authority shall reconcile revenue reports with deposit advices & other supporting documents, to ensure registration of all government revenue that been deposited in the bank and inform Ministry of Finance of any differences in order to be corrected.
- 6.1.35 Government authority shall prepare a quarterly comparison between the estimated revenue and the actual revenue figures on a type basis for the period. A report shall then be sent to the office of the ASST U/SEC for Public Revenue Development the a copy to the Directorate of Budget at Ministry of Finance explaining the variance along with a statement of the procedures to be adopted by the government authority concerned in the event of a deficit.

Eighth: Overseas Revenue Transactions:

- 6.1.36 Revenues collected outside Bahrain shall be subjected to the provisions and procedures specified in this Section of The Standard Finance Manual.
- 6.1.37 Government authority shall deposit the foreign currency revenues collected, into the bank account determined by the Directorate of Treasury at Ministry of Finance.
- 6.1.38 Government authority which deals with overseas customers and collect its revenues locally shall issue invoices in Bahraini Dinars & US Dollar

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equivalent, or any other foreign currency that it approved by Directorate of Treasury at Ministry of Finance.

6.1.39 Government authority which deals with overseas customers shall obtain the necessary guarantees to insure payments of due amounts at maturity dates, as appropriate.

6.1.40 Government authority dealing with overseas entities shall collect all revenues due through one of the following mediums in case that; the payment is due after the completion of the transaction:

- a) Opening a letter of credit by the overseas customer in favour of the government authority concerned through a local national bank.
- b) The issuing of a bank guarantee by a local national bank in favour of the government authority concerned.
- c) Any other method that guarantees the collection of revenue.

6.1.41 Government authority shall notify the Directorate of Treasury at Ministry of Finance of all overseas revenue collected in foreign currency and record the revenues in Bahraini Dinars according to the prevailing rate of exchange, which is specified by the Directorate of Treasury at Ministry of Finance.

Ninth: Receipt of Revenues on Behalf of Other Government

Authority:

6.1.42 Government authority may entrust other government body to collect revenues on its behalf.

6.1.43 Government authority which collects revenues on behalf of another ministry or government authority shall undertake the responsibility of collecting and depositing the revenues into the bank that it has been agreed on by Directorate of Treasury at Ministry of Finance, through posting the required entries directly through (CFS) General Ledger (GL), with exception to cases authorized by Directorate of Treasury at Ministry of Finance to post entries through preparing Revenue Voucher – Form

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- No. MF 0601 to the account of the beneficiary government authority, and sending it accompany with deposit advice to Ministry of Finance.
- 6.1.44 The collected government authority shall advice beneficiary government authority of revenues details collected on its behalf.
- 6.1.45 The collected government authority responsible to follow up and collect the credit revenues and the collection of the value of the returned cheques.
- 6.1.46 Government authority may, after obtaining the approval of the Directorate of Treasury at Ministry of Finance, entrust any other non-government body to collect revenues on its behalf. The beneficiary government authority shall comply with all procedures specified in this System relating to the collection and depositing of revenues into the Consolidated Bank Account.
- Tenth: Refund of revenue:**
- 6.1.47 Government authority shall not cancel or refund the fees relating to issued licences even if the licence has not been used.
- 6.1.48 Government authority shall ensure the authenticity of the transaction, completeness, and validity of the documents prior to refund of the collected revenue.
- 6.1.49 Government authority shall issue a Request for the Revenue Refund Form No. MF 0602 for the refund of collected and deposited revenues, such request shall be authorised by the Director of Human & Financial Resources or the director concerned with revenue at the government authority.
- 6.1.50 The Refund of collected revenue, which is deposited in the bank, shall be paid out of the current daily revenue collections if the amount is less than BD 50 (The Directorate of Treasury at Ministry of Finance has the discretion to change this amount as needed).

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6.1.51 If the value of refunded amount is greater than BD 50, Request for Revenue Refund shall be sent with the supporting documents to the Directorate of Treasury at Ministry of Finance, which will conduct the appropriate payment instrument to refund the amount.

6.1.52 Government authority shall deduct the amount refunded to customers from the revenues, whether such amounts were collected during the current or previous financial year.

6.1.53 Revenue received in error if you meet on-going financial year from the same account, which recorded him, and the revenue that met an error in previous years when they recorded a response in the dedicated account to address the settlement results in previous years.

Eleventh: Cancellation of Revenue:

6.1.54 Government authority shall conduct the following procedures in the event of cancellation of revenue transaction that has not been deposited in the Consolidated Bank Account:

- a. Verify the justifications of cancellation of the revenue and ensure the authenticity & completeness of the supporting documents attached to the cancellation order.
- b. Getting back the receipt voucher from the customer and stamp revenue transaction vouchers and all copies of the receipt with the word“CANCELED”.
- c. Return collected revenue to the customer, and file revenue transaction documents in a specific file, and keep all cancelled receipts in the receipt book.

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6.2.1 **Introduction**
This section contains provisions and procedures that must be considered when creating and modifying government fees.

6.2.2 **Terms and Conditions:**
Government authority shall not create, amend or cancel taxes unless by law, and it can't be exempted totally or partially unless in cases specified by the law. In addition, it is not allowed to require any body to pay other than those fees or levies, unless by law (Refer to Article 107 of Constitution).

6.2.3 Levy of fees should be by law, and the determination of fees categories and increase or decrease of its percentages, is done through an order by the concerned minister after obtaining an approval from cabinet, unless contrarily specified by the law. Cabinet has the authority to delegate the minister to determine fees categories, and increase or decrease percentages (According to article 16 of law no. 39 for year 2002 about state budget).

6.2.4 Should be coordinated with the Office of the Assistant Undersecretary for the development of public revenues before imposing or modify any government fees.

6.2.5 **Operational Procedures:**
The process of adopting a resolution to modify or amend government fees according to the following steps :(See Figure 6.1)

1. **Preparation of proposals:** The government entity concerned to consider all relevant aspects of the proposal to impose fees or modified, and in particular the following:
 - a. Goals or justifications that warrant the imposition or amendment fees.
 - b. Economic and social impacts resulting from the imposition or amendment fees.
 - c. Foundations that have been followed in determining the categories of fees.

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- d. Expected revenues, compared to income statement with the current methodology used in the estimation of revenue.
 - e. The relationship between the costs of government services and the value of the proposed fees with the statement that the ratio of costs recovered. And, the additional costs of revenue collection fees, if any.
 - f. The proposed mechanism for the collection of fees and collection costs.
 - g. The relationship between the proposed fees and other fees to the government authorities.
 - h. The amendment is required to the laws and regulations in force.
 - i. Exempt categories from paying these fees, if any.
2. **The proposed study jointly:** The Office of the Assistant Undersecretary for the development of public revenues, at Ministry of Finance discuss the proposals made by the government entity concerned, which includes aspects mentioned in the previous paragraph, and discuss organizational and procedural aspects necessary to implement the proposal.
 3. **Prepare and submit a memorandum to the Council of Ministers:** After making the necessary studies on the proposal, prepare a note to the Cabinet, it is possible to be done to prepare a joint memorandum between the Ministry of Finance and the government entity concerned.
 4. **To approve or reject the proposal by the Council of Ministers:** The Council of Ministers looks on the proposal submitted, and issue a decision. In the case of rejection of the proposal are re-studied, according to what is stated in paragraph 2.
 5. **A legislated of law or an amendment to the law to create or modify the value of fees in accordance with the proposal:** If approved, the proposal by the Council of Ministers, the concerned authorities prepare a draft amendment to the articles of legislative necessary to implement the proposal, which was approved, it may limited to the issuance of a ministerial decision in the case of a legal basis, where the minister or the head of the government

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department concerned to issue the decision to be published in the official newspaper and implemented in accordance with the mentioned date.

6. **Cabinet approval of the bill:** If the implementation of the proposed required issuance or amendment of legal materials, the preparation and drafting of legislative materials required, and submitted to the Cabinet for discussion and approval.
7. **Release of the law:** Materials issued after the necessary legislative adoption of the draft law by the authorities and the competent authorities.

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Introduction

6.3.1 This system aims to develop a methodology for the pricing of government services fees so that they are logical and effective in terms of taking into account the cost while ensuring quality and value associated with the services provided, in order to guide this methodology by government entities when determining the value of the service charges.

General Policy:

6.3.2 Government entities should follow the methodology of cost recovery identified in this system when pricing the government services fees whenever possible, and may follow other methodologies specified in this system or any other appropriate methodology is required when the nature and circumstances of the imposition of the fees.

Pricing methodologies of government services

First, the pricing, "based on the cost"

6.3.3 Pricing "on the basis of cost" determined by the value of the fees after taking into account the cost of materials and operating expenses for the service provided, and are estimates of the cost of providing each service, so as to enhance the efficiency of resource consumption and the imposition of the appropriate value of all resources used in the provision of services, and is considered the methodology best suited in determining the value of the fees at the clarity of the cost associated with sources of services provided and how to calculate it.

6.3.4 When determining the value of fees "on the basis of cost" must take into account the following main aspects:

- a. Determine the production costs of the service provided.
- b. Determine the appropriate methodology for the imposition of the fee, according to the nature of the service provided and the category of recipient, and methodologies are summarized in the following:
 - Additional cost (+): the price charged is higher than the cost of the service, and the use of this methodology to reduce or prevent certain behaviours, for example: the imposition of a fee of 5 dinars to the card issuing driver's license instead of losses while the fee

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issued the usual 2 dinars in order to induce the province on the card original.

- Entitlement cost (=): the price is supposed to be equal to the cost of the service, and the use of this methodology as a basis for pricing of services regulatory nature, normal, or when the government entity to provide services on a commercial basis. Example: fees providing publications that are issuing some government agencies, which usually is determined by the cost price.
 - Support costs (-): Price should be less than the cost of the service, and the use of this methodology to assist or encourage the consumption of a particular service or support the needs of society and the needy. Example: Fee electricity and water services, due to the permanent use of this basic service (see Figures 6.2 and 6.3), as well as support services fees of higher education in the government sector (e.g. the University of Bahrain) to promote and facilitate access to education.
- c. Identify individuals, sectors and entities that would be subject to a fee, so as to avoid putting the financial burden on some individuals and institutions and to ensure the issuance of the appropriate laws and regulations, which will lead in turn to maximize the efficiency of collection of fees.
- d. Determine the value of the service fee based on a certain percentage of the actual cost.

6.3.5

For the application of the cost recovery policy effectively and efficiently, the government should take into account the necessary standards, which are summarized as follows:

- a. Appropriate: must be applied methodology consistent with other policy objectives, so as to be compatible and complementary to the final results, which seeks the government agency concerned to achieve them. Example: You must not result in a specific methodology to increase additional costs on essential services such as electricity and water in a way limit the benefit the largest segment of society.

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- b. Efficiency: Policy requires the development of cost recovery fees to recover the minimum amount of the cost of providing a particular service to the required quality level, so the quality is not affected by the amount recovered.
- c. The follow-up and review: contribute to this process to make sure that the chosen methodology is still appropriate for the costs related to the service. This is done as follows:
 - Review and follow-up on a regular basis in order to keep pace with price inflation and increased expenses and others.
 - Systematic review of cost recovery, to make sure that there are no additional hidden subsidies, which may affect the goal of the application of cost recovery methodology that has been applied.
 - A mechanism for the collection of court fees, in order to ensure the success of the policy applied.

Second, the pricing, "based on the international comparisons (Benchmarking)"

6.3.6 Pricing is "based on international comparisons (Benchmarking)" by determining the value of the fees on the basis of price comparison services with what is practiced in other countries.

6.3.7 When using the methodology of pricing government services "based on international comparisons," you should consider the following key factors:

- a. The laws and regulations of the Kingdom of Bahrain.
- b. Economic structure and size.
- c. The social aspects.
- d. Size and geographical environment.
- e. Regional competitiveness.

6.3.8 When applying the pricing mechanism "based on international comparisons," should be defined as follows:

- a. Countries most appropriate and relevant in the criteria selected for the preparation of international comparisons with it.
- b. Identify and analyze how to provide the service.

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- c. The price of the service provided and beneficiary groups in addition to the exemptions provided by the states selected for comparison. (For further explanation see Figures 6.4 and 6.5).

Third: pricing "based on competition in the market"

6.3.9 Pricing is "based on competition in the market" by determining the value of the fees charged by competitors, according to the private sector for the same service provided.

6.3.10 Mechanism is used "pricing on the basis of competition in the market" for the pricing of government services facing direct competition in the local markets open, (e.g. pricing of postal services, and advertising services via radio and television, and medical services), but further clarification See Figures No. 6.6 and 6.7.

6.3.11 When applying the pricing mechanism "on the basis of competition in the market," must take into account the following main aspects:

- a. Identify beneficiary groups in the market which are being contested by service providers.
- b. Identify companies on the market in the provision of these services.
- c. Determine the rate of the current price of the service provided.
- d. Determine the value consistent with the rate of the current price.

Fourth: pricing, "according to specific time periods"

6.3.12 Is pricing, "according to specific time periods," by identifying government services fees according to the time or the time in which you provide the service, and aims to regulate the service request at a certain time and presented better.

6.3.13 Use the pricing methodology, "according to specific time periods" to regulate the use of the service and the opportunity for the largest number of beneficiaries of the service, especially at peak times, for example: identify special fees for parking meters during peak times in some areas (see Figure 6.8), used also to give preference to provide the service for anyone who is

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willing to pay a higher price for the service in return for their time faster than usual (Express Service fast Track) (see Figure 6.9).

6.3.14

When applying the pricing methodology, "according to specific time periods," must take into account to determine the main things the following:

- a. Peak times in which the consumption of the service.
- b. Service delivery sites, and to identify beneficiaries.
- c. The appropriate value.

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- 6.6.1 Introduction:
This Subsection of the Standard Finance Manual covers general provisions and procedures of the sale by Auction of all disposed materials, fixed assets & government properties by government authorities.
- 6.6.2 First: authorities responsible for of sale of government's assets:
Central Stores Directorate at the Ministry of Finance has the responsibility for the sale of materials and movable assets disposed by Government authorities.
- 6.6.3 Government property section at the Ministry of Finance has the responsibility to supervise the sale of government properties (land & buildings), provided that a Royal order has been issued for the approval of sale by auction.
- 6.6.4 Customs and Ports Affairs has the responsibility for the sale of goods not withdrawn from the Customs premises within the specified period according to the provisions of Law No. (10) for year 2002 Unified Customs Regulation "Law" of the GCC States and the Minister of Finance Order No (9) regarding conditions and rules of sale of goods at the the Customs premises.
- 6.6.5 Concerned government authority has the responsible for auctions that are not under the responsibilities of authorities specified in paragraphs 6-6-2 to 6-6-4 of this subsection.
- 6.6.6 Second: Transfer of disposed materials and assets:
If the disposed materials or assets are asked for use by any other Government authority, they should be transferred at book value, or an approximate value, according to the provisions of Section 10 of The Standard Finance Manual.
- 6.6.7 Third: Methods of sale:
All disposed materials and movable assets shall be sold by public auction or auction by sealed bids which ever gives the best financial benefit.

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- 6.6.8 Sales of government lands and properties shall be through public auction unless Royal Order set forth other method, or the Minister of Finance issues an order to sell them through sealed bids.
- 6.6.9 Central Stores Directorate at the Ministry of Finance may sell materials and movable assets through direct selling in any of the following cases:
- a. Where materials are subject to damage if it is kept stores.
 - b. When materials are Dangerous and hazardous to public, or need special care and handling in use or storage.
 - c. Urgent cases where auction procedures are not appropriate.
 - d. where no bids have been submitted in auction, or bids were submitted at a value lower than the primary selling price, or where it is known from previous practice that direct selling will give best value compared to selling through auction.
- Forth: Classification of disposed materials and assets:
- 6.6.10 Materials offered for sale shall be classified in similar groups, based on their characteristics, detailed specification for each group shall be determined, assistance of experienced entities could be used, whenever appropriate.
- 6.6.11 Government authority responsible for the sale may issue auction document containing conditions of sale and specification of disposed materials & assets auction document may be sold to the bidders for five Dinars, or any amount determined by the government authority, providing that, it should not exceed its cost.
- Fifth: Estimate primary selling price:
- 6.6.12 A committee or any specialised entity shall estimate primary selling price for Lands, properties, materials, and movable assets, that have market value.
- 6.6.13 The estimation of the primary selling price should be based on the previous sale prices or market price of similar materials or properties and its annual depreciation percentage, and any other factors influence the primary selling price.

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6.6.14 Primary selling price shall be confidential and maintained in sealed envelope, and handled to the head of selling committee at the beginning of the auction proceeding, or to the Director of Central Stores Directorate with respect of direct selling of materials & movable assets.

Sixth: Auction advertisement:

6.6.15 The auction shall be advertised for a maximum of two times in a daily local newspaper, and it may be advertised through other media or electronic pages.

6.6.16 The advertisement shall be announced before one week of auction date or final date for acceptance of bids.

6.6.17 The advertisement shall contain a brief description of the materials, assets and properties to be sold, deadline of acceptance of bids and place and date of Auction, the qualifying conditions of bidders, the required guarantee bonds and site visit times, as well as the deadline for removing the materials, assets or properties after the date of auction awarding.

6.6.18 In the case of direct selling of materials and movable assets, the invitation for bidding shall be sent to as much as possible of suppliers dealing in these materials and assets.

Seventh: Inspection of materials and assets:

6.6.19 Bidders shall be allowed to view the properties, materials or movable assets offered for sale, before one week as minimum from the date of auction, in case of direct selling the period shall be not less than two days.

Eighth: Sale committee in case of Public auction & Auction by sealed bids:

6.6.20 Auction shall be conducted under the supervision of a committee of three members as minimum, according to followings:

a) For sale of government properties:

The committee shall be formed by the Minister of Finance.

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- b) For sale of movable assets:
The committee shall be formed by Director of Central Stores at Ministry of Finance.
- c) For sale by government authority:
The committee shall be formed by Director of Human & Financial Resources or his equivalent.
- Ninth: Auction Participation conditions:
- 6.6.21 Central Stores Directorate or the government authority may limit participation in public auction or auction by sealed bids to a limited category of suppliers where there is a need to do so, such as the sale of danger materials or goods that need special care.
- 6.6.22 Employees of government authority responsible for the sale shall not participate in public auction or auction by sealed bids.
- Tenth: Initial security:
- 6.6.23 a) public auction:
Bidder shall pay initial security in cash or certified cheque, according to the followings:
1- government properties auction:
Initial security not less than BD 1000
2- other auctions:
Initial security not less than BD 50
- 6.6.24 Initial security (cash or cheque) shall be handled to head of auction committee before the auction against receipt note.
- 6.6.25 b) auction by sealed bids:
Bidder shall pay security of 5% of his bid by certified cheque or Bank guarantee.
- 6.6.26 Certified cheque or Bank guarantee shall be included in the sealed envelope, otherwise bid will be excluded from the auction.

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Eleventh: Return of Initial security:

a) public auction:

6.6.27 Initial security shall be returned to the unsuccessful bidder in the same session, receipt note shall be reacquired after it been signed by the bidder to acknowledge the refund of security.

b) auction by sealed bids:

6.6.28 Initial security shall be returned to unsuccessful bidder within ten days by signs a receipt to prove the submission of the certified cheque or Bank guarantee to the bidder or it could be sent through registered mail.

6.6.29 Initial security shall be returned to the successful bidder after he pays the full amount and receive or remove sold materials, assets or properties.

Twelfth: Auction conditions:

6.6.30 Conditions of participation on auction shall state the followings:

a) Successful bidder shall pay the followings (in public action, auction by sealed bids, or direct sale):

- 1- Broker fees determined by auction committee.
- 2- Customs duties of sold materials and assets exempted of such duties.

b) Successful bidder shall remove fully paid sold materials and assets within period determined by Directorate of Central Stores, an additional period not more than two weeks may be given.

c) If the successful bidder fails to remove the materials and assets within the extended period, Directorate of Central Stores may sell it on his cost and bear him resell expenses.

d) If the resell price is more than the price of the first auction, the bidder will receive his money less any resell expenses, and he shall be responsible for any loss or damage of not removed materials and assets not removed in the specified period.

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- Thirteenth: Postpone the auction:
- 6.6.31 a) public auction or auction by sealed bids:
If the number of bidders are less than three or submitted bids are less than 50% of the primary selling price, the government authority shall postpone the auction to another session, and advertise for the second auction before one week of the next session, and it may take its result as final.
- 6.6.32 b) direct selling:
If the value of the highest Bid is less than 50% of the primary selling price, Director of Central Stores at Ministry of Finance has the discretion to revise the primary sale price and postpone the auction to another session and take its result as final.
- Fourteenth: cancellation of the auction:
- 6.6.33 If the sale not needed totally, or if public interest dictates the cancellation of such sale, the government authority –after getting the approval of Minister of Finance, Director of Central Stores, or Director of Human & Financial Resources or his equivalent at the government authority (conformably with the case)- may cancel the auction after it has been advertised -but before awarding the auction, open of envelopes, or complete the direct sale - providing that cancel of sale shall be advertised maximum of two times in daily newspapers. The sealed envelope shall be returned to bidders.
- 6.6.34 Central Stores Directorate at Ministry of Finance may withdraw any part of assets before awarding the auction if public interest dictates the cancellation of such sale. This is applicable for the auctions where materials or assets can be classified separately and auction is separately held for each category.
- Fifteenth: Writing of Sale Contract or Avowal of Bidder:
- 6.6.35 Written contract shall be drawn up if the value of sold material & assets is BD. 10,000 or more, otherwise an avowal signed by the successful bidder in case of auction by sealed bids or direct selling to prove the receive of sold materials or assets.

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Sixteenth: Auction procedures:

a) public auction:

6.6.36 Government authority shall appoint an authorised broker to handle the auction, and the auction shall be held in presence of auction committee members.

b) auction by sealed bids:

6.6.37 A box shall be allocated for the receipt of Sealed Bids, of a sufficient size to contain all the envelopes with an adequate opening for the insertion of envelopes.

6.6.38 Minimum of three members of auction committee shall attend opening of auction envelopes.

6.6.39 Bids shall be in sealed envelopes showing subject and number of the Bid, and addressed to the government authority in charge of auction.

6.6.40 Bidder may deposit his bid in the specified box, and he may be sent by registered mail, providing that, it is received before Bid's closing date.

6.6.41 Bidder is may not withdraw his Bid, unless he places a withdrawal notice in the Bid box or send it by a registered mail and received by the government authority before Bid's closing date.

6.6.42 Bidder shall not submit more than one bid for the same type of material or assets presented for sale. The committee may reject repeated bids or select one with highest value.

6.6.43 bids shall be excluded from evaluation if it don't fulfil the requirements ore conditions set forth at auction advertisement or auction documents.

6.6.44 If a bidder withdraws from the action after Bid's closing date, the Government Authority shall forfeit his bid security and treat it as government revenue without giving any notice or taking any legal action.

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- 6.6.45 c) direct selling:
Bids shall be submitted to Director of Central Stores in the specified dates.
- 6.6.46 Highest qualified bid shall be selected where there are several bids, and if bids are equal in value the committee shall select on according to its standards.
- 6.6.47 Central stores directorate at Ministry of Finance may sell dispose woods, plastic containers, electric cables rollers and electric generator covers at pre specified selling prices.
- 6.6.48 Seventeenth: Bid Awarding:
Auction shall be awarded to the highest Bid. government authority may split awarding to more than one bidder, by select highest bid for each type or group, if this provided in the sale conditions documents.
- 6.6.49 When highest bid is equal by more than one bidder, committee shall divide materials equally if appropriate, otherwise, it may choose by lot.
- 6.6.50 Successful bidder shall pay full amount before receive sold materials, assets or properties.
- 6.6.51 Eighteenth: Paying the sale amount:
a) In public auction:
Successful bidder shall pay materials, assets or properties amount at the auction date and place, against receipt note.
- 6.6.52 Exception to previous para – successful bidder may be granted a maximum of seven days to pay the amount if the value of sold assets is BD. 10,000 or more. In this case, Initial security will be increased to 20% of the item sold. If he fails to pay within the provided period, the deposit will be forfeited.

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- 6.6.53 b) In auction by sealed bids:
Successful bidder shall pay the amount of sold items within ten days from the awarding notice date. If he fails to pay within the provided period, the security will be forfeited.
- 6.6.54 c) In direct selling:
Successful bidder will be notified to pay full amount within ten days from date of bid award.
- 6.6.55 All the proceeds from sale of materials and fixed assets and forfeited securities shall be deposited to the Consolidated Fund as Government Revenue.

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6.10.1 Introduction:
The policies contained in this subsection relate to the Credit Control Policy and Policy for Write-off of Bad Debts and Credits specifically applicable to Ministry of Power & Water who are responsible for collecting Government revenues for electricity and water supply and services and Municipality rates (the latter on behalf of the Municipality).

6.10.2 Credit control policy:
The standard credit term require payment of all accounts within twenty one (21) days of issue.

6.10.3 Deposits or a guarantor will be required for new accounts according to the following basis:

1. Owner occupied (dwellings - no deposit.
2. Rented dwellings - a minimum of BD 50.
3. Commercial premises (i.e. shops, offices, manufacturing etc) according to the size of load for electricity supplies. This will be determined in advance of supply by the Commercial Section of Ministry of Power & Water.

6.10.4 Any such deposits will be held in the bank account prescribed by the Ministry of Finance and automatically offset against outstanding balances when an account is finalised.

6.10.5 For all outstanding current accounts, follow-up action must be completed according to the following policy after taking into account the payment history of each customer and any other relevant information, (Note that the age of debt is the number of days after the date of invoice):

<u>Age of Debt</u>	<u>Action</u>
30 days	Overdue notice to customer
45 days	Disconnection call made to customer

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- The normal follow-up procedure will be according to the procedures and requirements defined and operated by the Commercial Department. Ministry of Power & Water. When a supply has been disconnected because of an overdue account, the supply will not be restored until payment has been received for the overdue amount plus reconnection fees and (if applicable) a suitable indemnity deposit as determined by the Commercial Department at Ministry of Power & Water.
- 6.10.6 Where there are both debit and credit amounts relative to a customer, the amounts will be netted off, Any outstanding balances will then be treated as described in the policy for write-off.
- 6.10.7 Policy for write-off of bad debts and credits:
Where a bad debt on an account remains outstanding after applying the credit control policy then action for write-off of such amounts must be taken on the following basis:
1. For debts of BD 5 or less. these should be automatically written off on the authority of the Commercial Manager at Ministry of Power & Water before the end of each financial year.
 2. For debts between BD 5 and BD 200, these may be written off on the authority of the Director of Finance & Administration at Ministry of Power & Water after satisfying himself that appropriate action has been taken to recover the bad debts. This action must be taken before the age of debt exceeds twelve (12) calendar months.
 3. For debts in excess of BD 200, an application for write-off must be made to the Assistant Under Secretary for Financial Planning & Budgeting. Ministry of Finance. before the age of debt exceeds twelve (12) calendar months. This application must contain the following details:
 - Name and address of Debtor.
 - Amount and age of Debt.
 - A recommendation for write-off by the Director of Finance and Administration at Ministry of Power & Water after satisfying himself that appropriate action has been taken to recover the bad debts.

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The Assistant Under Secretary will then either issue the authority to write-off such bad debts; or refer them to the Legal Division to seek legal redress; or set off the amount against any monies owed by the Government to the customer as appropriate in the circumstances.

- 6.10.8 All closing accounts with a credit balance will be transferred to the new account number of the customer at his new address. If the customer does not have a live account then an advice of credit will be sent, If the credit is not claimed within seven weeks after the date of issue of the advice then action should be taken as previously described in paragraph 6.10,7 by treating all credit amounts in the same manner as debit amounts.
- 6.10.9 An application for repayment of credit amounts can be made by a customer at any time up to seven (7) years from the date of the credit advice. Thereafter the liability on the Government to repay is null and void.
- 6.10.10 A special register will be kept in the Commercial Department, Ministry of Power & Water, of all written off amounts (both debit and credit) in case the customer involved re-applies for services at a future date,
- 6.10.11 The Commercial Department at Ministry of Power & Water shall not provide a customer who has been entered into the register for a bad debt with any future services until the customer has paid in full the amounts previously written off plus a suitable indemnity deposit, There is to be a limitation of seven (7) years applying to the bad debt after which repayment will not be enforced however, the indemnity deposit will always be applied at the discretion of and determined by the Commercial Department at Ministry of Power & Water.

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7.1.1 Introduction
This Section contains the provisions and procedures relating to government payments to suppliers.

7.1.2 This Section specifies the main general rules for controlling government payment aiming at ensuring that all government payments are carried out according to the effective rules and regulations. It should be ensured that the correct amounts are paid to the beneficiaries only on the basis of the supporting documents which should be complete and correct. It should also be ensured that the payments are registered correctly and accurately. Payments should be verified and shown in the financial and accounting reports on the appropriate dates.

7.1.3 Payments payable to government authorities should be treated in accordance with the provisions and procedures specified in Section 10 of the Standard Finance Manual- “Inter-Ministry Transactions”

7.1.4 Definitions:
The following definitions will be used to clarify the meaning of these terms for the purposes of this Section of the Standard Finance Manual:

Accounts Payable System

It means the Accounts Payable System included in the Financial Management Information Systems (CFS) approved for use by Ministry of Finance for registering amounts due by government authorities and processing and authorising government payments.

Suppliers

Suppliers are individuals, non-government authorities and government authorities not included, in respect of their financial dealings, in the Inter-Ministry Financial Transactions System which have amounts due by any government authority.

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Government Payments

This means amounts payable by government authorities to the suppliers.

General Provisions

- 7.1.5 Government payments paid to Suppliers should not exceed the value of the supplied commodities or materials or the works or services provided.
- 7.1.6 Government payments made to local suppliers should be in Bahraini Dinars, unless the government authority has obtained a permission from the Directorate of Budget or the Directorate of Projects at Ministry of Finance for each directorate in its respective capacity, to make a contract in a different currency.
- 7-1-7 Government authorities may not in any case make government payments from the revenues collected or from the amounts in their custody even on a temporary basis. They should not make government payments from the advance amounts or the other amounts they have, except after making prior arrangements with the Directorate of Treasury at Ministry of Finance which will specify the rules, purposes and procedures that should be observed by the concerned government authority upon payment from such amounts.
- 7.1.8 Government authorities shall obtain statements of accounts showing the amounts due by them to the Suppliers (where applicable) to verify and check them against the registers. Such statements should be kept with the attachments supporting government payment vouchers.
- 7.1.9 Payments due to the supplier may not be transferred, paid or given to any other party except in the following cases:
1. Where a court order is issued by the competent court at the Ministry of Justice and Islamic Affairs to the effect that all or part of the amounts payable to the Supplier may be transferred to another party.
 2. When the supplier authorises another party to receive the amounts payable to him by the government authorities by

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virtue of a written valid power of attorney attested by the Ministry of Justice and Islamic Affairs. However, the payment instrument should be issued in the name of the supplier, and not in the name of the attorney. The power of attorney shall be considered null upon the expiry of its validity period, or when the supplier cancels the power of attorney. The application for cancelling the power of attorney should be attested by the Ministry of Justice and Islamic Affairs so that it can be effective towards the concerned government authority.

3. When payments are paid directly to the sub-contractor, provided that the main contract made with the main contractor should contain a provision authorizing the government authority to pay directly to the sub-contractor.
4. In any other cases approved by the legal advisor at Ministry of Finance after ensuring that the government payments to a party other than the supplier will discharge the government authority from the amounts payable by it to the supplier.

7.1.10

The government authority may conduct a set-off between the amounts payable to the supplier and revenues payable by him in the cases where the nature of the transaction so requires, on the condition that:

1. The Directorate of Treasury at Ministry of Finance should approve the set-off.
2. The supplier should agree in writing to make a set-off between the amounts payable to him and the amounts payable by him. He should also sign a discharge showing the amounts which have been settled with the government authority.
3. The payments and revenues between which a set-off has been made should be registered with the items of expenditure and the items of revenues or any accounting item suitable to the concerned government authority.

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- 7.1.11 The Directorate of Treasury at Ministry of Finance will be entitled to withhold any government amounts payable to the supplier if he refrains from, defaults on or delays the settlement of any government amounts or revenues payable by him to any government authority.
- 7.1.12 Delay fines, penalties and any other deductions payable to a government authority by virtue of the provisions of the contract made between the two parties should be deducted from the government payments. Penalties and fines should be credited to the revenue account of the general government revenues account. Other deductions should be dealt with in accordance with the directives of the Directorate of Treasury at Ministry of Finance.
- 7.1.13 Government authorities should seek advice from the legal advisor of Ministry of Finance in the following cases:
1. Disputed claims with the suppliers, if the settlement of the same may result in the relinquishment of the government dues, or the payment of amounts exceeding the agreed amounts for supplying the materials or performing the services or works.
 2. Claims submitted by suppliers for obtaining compensations or claiming the settlement of penalties on the grounds that the government authority is in default in respect of its contractual obligations.
- 7.1.14 Due government payments may not be split for avoiding any provisions or procedures related to the payment procedures contained in the Standard Finance Manual, such as splitting payments to avoid payments approval according to the limitations provided for in the Authority Levels contained in Section 15 of the Standard Finance Manual.
- 7.1.15 An approval should be obtained from the Civil Service Bureau regarding payments of manpower expenses such as salaries, allowances, training costs, employees' cash and in-kind benefits and part-time pay, and all payments related to manpower contracts, contracts of using consultant firms which

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are subject to the Civil Service Bureau's approval by virtue of the procedures of the Financial Contracts System specified in Section 5-25 of the Standard Finance Manual.

Responsibilities of Government Authorities

7.1.16

The Directorates of Human & Financial Resources or any equivalent government authorities shall undertake the following responsibilities and functions to control government payments:

1. Specifying the financial and accounting internal control system suitable to the nature of the government authority and operations processes in its various units in view of the general procedures and provisions contained in the Standard Finance Manual and FMIS issued by Ministry of Finance, provided that the payments internal control system should achieve the general aims and provisions mentioned in such system.
2. Separation between the functions and responsibilities of the directorates, Sections or functions which undertake the responsibilities of authorising and supervising purchasing procedures, receiving procedures, procedures of paying government payments in a way suitable to the functional organisation of the government authority.
3. Taking the necessary procedures for paying the suppliers dues without delay after receipt and acceptance of the required materials and services and the completion of payment supporting documents.
4. Reviewing, approving and registering of all government payments, preparing payment vouchers and sending them to Ministry of Finance for approval and payment.
5. Processing government payments which are not paid after six months or more from the date of the delivery note or the date on which the commodities were supplied or the services or works were performed, whichever comes later, in accordance with the provisions and procedures for the settlement of old claims specified in the Sub-Section 7-7 of the Standard Finance Manual.
6. Reviewing and verifying payments reports provided by the Accounts Payable System to check the accuracy of the

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government payments and following-up the unpaid or delayed invoices, and seeking to remove the causes of delay.

7. Notifying the Directorate of Treasury at Ministry of Finance on a regular basis of the amendments required for correcting the registers or reports of the Accounts Payable System. This can be achieved by preparing and sending a Journal Entry Form – Form No. FMIS GL002.
8. Replying to the suppliers' inquiries in respect of the procedures and progress made by the government authority for the payment of dues.

Responsibilities and Functions of the Directorate of Treasury

7.1.17

The Directorate of Treasury at Ministry of Finance shall undertake the following functions and responsibilities to control government payments:

1. Approving the licensing of all government payments after revising them, checking that the concerned government authority has implemented the effective laws, rules and regulations, and checking the supporting documents and the financial and procedural soundness of the transaction before paying the transaction to its beneficiaries.
2. Processing and licensing the government payments paid from the accounts of subsidies, donations and deposits of all kinds in accordance with the provisions and procedures of the Subsidies System contained in the Sub-Section 11-2 of the Standard Finance Manual.
3. Approving the designating of permanent and temporary financial advance amounts for the government authorities.
4. Processing all government payments in the Accounts Payable System, and ensuring that all government authorities abide by the use of the Accounts Payable System for processing government payments.
5. Fixing the dates on which government payments are made, and programming the payment of financial payments to the suppliers in such a way as appropriate to the cash flow policy for paying government payments. It should also be observed that the payment to suppliers' dues should not be later than the credit periods or the allowed payment

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periods provided for in the contract made with the supplier.

6. Preparing the cheques, financial transfers and the other local and overseas payment instruments paid from the general government accounts, issuing and authorising them on behalf of the governments in accordance with the authority levels specified in the authority levels systems – Section 15 of the Standard Finance Manual.
7. Managing government accounts at banks and suggesting the suitable means for the availability of the cash required for covering government payments.
8. Maintaining and updating the Vendor Master List of the Accounts Payable System.
9. Reviewing the relevant reports in the Accounts Payable System and making the verifications and settlements required for updating the details of the System records.
10. Coordinating with Directorate of Financial Systems Development to cancel payment instruments that has not been collected by the beneficiaries through its legal validity period, and register them in a specific account in the G/L.

Use of the Accounts Payable System

7.1.18 Government authorities should use the Accounts Payable System for registering, processing and approving government payments. No other system or documents, other than those approved in this system, may be used without permission from the Directorate of Accounting at Ministry of Finance.

7.1.19 The “User Manual” of the Accounts Payable System issued by Ministry of Finance contains, in addition to the instructions of operating the system, complete explanation of the procedures which should be followed and the forms which should be used for each kind of the financial transactions contained in the Accounts Payable Systems.

7.1.20 All instructions and guidelines contained in the User Manual of the Accounts Payable System should be abided by, to guarantee perform and complete the processing and

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registering of government payments.

Vendor Master List

7.1.21 All the details of the suppliers who deal with government authorities should be registered in the Vendor Master List in the Accounts Payable System.

7.1.22 Procedures specified in the User Manual of the Accounts Payable System should be followed in adding, amending or canceling suppliers' details in the Vendor Master List of the Accounts Payable System.

Payment Supporting Documents

7.1.23 Supporting documents for making government payments should include all the original documents which are suitable to the nature of the transaction and relevant to the transaction subject to payment. They should ensure that the payments are payable and correct, such as the following documents or any similar documents:

1. Purchase order or agreement.
2. Supplier's invoice.
3. Delivery note, service performance note or payment certificate.
4. Approvals of the competent government authorities if required by virtue of the issued rules and laws.
5. A copy of the bank guarantees in the form approved by the legal advisor at Ministry of Finance if provided for in the contract.
6. Any other documents supporting the maturity and correctness of payments.

The Directorate of Treasury at Ministry of Finance shall have the authority to require the presentation of any additional documents or details it deems necessary for approving government payments.

7.1.24 The following documents may not be accepted as payment supporting documents:

1. Documents written using methods which can be removed, deleted or amended where the effect of removing, deleting

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or amendment cannot be seen (such as the writing in pencil).

2. Damaged documents, documents containing illegible details or documents the original details of which have been changed or altered.
3. Documents amended by erasure, deletion or any other means, unless such changes are approved by being signed by the same person who originally approved the issuance of the document.
4. Documents which are irrelevant to the payments required for processing and approving.
5. Documents which have been paid previously.
6. Non original copies or copies of the documents supporting payment.

7.1.25

Original documents will be accepted for processing and approving payments. When any of the original documents supporting payment issued by the supplier is lost or damaged, the supplier will be requested to provide the government authority with a copy or photocopy of the lost document, exactly similar to the original, and it should be signed and stamped with the supplier's official seal. The government authority should clarify in writing the circumstances or causes of the document loss or damage, and the appropriate steps which have been taken as precautions for the prevention of double payment.

7.1.26

Government authorities should keep the documents supporting government payments after processing them and stamping them with a seal showing that they have been paid according to the periods specified in the Keeping Financial Forms – Section 24 of the Standard Finance Manual.

7.1.27

Approving Government Payments

Documents and transactions of the government payments should be approved by the government authorities and the Directorate of Treasury at Ministry of Finance in accordance with the Authority Levels specified in Section 15 of the Standard Finance Manual.

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- 7.1.28 No employee may combine the authority of approving purchases and payments of the same transaction even if this is within his authority levels determined by the Authority Levels contained in Section 15 of the Standard Finance Manual. However, government authorities which cannot implement such separation in approval competency may be excluded.
- 7.1.29 An employee may not approve government payments if he is the beneficiary from the government payments, or if he has a special or personal interest (financial or otherwise) in the making of government payments. In such cases, government payments should be approved at a higher competent functional level.
- 7.1.30 Documents and certificates of government payments should be approved by signing them in writing by the approving employee. Other means of signing, such as stamping, using a pre-dated signature, or using a signature printed on paper, a photocopied signature or a signature printed electronically, are not allowed.
- 7.1.31 The instructions contained in the User Manual of the Accounts Payable System to approve government payments by the Accounts Payable System should be used in according to the Authority Levels specified in Section 15 of the Standard Finance Manual.
- 7.1.32 Government Payments Procedures
The authority responsible for processing payments at the government authority will undertake the following procures after receiving a copy of the purchase order or the document issued by the authority licensed to purchase, receiving the documents supporting receipt and acceptance of materials or services by the authority licensed to receive, and receiving the supplier's invoice:
1. Ensuring that the directorate or section responsible for purchase at the government authority implements the provisions of the Standard Finance Manual systems upon requesting materials, services or works specified in the invoice.
 2. Ensuring that the accounting classification regarding

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payment are correct and suitable to the nature of the transaction and its payments.

3. Ensuring that the concerned directorate or section of the government authority responsible for inspecting and receiving has actually received and accepted the materials or services mentioned in the invoice according to the agreed terms and conditions, and confirming this by a delivery note, acceptance of service certificate, a payment certificate licensed by the competent authority, or signing the invoice as a proof of receipt and acceptance according to the requirements and nature of the transaction.
4. Ensuring that the details of the invoice are complete and correct by checking them against the details of the other supporting documents. Doing this should include the following details:
 - Supplier's name and particulars.
 - The unit value and total, and that they should reflect the actual value of materials received or services provided.
 - Details of the materials or services compared with the details of the purchase order and delivery note.
 - Date of the invoice.
 - Supplier's signature and stamp on the invoice.
 - That the invoice was issued on the supplier's original documents.
5. Preparing an internal invoice using the form MF 0708 for the exceptional cases in which the supplier does not issue an invoice, such as the purchase of intellectual property rights from individuals and the other cases which are not subject in their nature to a commercial activity.
6. Recording the details of the invoice in the Accounts Payable System in accordance with the procedures and instructions specified in the User Manual of the Accounts Payable System, and authorise the transaction by the system according the Authority Levels specified in Section 15 of the Standard Finance Manual.
7. Preparing Invoice Register Report and to be approved in accordance with the Authority Levels specified in Section 15 of the Standard Finance Manual.
8. Preparing a Voucher Batch summary Form FMISAP009,

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and sending it attached with the supporting documents to the Directorate of Treasury at Ministry of Finance for review and payment.

9. The government authority will, after the payment vouchers have been processed and received by the Directorate of Treasury at Ministry of Finance, check the government payments against the reports provided by the Accounts Payable System, and notify the Directorate of Treasury to correct any errors in the processing.

Advance Payments Settlement Procedures

7.1.33

The government authority will, in addition to the procedures specified in Paragraph 7-1-32 above, check the following upon making advance payments:

1. Ensuring that the contract states that an advance payment should be paid to the supplier before he starts performance of the contract.
2. Ensuring that the advance payment does not exceed the amount specified in the contract terms.
3. Obtaining a bank guarantee from the contractor equal to the amount of the advance payment.
4. Recording the advance payment in the contract register to follow-up the deduction of the advance payment from the contractor's dues according to the percentages or sums specified in the contract terms.

Procedures of Making Payments to the Sub-contractor

7.1.34

The government authority should ensure that the following requirements are complied with before disbursing government payments to the sub-contractor in project contracts in which the government authority appoints a sub-contractor in the main contract of the project:

1. Checking that the main contractor agrees unconditionally, in the main contract or by a written agreement made by him, to appoint the sub-contractor and authorise the government authority to make the payments directly to the sub-contractor.
2. Coordinating with the Directorate of Projects at Ministry of Finance to register the details of the sub-contract and

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withhold the contract amount in the Purchasing System in Oracle system.

3. Making a contract with the sub-contract in accordance with the provisions and procedures of Financial Contracts set out in Sub-Section 25-5 of the Standard Finance Manual, and obtaining a performance guarantee from him equal to 10% of the value of the sub-contract.
4. Sending the details of the sub-contract and a copy of the sub-contractor's commercial registration to the Directorate of Treasury to register the details of the sub-contract in the Accounts Payable System and forwarding the sub-contract payments to the code specified for the account of such sub-contract in the system.

Government Cash Payments Procedures

7.1.35

The government authority should follow the following procedures upon making government payments in cash:

1. Payment of the amounts to the beneficiaries as soon as possible against the receiver's signature on a receipt statement or document.
2. Keeping the receipt statements or documents after payment of the cash amounts on a file designated for this purpose according to the periods specified in the Keeping Financial Forms system – Section 24 of the Standard Finance Manual.
3. Returning the payments which are not delivered to their beneficiaries within 15 days from the date of receiving them to the Directorate of Treasury at Ministry of Finance, or depositing them in the bank account specified for this purpose and notifying in writing the Directorate of Treasury at Ministry of Finance.

Payment Procedures of Advance Amounts

7.1.36

Payment from the petty cash and applying for replenishment of the amounts paid will be subject to the provisions and procedures specified in the Petty Cash Control System – Sub-Section 8-3 of the Standard Finance Manual.

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7.1.37

The Directorate of Treasury at Ministry of Finance will lay out the rules and procedures which should be followed for paying from the permanent and temporary financial advance amounts when agreeing to allocate them to government authorities. It will also specify the appropriate registers and documents for registering the sums paid from the advance amounts and requesting their replenishment as may be suitable to the nature of the advance and the purposes for which it may be used.

Checking and Processing Government Payments at the Directorate of Treasury

7.1.38

The Directorate of Treasury at Ministry of Finance shall take the following steps for checking and approving government payments:

1. Checking the correctness and completeness of the government payments supporting documents, and the compliance by the government authority with the purchase procedures specified in the Purchasing Systems and the other systems related to the transaction in the Standard Finance Manual.
2. Approving government payments, registering them in the Accounts Payable System, and authorise them in accordance with the Authority Levels specified in Section 15 of the Standard Finance Manual.
3. Stamping invoices, purchase orders and all the payment supporting documents already approved, and referring them to payment, using a special stamp bearing the word "PAID".
4. Returning payment vouchers to the concerned government authority for follow-up and filing.
5. Issuing the suitable payment instruments for paying suppliers' dues.

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- 7.2.1 Introduction
This Sub-Section deals with the general provisions and the procedures of preparing, issuing and approving payment instruments to make government payments from the general government accounts.
- 7.2.2 First: General Provisions
The Directorate of Treasury at Ministry of Finance is responsible for preparing, issuing and approving the payment instruments to make payments from the general government accounts, such as payment by cheques, bank transfers, foreign transfers and other similar payment instruments.
- 7.2.3 Government authorities supervising independent government accounts should follow the provisions and procedures specified in Section 9 of the Standard Finance Manual in respect of the delegation of authorities to issue and approve payment instruments from these accounts.
- 7.2.4 The Accounts Payable System should be used for processing and registering all government payments made from the general government accounts, in accordance with the instructions and procedures specified in the User Manual of the Accounts Payable System.
- 7.2.5 Local payments will be made to the suppliers by using the appropriate payment instruments specified by the Directorate of Treasury at Ministry of Finance, such as:
1. transferring the amount directly to the account of the beneficiary with the bank specified by him if he has been previously registered in the direct transfers register of Ministry of Finance;
 2. a crossed cheque with “Payee’s Account Only”;
 3. in cash or by a non-crossed cheque against signing the receipt document, either by signing or stamping it or putting the finger impression of the left thumb upon it, accompanied by the name and CPR number, and after verifying the identity of the receiving.

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7.2.6 All payment instruments by virtue of which the bank is authorised to deduct fixed amounts from the general government accounts, pay or transfer them to the suppliers' accounts or any other bank accounts, will be licensed according to the Authority Levels of signing cheques specified in the Sub-Section 15.3 of the Standard Finance Manual.

7-2-7 The Directorate of Treasury at Ministry of Finance should not deal directly with suppliers (beneficiaries), concerning the inquiry about the transfer of dues or cheques or the correctness of the accounts balances. Suppliers may directly contact ministries and government authorities in respect of any of the above-mentioned inquiries.

7.2.8 The Directorate of Treasury should prepare and send a remittance advice to the suppliers who receive their payments by any of the approved government instruments.

Second: Direct Transfers to Suppliers' Bank Accounts

7.2.9 Government payments should be made to local suppliers by direct transfer to their bank accounts. However, the Directorate of Treasury may, in very limited cases, make payments by other payment instruments where necessity so requires.

7.2.10 A government authority should, upon dealing with any local supplier whose name is not listed in the Vendor Master List of the Accounts Payable System, give the said supplier a copy of the application form of Electronic Fund Transfer Request – Form No. MF0710- to fill it in with the required details and send it to the Directorate of Treasury at Ministry of Finance after having it signed by him and stamped by his official stamp. The form should, then, be attested by the concerned bank to confirm the correctness of the account details.

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7.2.11 The Directorate of Treasury at Ministry of Finance should transfer the dues of each supplier to the bank account specified by him on the Electronic Fund Transfer Request (EFTR). The dues may not be transferred to any other account unless the supplier notifies the Directorate of Treasury at Ministry of Finance of amending the account details by completing the EFTR– Form No. MF0701 – with the new or amended details of the bank account.

7.2.12 The supplier should be completely responsible for the correctness and accuracy of the details contained in the EFTR – Form No. MF0701.

7.2.13 The bank account specified by the supplier for EFTR should be an account opened in his name. Nevertheless, the government authority’s responsibility regarding the supplier’s dues will be discharged as soon as the value of such dues have been transferred to the account specified by him by virtue of EFTR– Form No. MF 0701.

7.2.14 The Directorate of Treasury should follow the instructions and procedures specified in the User Manual of the Accounts Payable System to prepare, register and issue reports and make the appropriate verifications to check the correctness of the government payments of direct transfer.

7.2.15 Third: Undertakings of the Suppliers’ Bank Transfers
The following rules and procedures should be followed for approving a supplier’s application for transferring all or part of the amounts payable to him to any specified bank, and the supplier’s undertaking not to transfer such dues to any other bank without permission from the concerned government authority and the beneficiary bank.

1. The supplier shall submit a written application to the government authority using his own official paper and the form approved for such purpose by the legal advisor at Ministry of Finance.

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2. The Directorate of Treasury will process the bank transfer applications. Then, the transfer application will be signed by the Director of the Directorate of Treasury at Ministry of Finance after being signed by the Director of Human & Financial Resources at the concerned government authority and by the beneficiary bank.

7.2.16

The Directorate of Treasury should keep the appropriate follow-up file and registers which guarantee that Ministry of Finance will transfer suppliers' dues to the bank accounts specified in the transfer applications.

7.2.17

The supplier's application for transferring his dues to a bank other than the beneficiary bank may only be accepted after:

- a. the supplier submits to the Directorate of Treasury a written statement issued and approved by the beneficiary bank to the effect that the bank has no objection to the transfer of the supplier's dues to another bank;
- b. the expiry of the transfer date if it is limited to a fixed period of time; or
- c. the competent Court at the Ministry of Justice issues a court order to transfer the amounts payable to the supplier to another party.

7.2.18

Fourth: Provisions for Issuing Cheques

The following provisions should be observed when government cheques are issued:

1. A cheque should be issued in such a way as to minimize the possibility of making any subsequent changes in it in figures or words.
2. No cheque may be drawn for less than one dinar.
3. The amount of the cheque should be written in words and figures.
4. Upon writing the amount in figures, the first three digits on the right after the decimal point should be left for amount in fils.
5. The official cheques agreed upon with the National Bank of

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Bahrain or any other bank should be used.

6. Cheque written by hand, should be written in Arabic where possible.

7.2.19 Cheques issued by Ministry of Finance may be valid for a period not exceeding the period provided for by the laws of the Kingdom of Bahrain.

7.2.20 All cheques should be crossed and stamped with “Payee’s Account Only”. Such stamp may be cancelled by crossing it out and signing the cheque by the person authorised to sign. However, this may be done in exceptional cases only.

7.2.21 All signed cheques should be sent or delivered to their beneficiaries as soon as possible.

7.2.22 Where a cheque is cancelled for any reason before being issued, the word “Cancelled” should be written clearly on the cheque and its counterfoil. The cancellation details should be registered in the Accounts Payable System. Details of cancelled cheques and justifications for their cancellation should also be entered in a register made especially for this purpose. Cancelled cheques should be kept in a safe place for the period provided for in the System of Keeping Financial Forms – Section 24 of the Standard Finance Manual.

7.2.23 The Directorate of Treasury at Ministry of Finance shall be responsible for delivering cheques to beneficiaries, determining the appropriate method and procedures which guarantee the safe delivery of a cheque within the shortest possible period to the person in whose name it is drawn.

Stopping Cheque Payment

7.2.24 The right to stop payment of a cheque will be limited to the Director of Treasury at Ministry of Finance or the acting person.

7.2.25 A cheque will be considered cancelled immediately after obtaining a confirmation from the bank that the cheque will not

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- be paid, and after the bank has taken all the necessary procedures to cancel it.
- 7.2.26 A replacement cheque may issued if it is proved that the beneficiary has not collected the cheque amount during its validity period, after obtaining confirmation from the Directorate of Accounting at Ministry of Finance to the effect that the beneficiary has not cashed the cheque.
- 7.2.27 The registers of the Accounts Payable System should be amended with the details of the cancelled cheques immediately after obtaining a confirmation from the bank that the cancellation procedures have been completed.
- Lost, Stolen and Damaged Cheques
- 7.2.28 A cheque should be stopped immediately upon receiving a notification from the beneficiary that the cheque has been lost, stolen or damaged after he has received it. The beneficiary should submit the cheque to the Directorate of Treasury at Ministry of Finance if the bank refuses to pay by reason of damage or any other reason related to the safety and correctness of the cheque details.
- 7.2.29 If the lost or stolen cheque is paid by the bank before the “stop payment notification” is submitted, the beneficiary should be notified that he has no legal right to claim a replacement cheque. However, he should be provided with any possible help to restore the amount of the stolen or lost cheque. If a case is filed, the matter should be referred to the legal advisor of Ministry of Finance to provide his legal opinion.
- 7.2.30 The legal advisor and the Directorate of Audit at Ministry of Finance should be notified in writing of any forgery or manipulation in the preparation and licensing of government payment instruments, of any lost or stolen cheques, and the procedures that have been taken to restore them.
- Procedures of Recovery of Lost Cheques
- 7.2.31 The bank will be responsible for any damage resulting from the

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payment of any lost cheque after a notification is submitted to stop payment of the relevant cheque, and the bank will be required to rectify the damage resulting from such procedure.

7.2.32

If a person fraudulently deposits the stolen cheque in his account with the bank, the bank should be requested to give the name and address of the said person so that the necessary procedures for restoring the amount may be taken, including taking of legal action against him after consulting the legal advisor of Ministry of Finance.

Issue of replacement cheque:

7.2.33

No replacement cheque may be issued if the original cheque has been paid by the bank.

7.2.34

The Directorate of Treasury shall issue a replacement cheque after getting confirmation from the Directorate of Accounting at Ministry of Finance and the bank that the cheque has not been paid upon the submission of the “stop payment notification”. The Directorate of Treasury will hold the beneficiary responsible for any costs charged by the bank for stopping payment of the cheque.

Unreceived Transfers & Cheques:

7.2.35

If a cheque or money transfer is returned and not delivered to the beneficiary because he is not available on the address specified by him, the beneficiary’s correct address should be investigated. If it proves impossible to obtain another address within a month, the cheque should be cancelled and the amount should be registered in the suspense account instead of the bank account.

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7.3.1 Introduction
This Sub-Section covers the provisions and the procedures of controlling the use of Internet credit Cards to settle government purchases payments using electronic shopping through the Internet.

7.3.2 This section aims to facilitate and organise purchasing and payments settlement procedures of foreign purchases through the Internet network.

7.3.3 Definitions:
Internet Credit Card: It is a payment or credit electronic Card approved by Ministry of Finance to be used as a way to settle government payments through the internet network, on agreement with the Card Issuing Entity (Bank).

7.3.4 General Provisions:
The Directorate of Treasury at Ministry of Finance is authorized to negotiate and contract with banks & financial establishments to issue internet payment Cards to government authorities' employees to settle government payments through internet network based on work requirements, and it is authorized to:

- a. Approve the allocation of payments cards through the Internet for government authorities to be used to settle government purchases payments through the Internet.
- b. Specify types and nature of purchases and situations that Internet payment Card could be used to settle government payments.
- c. Negotiate and agree with banking & financial establishments about the use of Internet payment Cards issued by them to settle government payments through Internet.
- d. Agree with card Issuing Entity (Bank) on the credit limit for each card issued to Government authorities.
- e. Cancellation of Internet payment Card in case the Government authority or the card user does not comply with the provisions and procedures of this section, or for any other reason may require that.

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f. Require any details from the card Issuing Entity (Bank) or the Government authority, and review the government payment vouchers through Internet Payment Cards to confirm the correctness of the transactions and payment amounts.

7.3.5 The use of Internet Payment Cards is limited for settlement of purchases payments through Internet from suppliers outside Kingdom of Bahrain, and if the required goods and services are not available in the local market at suitable specifications & prices.

7.3.6 Purchases values through the Internet should not exceed B.D. 200 for each transaction, unless Directorate of Treasury at Ministry of Finance authorize higher limit.

7.3.7 Government authority shall use the Internet Payment Card that could not be used to pay through electronic machines such as credit cards that do not contain magnetic tape.

7.3.8 Directorate of Treasury at Ministry of Finance shall open a bank account for each Internet Payment Card, and the Card Issuing Entity (Bank) shall record all transactions related to the use of the card in this account. Amounts due shall be paid in Bahraini Dinars at the prevailing exchange rate on the date of debiting the aforesaid amounts to the card account.

7.3.9 The Internet Payment Card should carry the name of the employee responsible for using the card to settle government payments on behave of the Government authority, and any other employee should not use it.

7.3.10 Each authorized employee should not have more than one Internet Payment Card, and the cards should not be issued to non-government employees.

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- 7.3.11 Internet Payment Card should not be used for the following payments:
- b) Settlement of local purchases payments.
 - c) Cash withdraw.
 - d) Transfer amounts from card account to personal accounts.
 - e) Settlement of non-government authority purchases payments.
 - f) Settlement of personal purchases payments.
 - g) Settlement of unauthorised purchases payments according to the provisions of this Manual.
- 7.3.12 Government payments from the Internet Payment Card account should not exceed the approved credit limit for the card, excluding fees and interests on the card account.
- 7.3.13 Government authority should fulfill all procedures specified in this manual to pay the Internet Payment Card due amounts before the last date specified to settle the debit balance “Payment Due Date” to avoid any fees or interests on the remain Card account balance.
- 7.3.14 Directorate of Treasury at Ministry of Finance and Directorate of Human & Financial Resources at Government authority shall keep register for the internet payment Cards containing: Card holder, Card type, Card category, issuing entity and credit limit.
- Card User (HOLDER) Responsibilities:
- 7.3.15 Card holder should comply with the following responsibilities when using the internet payment Card:
- b) Use the Card to settle government purchases payments that the Internet Payment Card has been issued for.
 - c) Comply with procedures provisions specified in this manual in concern of process of government purchases payments, and conditions specified by the issuing entity (bank).
 - d) Not to exceed the approved credit limit.
 - e) Not to use his (her) personal address to receive goods ordered though electronic shopping sites in the Internet.
 - f) Maintain secrecy of the card information, and take the necessary precautions to protect the Card, and not to be used by third

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- party.
- g) Immediately inform the issuing entity (bank) of any lost, theft and forge, cheat or steal from the Card account, and inform director of Human & Financial Resources with in the next workday.
 - h) Bear all unauthorised purchases and expenses.
 - i) Bear any financial damage resulting by not immediately inform of any lost, theft and forge, cheat or steal from the Card account.
 - j) Review Card monthly statement of account with Directorate of Human & Financial Resources to correct any incorrect amount in the statement.
 - k) Deliver the Card monthly statement of account to Directorate of Human & Financial Resources within three working days after the receiving date or the publishing date of such statement at the issuing entity (bank) Internet site.

7.3.16

Employee Card holder should comply with the followings when shopping through electronic internet sites:

- b) Deal with well-known, reputable sites and companies.
- c) Insure the availability of protection programs at sites used, such as lock icon “Locked padlock” at the bottom of Internet explorer as evidence.
- d) Investigate the correctness of electronic sites address, and its contents, as the protected site proceeded by “ https” instead of “http”.
- e) Verify not to mix between original electronic sits and forged ones that quote the contents of the original sites and display it in similar page “Spoofing” or “Page jacking”.
- f) Print the required page site address in the Internet explorer specified field, instead of selecting it from the search engine.
- g) Investigate site data form independent sources, such as review company address, telephone No., and its postal address.

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- Internet Payment Card Issue Procedures:
- 7.3.17 Government authority will send request to Directorate of Treasury at Ministry of Finance approved by the director of Human & Financial Resources or his equivalent, to issue Internet Payment Card.
- 7.3.18 Directorate of Treasury at Ministry of Finance will review the request, complete procedures of filling request internet payment Card form issued by the Card Issuing Entity, Sign it by treasury Directory, and send it to the Card Issuing Entity.
- 7.3.19 Directorate of Treasury will receive the internet payment Card and send it to the concerned government authority, to be delivered to the concerned employee and he will sign on a promise to confirm receiving of the card and to comply with conduct conditions and procedures specified in this manual for the use of the card.
- 7.3.20 Government authority and Directorate of Treasury at Ministry of Finance will record the Internet Payment Card data in the credit cards register.
- Internet Payment Card Cancellation:
- 7.3.21 In the following cases Directorate of Human & Financial Resources at Government authority will send a request for cancellation of the internet payment Card to Directorate of Treasury at Ministry of Finance:
- a. Absence the need of the Card.
 - b. Withdraw the Card from the employee.
 - c. If the employee in a long leave (for more than three months).
 - d. In employee resignation.
 - e. Issue replacement Card.
- 7.3.22 Directorate of Treasury at Ministry of Finance will contact the issuing card entity (bank) to take required procedures to cancel the Card effectively from the date specified in the cancellation request, and send copy of that request to the concerned Government authority.

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7.3.23 In case of lost, theft and forge, cheat or steal from the Card account, Card should be cancelled according to the following procedures:

- a- Cardholder (employee) should inform the issuing Card entity to cancel the Card immediately after discovering the lost or theft of the Card and forge, cheat or steal from the Card account.
- b- He should inform Directorate of Human & Financial Resources at the concerned Government authority of the Card cancellation decision within next working day, with reasons and date of cancellation.
- c- Directorate of Human & Financial Resources at the concerned Government authority will inform Directorate of Treasury at Ministry of Finance of the Card cancellation decision, at the same day of receiving the announcement from the Cardholder.
- d- Directorate of Treasury at Ministry of Finance will send a letter to the issuing Card entity (bank) to confirm Card cancellation request, and send copy to the concerned Government authority.

7.3.24 Government authority and Directorate of Treasury will show the details of cancelled cards in the credit cards register.

Replacement Card Issue Procedures:

7.3.25 Replacement Internet Payment Card for the Cardholder will not be issued unless the cancellation procedures of original card have been completed.

7.3.26 Concerned government authority shall follow procedures specified in para 7-3-17 to 7-3-20 of this subsection to issue a replacement Card.

Purchasing procedures through internet network:

7.3.27 Government authority will perform the following procedures for government purchasing through internet network using internet payment Card:

- a. The Cardholder (employee) will fill the electronic purchase request form provided by the issuing entity on the Internet network with the required data, and the delivery address should be the purchasing body at the government authority.

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- b. The Cardholder will print a copy of the electronic purchase request form, and the invoice (if available), and head of finance or director of Human & Financial Resources should sign them.
- c. The Government authority will receive the goods ordered through the Internet from the cargo company, against signing the cargo form as receipt approval.
- d. The Government authority will check fitness of received goods with required specifications.
- e. Directorate of Human & Financial Resources will keep the electronic purchase request forms, invoices and delivery notes in a temporary file till the receive of the Card statement of account.

Review of Card statement of account:

7.3.28 The Card holder will print Card statement of account from the issuing Card entity (bank) site on the internet network, and verify its correctness, and send it to the directorate of Human & Financial Resources at the government authority within three working days from the date of receive of the statement or the issue date on the issuing Card entity (bank) site on the internet network.

7.3.29 Directorate of Human & Financial Resources will review the internet payment Card statement of account according to the followings:

- a) Review the transactions data in the statement with receipts and cash memos, or the electronic purchase request form and cargo lists and delivery notes, to ensure the correctness of the transactions and reconcile the statement data with supporting payments documents.
- b) Ask the Cardholder to present any uncompleted supporting documents.
- c) Verify that the Card statement of account does not include any personal or unauthorised purchases.
- d) Inform the issuing Card entity (bank) of any incorrect or unauthorized financial transactions, or for any disputed transactions with the suppliers mentioned in the Card statement of account.

7.3.30 Government authority will prepare internal invoice Form No.

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MF0708- for the due amount in the Card statement of account, and record the due payments in payment system (Oracle) taking into account payment classifications.

7.3.31 Government authority will send Form No. FMISAP002- to the Directorate of Treasury at Ministry of Finance along with the internet payment Card statement of account and the internal invoice, within maximum of ten working days of the receive of the Card statement of account.

7.3.32 Directorate of Treasury at Ministry of Finance will review and process the payments and pay the due amount to the issuing Card entity (bank).

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- Introduction
- 7.5.1 This Sub-Section contains the general provisions and procedures of transferring government payments in foreign currencies or Bahraini Dinars to suppliers outside the Kingdom of Bahrain.
- 7.5.2 Provisions and procedures of this Sub-Section will apply to overseas payments made from general government accounts which are subject to the supervision of the Directorate of Treasury at Ministry of Finance. The provisions and procedures of Section 9 – Control of Government Accounts – of the Standard Finance Manual will apply to overseas payments made from government accounts of an independent nature.
- 7.5.3 Definition of overseas payment instruments used for paying government payments outside Bahrain
1. Irrevocable Letter of Credit
It is a written undertaking by the bank (the issuing bank) given to the supplier (the beneficiary) upon a request from the purchaser (the applicant) and according to his instructions to pay a specified amount of money on an agreed fixed date or on the delivery of certain documents. Such documents may include the documents required for official, commercial, insurance and transport purposes (such as invoice, certificate of origin, insurance policy and bill of lading).
 2. Bill of Collection
It is an agreement by which the supplier gives instructions to his agent bank to deliver the documents required for clearing the goods for the concerned government authority as soon as their value is paid.
 3. Demand Draft/ Money Transfer
It is a payment instrument similar to the cheque or the foreign money transfer such as the bank direct transfer by telex, telegram, post or electronically.
 4. Manager's Cheque

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It is a bank draft in Bahraini Dinars, issued by the bank when the amount is required to be delivered in Bahraini Dinars overseas.

General Provisions

- 7.5.4 All overseas payments from general government accounts should be made through the National Bank of Bahrain (NBB) or the bank specified by the Directorate of Treasury at Ministry of Finance.
- 7.5.5 The Directorate of Treasury at Ministry of Finance is the only party authorised to directly deal with banks in all matters related to the transfer of money from general government accounts overseas.
- 7.5.6 A government authority may request any of the overseas payment instruments mentioned above only after completing the purchase procedures and any other procedures related to the transaction provided for in the Standard Finance Manual systems.
- 7-5-7 Overseas payment procedures should be applied to transactions exceeding 50 (fifty) Dinars. In cases where the amount is less than that, payment will be made from the cash expenses account to obtain the required payment instrument, subject to the control procedures which should be followed with cash expenses.
- 7.5.8 Demand drafts and money transfers may be used only after receiving the goods or performing the service required. In cases where the nature of transaction or where the trade practice necessitates the payment of the amount in advance, the maximum amount that may be paid by demand drafts or money transfers is (500) five hundred dinars or its equivalent. This amount should be paid only after ensuring by all practical possible means that the supplier is well reputed concerning the satisfaction of his obligations.
- 7.5.9 A documentary credit or bills of collection should be used as

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instruments of overseas payments in financial transactions not mentioned in Paragraphs 7.5.7 and 7.5.8 above.

7.5.10

All issued bills of collection are not transferable.

7.5.11

Details of all the overseas payment forms should be filled in clearly and accurately. Erasure, mutilation or deletion should be avoided.

7.5.12

Procedures of Applying for Overseas payment Instruments

The “User Manual” of the Accounts Payable System” contains the detailed procedures of applying for the issue of each instrument used for overseas payment, and the procedures of amending or canceling the same. Government authorities should follow these procedures where necessary for issuing overseas payment instruments.

7.5.13

The following procedures show the general steps to be followed for issuing overseas payment instruments:

1. The government authority will prepare an Overseas Payment Application Form, using the form No. MF 0711 – Request for an Overseas Payment – to apply for issuing demand drafts, money transfer and bills of collection, or the form No. MF 0712 – Request for an Irrevocable Documentary Credit – to apply for opening a documentary credit.
2. A request for overseas payment will be approved according to the Authority Levels specified in Section 15 of the Standard Finance Manual. The application shall be sent, attached with the supporting documents, to the Directorate of Treasury at Ministry of Finance.
3. The Directorate of Treasury will review the request for overseas payment and its supporting documents to ensure that the procedures, details and documents supporting payment are complete and correct.
4. The Directorate of Treasury will, according to the Authority Levels specified in Section 15 of the Standard Finance Manual, approve the request for overseas payment and send

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it to the National Bank of Bahrain to complete the procedures required for issuing payment instruments and deducting the amount from the government account specified in the application.

5. The Directorate of Treasury will receive from the bank the required payment instrument or the shipping documents and the deduction notice. Then it will
 - a- check the bank's deduction notice against the overseas payment application;
 - b- stamp the documents with the "PAID" stamp;
 - c- register the details of the overseas payments in the Accounts Payable System;
 - d- send the payment instrument or the shipping documents and any other relevant documents to the requesting government authority.
6. The government authority will complete the procedures of receiving the required materials or services. Then it will keep the documents according to the periods specified in the System of Keeping Financial Forms – Section 24 of the Standard Finance Manual.

Procedures of Amending and Canceling Overseas Payment Requests

7.5.14

The following steps shall be followed for amending or canceling any payment instrument previously applied for by the government authority:

1. Ensuring that there is an actual need for amending or canceling the overseas payment instrument, and that the amendment or cancellation does not conflict with the contract terms or the effective rules and regulations.
2. The government authority shall prepare the form No. MF 0713 – An Amendment/ Cancellation of an Overseas Payment – and approve it in accordance with the Authority Levels in Section 15 of the Standard Finance Manual. Then it will send the application with the supporting documents for amendment to the Directorate of Treasury at Ministry of Finance.

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3. The Directorate of Treasury at Ministry of Finance shall check that the documents supporting the amendment or cancellation are complete and correct. Then it will complete the following procedures:
- Registering the details of cancellation or amendment in the follow-up register of overseas payments.
 - Approving the cancellation / amendment application according the Authority Levels in Section 15 of the Standard Finance Manual and sending it to the bank to complete the required procedures.
 - Receiving the amendment or cancellation notice from the bank, and amending the registers of the Accounts Payable System on the basis of the amendment application details and the bank notice.
 - Sending the application to the concerned government authority after stamping it to the effect that the procedures have been completed.
4. The government authority shall keep the documents after reviewing them and ensuring that the procedures are complete and correct according to the periods specified in the System of Keeping Financial Forms – Section 24 of the Standard Finance Manual.

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- 7.6.1 Introduction
This part of this Sub-Section covers the procedures of paying telephone bills. It aims to minimize the effort made for processing the payment of telephone bills by approving the standard monthly statement issued by the telephone company instead of the detailed invoices for each government authority.
- 7.6.2 Bills standard monthly statement
In addition to the detailed set of telephone bills, the company's automatic system provides a standard monthly statement containing the total of each ministry's bills. The statement bears a reference number for each subscriber. Government authorities can coordinate with the telephone company for obtaining any number of monthly standard statements according to the budget codes and its approved programmes. Each statement bears a special reference number, and includes a group of telephone numbers according to the order that suits each ministry.
- 7.6.3
The government authorities should arrange their telephone numbers including the mobiles according to the suitable budget codes from which the costs of telephone bills will be deducted. They should coordinate with the telephone company for designating a reference number to each group of telephone numbers so that a standard monthly statement is issued for them.
- 7.6.4 Processing Telephone Bills
The government authority should review the subscriber's standard monthly statement and check it against the detailed set of bills for each telephone, ensuring that the form No. MF 2304 – International Telephone Call Approval Form – is presented and that it contains the detailed bills of all the international calls, in accordance with the provisions of the Sub-Section 25.2 of the Standard Finance Manual.

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7-6-5

When telephone bills are processed, the following details should be recorded in the Accounts Payable System:

1. Bill number (obligatory): The reference number of the subscriber's standard statement should be mentioned. It should begin from the left, and should be followed by six digits representing the month and year in which the standard statement was issued. The following example demonstrates the order of the additional numbers in the year 2001 statements:

01-2001 - January	05-2001 - May	09-2001 - September
02-2001 - February	06-2001 - June	10-2001 - October
03-2001 - March	07-2001 - July	11-2001 - November
04-2001 - April	08-2001 - August	12-2001 - December

2. Date of the bill: The date of the standard statement should be mentioned.
3. Total line amount: there should be recorded an amount which is the less of :
 - a. the amount of calls and rentals of the current month without the addition of any arrears for previous months. Each bill should be processed monthly in respect of the calls and rentals amount relevant to the said month; or
 - b. the due balance amount if its value is less than the value of the current month's calls and rentals as a result of processing credit amounts by the telephone company in the current month's bill.

7.6.6

The government authority shall send the detailed bills of each telephone and the standard monthly statement, the International Telephone Call Approval Forms (where required), and a proof of paying the costs of personal calls in the Government general account, attached with the Voucher Batch Input Form – Form No. FMISAP002 – to the Directorate of Treasury at Ministry of Finance for reviewing and payment.

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7.6.7 The Directorate of Treasury at Ministry of Finance may exempt the government authorities connected to the E-billing service from sending the detailed bills. Sending the standard statements or any other agreed statements with the Voucher Batch Input Form – Form No. FMISAP002 – will be quite enough.

7.6.8 The Directorate of Treasury at Ministry of Finance shall complete the procedures of reviewing and approving the bills in accordance with the provisions and procedures of this Section of the Standard Finance Manual.

7.6.9 Settlement of Accounts with the Telephone Company
 If the government authority has an objection regarding the contents of any invoice of the detailed telephone bills which constitute the subscriber's standard statement, it should firstly settle the difference directly with the telephone company which will amend the detailed bill and standard statement according to the agreed settlement. Then, the government authority will process such bill and send it to Ministry of Finance for review and approval of payment.

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7.7.1 Introduction
This Sub-Section of the Standard Finance Manual covers the general provisions and procedures of paying old claims which are six months old or more from the date of delivery note, or the date of goods supply or the performance date of services and works which are subject to the claim, whichever is later.

7.7.2 Definitions
For the purpose of this Sub-Section of the Standard Finance Manual, the following definitions relating to the under-mentioned terminology shall be applied:

Old Claims
They are claims which are six months old or more from the date of delivery note or the date of goods supply or the performance date of services and works subject to the bill or claim, whichever is later. However, disputed claims will be exempted.

7.7.3 First: General Provisions
Payable invoices should be paid to their beneficiaries as soon as they are received and without any delay. If the payment of due amounts is delayed for six months or more, the government authorities should follow the provisions and procedures specified in this Sub-Section.

7.7.4 Disputed claims which are six months old or more from the date of delivery note or the date of goods supply or the performance date of services and works required is not subject to the provisions and procedures of this Sub-Section if the dispute is settled after the lapse of more than six months. They will be subject to the normal procedures provided for in this Sub-Section 7.1 of the Standard Finance Manual.

7.7.5 Old claims may not be paid if their right to claim lapses for reason of prescription in accordance with the applicable laws of the Kingdom of Bahrain.

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7.7.6 Old claims supported by copies or photocopies of the original documents should not be accepted, unless the government authority is the cause of the loss of any supporting original documents, or after the government authority is satisfied that the claim is valid if the supplier is the cause of the loss of any supporting original documents. In such exceptional cases the payment of the claim may be approved provided that the procedures provided for in this Sub-Section are followed.

7.7.7 Government authorities may not, in any case, issue or apply for issuing (a replacement) of the lost original documents even if the government authority concerned is the cause of the loss or non-completion of the supporting documents. However, in such a case, a copy or a photocopy of the lost document should be attached with the claim, and stamped with the word "PHOTOCOPY". The supplier's documents should be by him and stamped with his official stamp.

7.7.8 Government authorities should ensure that all the documents supporting the old claim are attached, including the prior approval from the competent government authorities (if required) when the claim is sent to the Directorate of Treasury at Ministry of Finance for processing and payment.

7.7.9 If the supplier is the cause of delaying the claim, he should be required to provide an undertaking in which he undertakes to return the sum paid to him for the claim if the claim proves incorrect in the future. The undertaking should also include a clarification that there are no other claims which are six months old or more from the due date. The supplier should prepare the undertaking according the standard form approved by the legal advisor at Ministry of Finance.

7.7.10 Second: Settlement Procedures of Old Claims supported by Original Documents

The government authority will perform the following procedures for processing and payment of old claims:

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1. Checking the correctness of the details of the claim and the supporting documents, and the consistency and correctness of the claim compared to the same supplier's previous transactions and claims.
2. Ensuring that the documents supporting the claim are originals and not copies or photocopies of the original documents.
3. Reviewing and comparing the claim details with the details of the obligations register and due invoices.
4. Reviewing and comparing the claim details with the details of payments equaling the claim value in the periodic reports of the General Ledger, Accounts Payable and any other registers kept by the government authority such as the stock registers and the control registers of agreements performance.
5. Obtaining a statement of account from the supplier showing the balance details and the amounts payable to him by the government authority where possible.
6. If the supplier is the cause of delaying the claim, he should be required to provide the government authority with the following documents:
 - a. A certificate stating that there are no other old claims, and that the paid amount will be returned if the claim proves invalid in the future.
 - b. A proof that the claim amount appears as a payable debt in the supplier's annual final accounts preceding the claim date, and a certificate confirming the same, issued by the supplier's auditors if the claims amount is BD 10,000 or more.
7. Preparing a written memorandum explaining the justifications of delay and the authority responsible for delaying the claim, together with the procedures taken by the government authority for checking the correctness of the claim.
8. The justification memorandum and the Voucher Batch Input Form – Form No. FMIS AP002 – should be approved according to the Authority Levels specified in Paragraph

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7.7.16 of this Sub-Section. The memorandum should be sent attached to the documents supporting payment to the Directorate of Treasury at Ministry of Finance.

Third: procedures of settlement of old claims to the value of BD 100,000 or more, supported by original documents which are one year old or more

7.7.11

In addition to the procedures specified in Paragraph 7.7.10 of this Sub-Section, the government authority will coordinate with the Directorate of Treasury at Ministry of Finance, consider the feasibility of appointing an independent auditor to examine the registers and books of the supplier who is submitting the claim, and submit a confirmation certificate stating the validity of the claim, provided that the supplier submitting the claim should bear the expenses of the independent auditor.

Fourth: Procedures of settlement of old claims supported by copies or photocopies of the original documents in the concerned government authority

7.7.12

In addition to the procedures specified in Paragraph 7.7.10 of this Sub-Section, the government authority will take the following procedures to check the validity of the claim if the claim is supported by copies or photocopies of the original documents, whether the government authority or the supplier is responsible for the loss of any of the original claim documents:

1. Determining the acceptable justifications for the loss of the supporting original documents.
2. Ensuring that the required procedures specified on the purchase date are followed with the issue of purchase order or the signing of the agreement.
3. Ensuring that there is a proof of the goods receipt or the performance of services and works subject of claim.
4. Ensuring that there is no direct relation between the payments to the supplier submitting the claim and any other supplier dealing with the government authority. (An

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example of this is that the supplier submitting the claim maybe be a sub-contractor to a main contractor to whom the dues subject to the claim have been paid).

5. Ensuring that the documents supporting the claim are complete, and that the claim is in harmony and valid compared to the same supplier's previous transactions and claims.
6. Checking the accuracy of the details of the claim and the supporting documents.
7. Reviewing and comparing the claim details against the details of the commitments register and the payable invoices, including the details of the payments supported by copies or photocopies of the original documents.
8. Reviewing and comparing the claim details against the payment details from date of the delivery note or the date of goods supplied or the date of performing the services and the required works equaling the value of the claim in the periodic reports of the General Ledger and Accounts Payable Systems and any other additional registers kept by the government authority, such as the stock registers and the agreement implementation control registers.

Fifth: Procedures of settlement old claims at the Directorate of Treasury of Ministry of Finance

7.7.13

The Directorate of Treasury at Ministry of Finance will, after receiving the Voucher Batch Input Form relating to the payment of old claims, ensure that the government authority has performed all the suitable procedures provided for in this Sub-Section.

7.7.14

The Directorate of Treasury will transfer the old claims totaling BD 10,000 or more to the Directorate of Audit at Ministry of Finance to check the validity of the claim if the Directorate of Treasury sees that the Directorate of Audit should carry on this assignment. The causes and the nature of the required procedure should be stated.

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7.7.15 The old claims totaling BD 10,000 or more made in a financial year preceding the current year will be referred by the Directorate of Treasury to the Directorate of Budget or the Directorate of Projects (each in its respective capacity) at Ministry of Finance to check that they conform to the effective budget rules and regulations.

7.7.16 Six: Authority to Approve Old Claims
Old claims will be approved at the government authorities in accordance with the following authority levels:

Function Level	Authority Level	
	From	To
Minister	100,001	And more
Undersecretary or assistant undersecretary	10,001	100,000
Director of Human & Financial Resources	To	10,000

7.7.17 Payments of the old claims should be approved at Ministry of Finance according to the Authority Levels of approving payments of recurrent expenses and projects specified in Sub-Section 15.3 of the Standard Finance Manual.

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- 7.8.1 Introduction
This Sub-Section contains the provisions and procedures related to the processing and follow-up of the government payments made in excess of the due amount or paid wrongly to non-beneficiaries.
- 7.8.2 General Provisions
Government authorities should take all the possible steps and follow the procedures specified in this Sub-Section for recovery of payments made in excess of the due amount or paid wrongly to non-beneficiaries.
- 7.8.3 Penalties provided for by the civil service rules should be applied to any employee who approves or consents to process government payments in any manner other than that provided for by the approved rules and regulations, if this is the result of not in bona fide, negligence or default on performing responsibilities by the employee responsible for preparing, reviewing or approving government payments.
- 7.8.4 The concerned government authority should immediately notify the Directorate of Treasury and the Directorate of Audit at Ministry of Finance of all acts of fraud and forgery in government payments, and of the procedures which have been taken to investigate the circumstances of the issue, and should coordinate with the legal advisor at Ministry of Finance to take the legal steps against the employee responsible for such fraud and forgery.
- 7.8.5 Follow-up Procedures for Recovery of Overpayments and Wrong Payments
The concerned government authority should, upon the occurrence of a payment made in excess of the due amount or made to the wrong person, immediately contact the concerned person or authority by telephone and confirm the same at once by sending a written notice by fax or by any other suitable means to the concerned person or authority to return the

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overpayment or the wrong payment on the same day if possible or on the following working day at most. It should also inform the Directorate of Treasury at Ministry of Finance at the same time of the details of the case.

7.8.6

If the party or person to whom the payments were made in excess of the due amount or wrongly stalls or refuses to return the payments, the government authority should coordinate with the Directorate of Treasury at Ministry of Finance to deduct the claim amount from the payments due to him at present or in the future by any government authority, from the insurance amount or from the guarantees available at any other government authority (if any), and coordinate with the legal advisor at Ministry of Finance to take any other suitable alternative procedures.

7.8.7

The General Ledger accounts and the Accounts Payable System should be amended to show the overpayments or wrong payments in the appropriate accounts and an account should be opened in the General Ledger and designated for the recording of such payments and follow-up of their settlement on a regular basis.

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- 8.1.1 Introduction:
This Subsection of The Standard Finance Manual covers the provisions and procedures for the receipt and custody of government moneys by ministries and government establishments.
- 8.1.2 First: Definition of Government Moneys:
Government moneys shall comprise all amounts received by government authorities from customers whether by cash or cheque, including other monetary instruments such as revenue stamps, bills, bank drafts, bank guarantees and other similar instruments.
- 8.1.3 Second: General Provisions:
Government authority is responsible for setting up a proper internal control system to organise the procedures of receiving and keeping of government money to receive and keep government money and deposit it in the accounts specified, providing that, this internal control must be in harmony with the nature and volume of the transactions performed by administration units of the government authority, and in agreement with provisions and procedures determined by this system.
- 8.1.4 Government moneys shall not be conducted for purposes other than those authorised by issued laws and regulations. Furthermore, it is not allowed to lend or encashment of personal cheques out from government money.
- 8.1.5 Receiving and spending of moneys received by government authority as a trust shall be conducted under the provisions and procedures of sub section 9-2 (controlling the autonomous accounts) of the Standard Finance Manual.
- 8.1.6 Government authority shall ensure the segregation of the responsibilities of preparing invoices and other financial documents from that of government moneys collection, as far as possible.
- 8.1.7 Government authority shall furnish the cashier or any employee responsible for receiving cash with the appropriate facilities in order to perform his job properly, such as, suitable office, sorting and counting machines, and forged money detection machine.

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- 8.1.8 The cashier shall ensure the validity and correctness of all moneys received, and he bear the responsibility of receiving forged money which could be detected by observation or by available special machine.
- 8.1.9 Government moneys must be stored in a safe, under the custody of specific employee (such as the cashier). The safe must be kept in a locked and secured place.
- 8.1.10 Government moneys received shall be deposited in the Bank account specified by the Directorate of Treasury at the Ministry of Finance not later than the next working day for amounts of BD 100 and above. Cash amounts which are less than BD 100, shall be deposited within maximum of five days from receiving date. Cheques shall be deposited not later than the next working day, whatever their value.
- 8.1.11 Government authority shall ensure that adequate security precautions are taken during the transportation of government moneys, including the transfer of moneys to the bank, commensurate with the value of the money involved.
- 8.1.12 Third: Receive of Government Money Through Internet:
Government authority may collect government moneys through the Internet, where there are systems, equipments and qualified personnel able to conduct such transactions.
- 8.1.13 Government authority may entrust any other government or non-government body to collect revenues on its behalf, it should coordinate with the Directorate of Treasury at the Ministry of Finance.
- 8.1.14 The government authority which collect government moneys through its site in the internet should consider the followings:
- a) Setting up a proper rules and procedures to ensure the security and safe of transactions done through Internet.
 - b) Use of suitable security systems offered by well-recognized companies to insure the safe of customers' credit cards details and government database from being hacked by unauthorized parties.

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- c) The terms and conditions of transactions shall be incorporated in the site and it is committed by the other party when he agrees on it.
- d) Providing an e-mail service and on-line help service to help customers solve any problems they may encounter while using the site.
- e) Issue and audit financial, managerial, and statistical reports to insure the validity and correctness of transaction done through the Internet, including the procedures of bank reconciliation to insure the validity of amounts deposited in the favour of the government authority.

Fourth : Direct Debit to Customers Accounts:

- 8.1.15 Direct Debit is an instruction or delegation from a customer to a bank or a financial institution to debit his account by a specific amount over certain periods, and deposit it in the government authority account, according to specific conditions and instructions specified in the Direct Debit order signed by the customer.
- 8.1.16 Direct Debit order may or may not determine the amount to be deducted. The deduction from customer account is done in accordance with invoice issued by the government authority.
- 8.1.17 Government authority may collect government moneys through Direct Debit method, this is done by agreement with banks provides such services. That is, when the government authority has a regular or periodical deals with its customers.
- 8.1.18 Government authority should obtain approval of Directorate of Treasury at the Ministry of Finance in specifying the percentage of commission or administration charges to be paid to the bank that will offer the direct debt service.
- 8.1.19 Government authority shall send invoices or advices of amounts due regularly or in specified periods, such as monthly invoices or renewal advices for licenses.

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- 8.1.20 Government authority shall send Debit order periodically to the bank confirming all information required to complete the debit procedures, such as debit order No., customer A/c No., debited amount, customer A/c No. with the government authority, and invoice No.
- 8.1.21 Direct Debit order amount issued by the government authority should be limited to the amount agreed by with the customer, and it should not include any other amounts due to the government authority by the customer.
- 8.1.22 The bank or the financial institution, which has agreed with to do the direct debit, shall issue a report containing the details of all amounts debited and transferred to the government authority account. The report shall include also the debit orders, which have been rejected for any reason, such as, insufficient money, or cancellation of the debit order by the customer.
- 8.1.23 Government authority shall use such report to update customers' records and to reconcile the report information with the bank statement to clarify the correctness of amounts transferred.
- 8.1.24 Fifth: Control Over use of Receipt Voucher:
Government authority shall issue an official receipt for every amount received whatever the value. Receipt equivalent could be the update of customer account through electronic systems or the machine stamp on invoices for ministries who use mechanism systems for the collection of revenues.
- 8.1.25 Receipt Voucher that issued by the government authority shall contains the information specified in specimen No. MF .08/01 – (Receipt Voucher).
- 8.1.26 If the government authority encounters difficulty in issuing the official receipt because the revenue received relates to repetitive transactions involving small amounts, the government authority shall coordinate with the Directorate of Accounting at the Ministry of Finance to determine a suitable system to control such revenue.

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- 8.1.27 The accountant-in-charge is responsible for the custody of all not received cheques and vouchers, which shall be stored in serial order and in a safe place. The unused Receipt Vouchers and other documents shall not be made available to unauthorised persons. The new receipt vouchers should be supplied to the cashier according to his daily requirements and based on the actual consumption of previously issued vouchers.
- 8.1.28 The Receipt Voucher pads should be in sequential order, and the vouchers in each pad must be used in sequential order.
- 8.1.29 All copies of Cash Receipt Vouchers issued including those cancelled should be retained in serial order in a safe place.
- 8.1.30 All cancelled Receipt Voucher should be stamped “cancelled” on all copies and the 1st (white) and 2nd (pink) copies and should be attached to the Cash Statement.
- 8.1.31 The officer in charge of the stock of receipt vouchers to notify the relevant government authorities of any lost, indicating the quantity and serial number of the lost receipts and the reasons for the loss and the Director of the concerned Directorate shall take immediate action to cancel the lost receipt vouchers.
- Sixth : Control Over Government Money Safes:
- 8.1.32 Government moneys should be kept in a safe fulfilled by proper specifications to secure government moneys against theft, loss, damage, or any other incidents and risks. Furthermore, it should be kept in a safe and locked room.
- 8.1.33 Safe key should be kept with the cashier or any other staff responsible for the custody & receive of government moneys. Key should not be duplicated or kept with more than one person.
- 8.1.34 Extra duplicates of the safe keys should be kept in sealed envelope with the director of Admin & Finance, and the envelope should not be opened unless needed, with the presence of the director of Finance & Admin, and two of the heads.

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- 8.1.35 Only the responsible staff for the custody of government money should open the Safe, and in case of his absence, it should be opened with the presence of director of Human & Financial Resources, head of finance affaires, and a head of any other section. In addition, they should perform a comprehensive count and prepare a report of its contents, signed by the attendance.
- 8.1.36 A register should be maintained to record the custodians of the safe keys. The correctness of the procedure of handing over the safe keys in the case of a transfer of cashier's responsibilities must be ensured.
- 8.1.37 A hand over statement must be prepared each time there is a transfer of safe custody responsibilities.
- Seventh: Receive Government Moneys Through Cheques and Monetary Instruments:
- 8.1.38 Cheques and other monetary instruments must be drawn in favour of the relevant government authority.
- 8.1.39 Cheque must be crossed "ACCOUNT PAYEE ONLY" in favour of the government authority.
- 8.1.40 Receipt voucher shall contains received cheque details, and issued in the name of the customer regardless whether it is withdrawn from his account or from other person's or entity's account, providing that, the account payee name must be written on the receipt whenever it differ from concerned customer.
- 8.1.41 Government moneys generated by transaction valued at minimum BD 30 and less should be collected in cash, and Directorate of Treasury at the Ministry of Finance may coordinate with the government authority to amend the minimum limit of such cash transactions, as appropriate.
- 8.1.42 The government authority concerned shall not accept cheques with a face value in excess of the amount due for the completed transaction with the refunding of the balance in cash.

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- 8.1.43 The government authority must ensure the validity of the following details relating to cheques or other monetary instruments before issue of the Receipt Voucher:
- Amount (in words and figures).
 - Date of issue.
 - Signature of drawer on cheque and any other amendment/addition/deletion on the face of the cheque.
 - The name of the beneficiary government authority.
- 8.1.44 The government authority shall not, in any event, endorse or negotiate cheques issued in its favour.
- 8.1.45 The government authority shall not accept post-dated cheques, except in cases where it is necessary for job requirements, provided that, government authority shall get prior approval from Treasury Directorate at the Ministry of Finance.
- 8.1.46 Eighth: Receive Government Moneys Through Revenue Stamps:
Revenue stamps shall be used officially for the purpose of collecting regular and recurring fees of fixed value.
- 8.1.47 The government authority shall obtain a prior approval from the Directorate of Treasury at the Ministry of Finance for the use of revenue stamps in the collection of revenues and for the allocation of a cash float for the purchase of revenue stamps. The purchase of revenue stamps shall only be out of the cash float.
- 8.1.48 Government authorities shall only use the revenue stamps provided by the Ministry of Finance and National Economy, and should not print and stock other revenue stamps, and they shall not print and/or use other stamps.
- 8.1.49 Sales of revenue stamps shall be for cash, and not cheques.
- 8.1.50 Government authority should use the revenue of stamps to purchase substitute stamps from the bank daily or in a time not later than the end of the following day of collection day if the total collections resulting from the sale of stamps is BD 100 or more.

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- 8.1.51 Government authority should ensure that the necessary revenue stamps are affixed to all relevant official documents for transactions requiring their use. Used revenue stamps should be cancelled or stamped to prevent being used again.
- 8.1.52 The custody of Revenue Stamps shall maintained by a cashier whenever possible. In the cases that require maintaining custody of stamps by any other persons, collections relating to revenue stamps and any balance of unused stamps shall be handed back to the cashier at the end of the day.
- 8.1.53 The cashier shall maintain a Revenue Stamp Register to record the daily purchases, sales, and the value of the unused revenue stamps by using Form No. MF0803.
- 8.1.54 Government authority shall prepare monthly income statements relating to collections from the sale of revenue stamps using form No. MF0601 for submission to the Directorate of Treasury at the Ministry of Finance.
- Ninth: Control Over Cash Imprest:
- 8.1.55 Government authority shall not allocate a cash imprest whether on a temporary or permanent basis to finance any payments or expenses, unless they get a prior approval from the Directorate of Treasury at the Ministry of Finance.
- 8.1.56 Authorised cash imprest shall not be used for purposes other than that for which it has been established.
- 8.1.57 Government authority shall follow the provisions and procedures specified by the Directorate of Treasury at the Ministry of Finance for all payments out of the authorised cash imprest and for its replenishment.
- Tenth: Procedures for the Receipt and Deposit of Government Moneys in the Bank:
- 8.1.58 The cashier will prepare a Receipt Voucher for every amount received out of three copies and sign and stamp it with the official stamp of the

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- government authority and hand over the first copy (white) to the customer.
- 8.1.59 The sub-cashier should transfer the daily physical cash balance to the main cashier at the end of each day.
- 8.1.60 The cashier will prepare cash statement on a daily basis using Form No. MF 0802 out of 2 copies in which shall be recorded details of the Receipt Vouchers (date, serial number, amount) and reconcile the balance on the Cash Statement with the actual physical cash balance.
- 8.1.61 The cashier will prepare a bank deposit slip for amounts received and deposit them in the bank account specified by the Ministry of Finance not later than the following working day and will send the two copies of the Cash Statement with the 2nd (pink) copy of the receipt vouchers and bank deposit slip to the Accountant-in-charge.
- 8.1.62 The Accountant-in-charge at the government authority will collate the details of the cash statement with the receipt vouchers and bank deposit slip, ensuring their arithmetical accuracy and record the Account Code in the Cash Statement - Form No. MF0802 and sign the cash statement as evidence of the correctness of the amounts received and deposited in the bank and returns the second copy (yellow) of the cash statement to the cashier.
- 8.1.63 The Accountant-in-charge shall prepare revenue voucher and send it along with the deposit slip or bank statement to the Directorate of Treasury at the Ministry of Finance.
- 8.1.64 The Accountant-in-charge will attach the Cash Statement & the second copy (pink) of the Receipt Voucher with a copy of the Revenue Voucher, and bank deposit slip received from the Directorate of Treasury at the Ministry of Finance and retains them in a permanent file.
- 8.1.65 The Accountant-in-charge shall review the periodical revenue reports with revenue vouchers that are processed by the Ministry of Finance, in order to insure its correctness and to update treasury directorate at the Ministry of Finance.

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- Eleventh: Provisions & Procedures Related to realisation of Returned Cheques:
- 8.1.66 The government authority shall not continue to accept cheques from the client whose cheques have been returned for lack of funds on more than one occasion unless the cheques are certified by the bank on which they are drawn.
- 8.1.67 Returned cheques details shall be recorded in a register by using form No 08/02.
- 8.1.68 Government authority shall advise in writing the drawer of the cheque, which has been returned due to lack of funds to settle the value of the cheque either by cash or by a means of a certified cheque within one week from the date of the cheque's return.
- 8.1.69 Government authority shall take the necessary actions to ensure the realisation of the returned cheque if the drawer fail to honour the cheque within the notice period specified in the written advice, by deducting it from the amounts due to him (if any), or inform the Directorate of Treasury at the Ministry of Finance to deduct it from the amounts due to him from any other government authority (if any), or take legal actions to collect the amount in coordination with the legal advisor at the Ministry of Finance.
- 8.1.70 At the end of each financial year, the government authority shall inform the Directorate of Treasury at the Ministry of Finance about the details of uncollected returned cheques, in order to be deducted from the revenue of that year.
- Cash Count Procedures:
- 8.1.71 The Accountant-in-charge in the ministry will undertake surprise cash counts by counting the cash, cheques and revenue stamps according to a predetermined schedule specifying the number of cash counts which shall not be less than twice per month, the last being at the end of the financial year.

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- 8.1.72 The Accountant-in-charge will prepare cash count statement out of 2 copies indicating details of the counted cash, cheques, other financial instruments and other valuable documents by using Specimen No. MF08/03.
- 8.1.73 The Accountant-in-charge will verify the actual physical balance of the cash, cheques and revenue stamps if any with the balance as per the reconciliation in the cash statement on the date of the cash count and sign the cash count statement.
- 8.1.74 The cashier will sign the cash count statement.
- 8.1.75 The Accountant-in-charge will send the two copies of the Cash Count Statement to the Director of Human & Financial Resources in the ministry concerned for authorisation.
- 8.1.76 The Accountant-in-charge will, after the authorization of the Cash Count Statement by the Director of Human & Financial Resources retain the first copy (white) of the Cash Count Statement in a file and return the second copy (yellow) to the cashier.

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	IMPLEMENTATION DATE	1/6/2003

- Introduction:
- 8.2.1 This Subsection of The Standard Finance Manual covers the responsibilities and duties of the cashier in ministries and government establishments.
- Responsibilities of the cashier:
- 8.2.2 Receiving government moneys and issue receipt vouchers certifying receipt of such monies.
- 8.2.3 Ensuring validity of cash received and not to accept counterfeit cash.
- 8.2.4 Custody of government moneys, ensure their use for authorised purposes only and deposit them in the bank on a daily basis wherever possible.
- 8.2.5 Maintaining a Cash Statement reflecting the daily transactions involving government moneys received and deposited in the bank and also the daily balance.
- 8.2.6 Custody of revenue stamps and to record the revenue stamp impress in a register maintained for the purpose.
- 8.2.7 Custody of revenue stamps and record the revenue stamp impress in a register maintained for the purpose.
- 8.2.8 Retain copies of Cash Receipt Vouchers issued, Bank Deposit Slips and all other documents/vouchers issued as evidence of receipt of payment out of government moneys and to be responsible for the loss or misappropriation of all such documents.
- 8.2.9 Ensuring that non-government moneys, documents or any other contents are not stored in the safe.
- 8.2.10 Ensuring that government moneys are not utilised for the payment of unauthorised advances or loans or for the encashment of personal cheques.

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| 8.2.11 | Payment of salaries by cash (if any) and redeposit any unpaid salaries in the bank. |
| 8.2.12 | Payment of cash amounts due to government customers in accordance with the payment procedures specified by The Standard Finance Manual or according to the specific procedures specified by the Ministry of Finance. |
| 8.2.13 | Verifying the physical cash with the balance on the Cash Statement on a daily basis. |
| 8.2.14 | Maintaining a Register reflecting any cash deficits and surpluses. |
| 8.2.15 | Preparing a hand over statement whenever there is a transfer of cashier's responsibilities. |

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	IMPLEMENTATION DATE	1/8/2006

- Introduction:
- 8.3.1 This Subsection of The Standard Finance Manual covers the general policies and procedures required for the control of petty cash in government authorities.
- General Provisions:
- 8.3.2 All government authorities must obtain the approval of the Directorate of Treasury at Ministry of Finance for the allocation of petty cash float to any of their Directorates or Sections.
- 8.3.3 The petty cash float shall be used for all individual items of expenditure not exceeding BD 50. However, exceptional or incidental expenditure more than BD 50 and up to an aggregate of BD 100 may be met out of petty cash at the discretion of the Director concerned.
- 8.3.4 Purchases exceeding BD 50 shall be purchased through Purchase orders, except special expenditure that could not be purchased through purchase order, such as payment of travel visa fees to embassies.
- 8.3.5 Purchases exceeding BD 50 may not be divide, in order to avoid issuance of purchase orders.
- 8.3.6 The petty cash float may not be used for any purposes other than those for which it was approved.
- 8.3.7 Custody of petty cash float shall be at the responsibility of a designated employee, and shall be kept in secure and safe place.
- 8.3.8 Payment out of petty cash should be authorised by the Director or the Chief of Section concerned.
- 8.3.9 Imprest system should be followed for the replenishment of the petty cash float. No request for replenishment shall be raised unless the petty cash float is depleted by 75% or more. Petty cash float shall not be replenished more than once in a month, unless approved by Directorate of Treasury at Ministry of Finance.

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8.3.10 All petty cash expenditure should be charged to the Petty Cash Expenditure account code allocated in the standard current budget classification.

Procedures for payment out of the petty cash:

8.3.11 The director or head of the section concerned shall sign the invoice or supporting voucher to evidence his authorisation and approval for payment.

8.3.12 After the petty cash invoice or supporting voucher is signed by the Director or Chief of Section concerned, the cashier shall allocate a serial number to every invoice or voucher and record details of the voucher in Form No. M0801 – Request for petty replenishment.

Procedures for petty cash replenishment:

8.3.13 When the total payments out of petty cash reaches 75% or more of the approved petty cash float, the cashier shall prepare Form No. MF0801 - Request for Petty Cash Replenishment - after it has been authorised by the Director concerned and send it with all relevant supporting documents to the Directorate of Human & Financial Resources in the government authority concerned, and retained the second copy (yellow) of Form No. MF0801 in a file for follow up.

8.3.14 The Directorate of Human & Financial Resources in the government authority concerned shall, on receipt of Form No. MF0801 and the relevant attachments, review, sign and send the Request for Petty Cash Replenishment -without relevant attachments- to the Directorate of Treasury in the Ministry of Finance for authorisation and replenishment.

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- Introduction:
- 8.4.1 This Subsection of The Standard Finance Manual covers the policy provisions and procedures for the treatment of cash received by government authority on behalf of other government authority.
- General Provisions:
- 8.4.2 Cash received by a government authority on behalf of another government authority shall be subject to the provisions and procedures specified in this Section of The Standard Finance Manual.
- 8.4.3 The receiving government authority shall deposit the cash received on behalf of another government authority in the bank account specified by the beneficiary government authority in coordination with the Directorate of Treasury at the Ministry of Finance in accordance with the provisions and procedures specified in this Subsection.
- 8.4.4 The receiving government authority shall advise the beneficiary government authority of the revenues, prepare and send Form No. MF0802 - Cash Statement to the beneficiary government authority together with the copies of the Cash Receipt Voucher, bank deposit slips and any other supporting documents.
- 8.4.5 The receiving government authority may advise the beneficiary government authority of the revenues collected on its behalf on monthly bases, if the collected revenues are shared and related to both of them.
- 8.4.6 The beneficiary government authority shall be responsible for preparing the relevant Revenue Vouchers and reconciliations and for the maintenance of the necessary registers in accordance with the existing procedures.
- 8.4.7 The receiving government authority shall be responsible for follow up procedures relating to the realisation of returned cheques according to the provisions and procedures in this section of the Standard Finance Manual.

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8.5.1 Introduction:
This Subsection of The Standard Finance Manual covers the policy provisions and procedures for the treatment of cash surpluses/ deficits government authorities.

8.5.2 Government Funds Deficits & Surpluses Register:
The government authority shall maintain a register for all deficits or surpluses in government funds, if needed, indicating details of payment voucher/cash receipt voucher number, deficit & surplus amount, amount recovered, amount deferred, amount exempted, and the relevant action taken. All erroneous payments and overpayments shall be recorded in the register.

8.5.3 Recover of overpayments or Erroneous Payment of Funds:
The government authority concerned shall take all possible steps and apply the procedures outlined in Subsection 7-8 of the Standard Finance Manual to recover all overpayments or erroneous payments.

8.5.4 The government authority shall deduct of erroneous payment or overpayment to the account code against which the correct payment should have been charged. Erroneous payments and receipts shall not be offset against each other.

8.5.5 Recovered amounts of erroneous payments/overpayments should be traded as revenue if it had been paid in a previous financial year and as a refund to the budget if it had been paid in the same financial year.

8.5.6 Deficits in Government Funds:
The employee concerned shall bear the full responsibility for any lost of government funds and financial violation resulted by the deficit in government funds.

8.5.7 Government authority concerned should investigate all government funds deficit cases, which caused by wrong attitude that happened by inattention, negligence, or dereliction, which result in an unjustified disbursement of government funds, or that happened because of theft, spoliation, fraud, falsification,

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- defalcation of government fund, or any financial violation detected by the government authority, as soon as it is discovered.
- 8.5.8 Government authority shall notify the Ministry of Finance of any negligent, theft, or any financial violation as soon as it is discovered, furthermore, they shall notify National Audit Court within seven days of the date of detecting the financial violation or the deficit in the government fund, about the investigation findings and the actions taken along with minutes of investigation and any other related documents.
- 8.5.9 The government authority concerned is not permitted to agree to drop legal action against the employee concerned against his undertaking to refund the lost funds in full.
- 8.5.10 Government authority shall coordinate with the National Audit Court to transfer the case to the concerned authority if there is criminal action whenever there is significant evidence for crime.
- 8.5.11 The punitive procedures stipulated in the Civil Service Regulations will be applied to any employee act or participate in financial violations.
- 8.5.12 The government authority could approve the repayment in installments of the deficit. However the recovery should commence not later than the beginning of the month immediately following that in which the approval has been given.
- 8.5.13 The government authority may, on the approval of the Directorate of Treasury at the Ministry of Finance and after considering the circumstances concerning the loss and the personnel record of the employee concerned and the value of the deficit, exempt the employee from partial or full repayment of the amount if the case was not resulted from negligent, dereliction, defalcation, or intended violation.

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Surpluses in Government Funds

- 8.5.14 Surplus in government funds is the increase in total funds collected by the government authority over total value of receipts related to these funds.

- 8.5.15 Government authority shall investigate the reasons for the surplus of government funds, and amend its records for any differences, and returned access funds received to their beneficiaries after taking their signatures as approve of receiving the amounts, according to procedures stated in – Return or Cancel Revenues - section 6 of the Standard Finance Manual.

- 8.5.16 If government authority could not figure out the reason of deficit, or could get to its beneficiary, shall deposit these funds in the consolidated bank account, and record them in a register specified for this purpose, which could be used as a reference to follow any future claims for these funds.

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- Introduction
- 8.6.1 These regulations contain the general provisions, responsibilities and procedures governing the acceptance of financial cards as a means for the collection of government funds.
- Definition of Financial Cards
- 8.6.2 For the purposes of these regulations, a financial card shall mean electronic payment cards approved by the Ministry of Finance as a means for the collection of government funds. These cards, hereinafter referred to as "financial cards", shall include credit cards and ATM cards issued by banks, local and international financial institutions.
- First: General Provisions
- 8.6.3 Government authorities may accept financial cards as a means for the collection of government funds.
- 8.6.4 Government authorities shall use the electronic equipment approved by the Directorate of Treasury at the Ministry of Finance for the collection of government funds by means of financial cards. The Directorate of Treasury may permit the use of non-electronic (manual) equipment whenever the nature and conditions of funds collection so require.
- 8.6.5 Electronic transfer of government funds collected by financial cards shall be made to the bank accounts designated for such purpose before the end of the working day on which the collection is made.
- 8.6.6 Financial documents related to the financial transactions and the details issued by the electronic equipment shall be considered essential in reviewing the correctness of the value of the government funds collected by financial cards.
- 8.6.7 With the approval of the Directorate of Treasury at the Ministry of Finance, the financial transactions not included in the state revenues, such as cash deposits and funds held in trust may be excluded.

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- Second: General Responsibilities of the Directorate of Administration and Finance of a Government Authority:
- 8.6. 8 Prior co-ordination with the Directorate of Treasury at the Ministry of Finance regarding the use of financial cards as a means for collecting government funds.
- 8.6. 9 Establishing and implementing financial and accounting and internal control procedures suitable for the nature of collecting government funds at the concerned directorates and sections of the government authorities, provided that such procedures shall observe the provisions and procedures stated herein, the Revenue Procedures (Section 6) and Cash Control Procedures (Section 8) of the Standard Finance Manual.
- 8.6. 10 Reviewing all financial transactions made by the designated personnel by means of financial cards to verify that they are correct and that the provisions and procedures of these regulations have been observed, and ensure that they have been performed in accordance with the instructions issued by the approved bank and contained in the operation manual of the financial card collection machine.
- 8.6. 11 The controls over the electronic financial card machines are based on the following procedures and precautions:
- The registration, in a list or permanent record kept specially for such purpose, of the details of the electronic machine and the details of their locations and the personnel authorized to use them.
 - Establishing appropriate precaution procedures to keep the electronic machine and the documents thereof in a safe condition and prevent the misuse thereof.
 - Not to allow the moving or changing of such electronic machine without prior permission from the Directorate of Treasury at the Ministry of Finance and the approved bank.
 - Not to allow the use of such electronic machine for any purpose other than the purposes designated therefore.
 - Not to allow the use or operation of the electronic machine by unauthorized personnel.

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- To notify the bank immediately of any fault in the electronic machine.

Third: General Responsibilities of the Directorate of Treasury at the Ministry of Finance:

- 8.6.12 Giving approvals for government authorities to accept financial cards as a means for the collection of government funds.
- 8.6.13 Specifying the types of financial cards which may be accepted by government authorities as a means for the collection of government monies.
- 8.6.14 Negotiating, entering into agreements and establishing the necessary procedures and arrangements with banks and financial institutions regarding the acceptance of financial cards issued by them for the collection of government funds.
- 8.6.15 Ensuring that the control procedures used in the government authorities for the collection of government funds by using financial cards are efficient and safe.
- 8.6.16 Reviewing the documents of government funds collection by means of financial cards to ensure that the received amounts and the amounts transferred to bank accounts are correct.
- 8.6.17 Keeping a register for all the electronic machine used for collecting government funds by means of financial cards. Such register shall contain the following information:
- Telephone number
 - The serial number of the machine
 - Details of the bank account to which received funds are transferred
 - Details of the equipment location
 - Any other necessary details

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8.6.18 Fourth: Commission on the Collection of Funds Through Financial Cards

The bank shall transfer to the account of the concerned government authority the funds collected by financial without discounting any collection commissions.

8.6.19 The Directorate of Treasury shall pay to the banks the due collection commissions (according to the agreed discount rates) separately from the government authorities revenue accounts. The paid commissions shall be treated as general expenditure and shall be recorded in a separate item designated specially for this purpose in the general expenditures budget.

8.6.20 Fifth: Procedures of Government Funds Collection by Using Financial Cards

The instructions contained in the operating manual issued by the bank approved for the use of electronic financial cards to collect government funds shall be followed according to the following steps:

- Inserting the financial card in the electronic machine according to the instructions contained in the operating manual.
- Inserting the financial card in the cashier's cash collection machine (if any).
- Entering the transaction amount in the financial card electronic machine.
- The holder of the financial card shall, depending upon the type and requirements of the financial card, sign the receipt printed by the machine or enter the password or PIN number (if required) by using the connected terminal.
- Verifying the signature of the financial card holder against the receipt, signature or photo (if any) shown on the financial card to verify the identity of the card holder.
- The card holder shall be given a copy of the receipt and the original copy shall be retained and attached to the transaction documents.
- A detailed statement showing all the transactions performed by the electronic machine shall be printed and verified against the copies of the receipts.

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- Transferring the amounts by means of the electronic collection machine to the designated bank account by the end of the working day on which the collection is performed.

Sixth: Procedures for the Settlement of Financial Transactions Amounts by Telephone

The following procedures shall be followed upon the government financial transaction value across the telephone by using financial cards:

- 1- The government authority shall designate a form for recording the settlement details of government financial transactions value effected by financial cards. The details which are necessary and appropriate to the nature of its financial transactions shall be recorded, provided that the filling in of such forms shall include the following details as a minimum:
 - Recording the caller's name, his CPR number and his financial card number
 - Recording the type and number of transaction or the invoice number and value
 - Recording the validity date of the financial card
 - Recording the card holder's telephone number, so that he may be contacted in the case of inability to insert the card in the electronic machine or the non-acceptance of the financial card.
 - Recording any other details the government authority may deem necessary for the nature of its transactions.
- 2- A transaction shall be recorded in the electronic machine according to the following steps:
 - The financial card will be inserted in the electronic machine according to instructions contained in the operating manual.
 - The amount required for settlement will be entered in the electronic machine.
 - The receipt obtained from the electronic machine should be attached to the said form of details.
 - The card holder should be notified of the amount discounted from his account by sending him the receipt or entering the amount in the monthly invoices or statements of accounts or by any appropriate means.

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- 8.6.22 Seventh: Financial Documents and Electronic Equipment Outputs:
After giving the financial card holder a copy of the receipt obtained from the electronic card machine, the original copy of the receipt should be attached to the transaction documents which are kept by the concerned government authority and should be stamped showing that the transaction value has been received and stating the type of the financial card used in the transaction.
- 8.6.23 The cashier shall register the amounts collected by means of financial cards in the cash list and shall attach thereto the details issued by the electronic machine at the end of the day.
- 8.6.24 After verifying that the printouts of the electronic equipment are identical to the deposited amounts recorded in the bank's statement of accounts, the revenues document must be prepared and the funds collected by means of the electronic machine, in addition to any other revenues, must be indicated in the document. This document, together with the other supporting documents, must be sent to the Directorate of Treasury at the Ministry of Finance to review them and record the revenues on the standard classification items of the general budget.
- 8.6.25 For control purposes, the government authority shall keep all the documents and computer printouts, together with all the enclosures for no less than two years starting from the beginning of the financial year following the year in which the work ended.
- 8.6.26 Eighth: Procedures for Refunding Received Government Monies
The accountant in charge in the government authority shall review the refund application for the funds collected by financial cards to ensure that the transaction is correct, the government authority has received the amounts that should be refunded, the documents are correct, and that the reasons for refunding the funds are correct.
- 8.6.27 The accountant shall prepare a revenue refund requisition - Form No. MF 0602 - to the value of the amount due to be refunded. The requisition must be approved by the Director of Human & Financial Resources or his equivalent.

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8.6.28 Refunded government funds shall be paid by the cashier from the daily revenue if the refunded amount is not more than 50 dinars (and the Directorate of Treasury at the Ministry of Finance may change the limit of such amount with the government authorities whenever circumstances so require).

8.6.29 If the refund amount is increased to become more than the amount fixed in the above paragraph, the refund application shall be sent, accompanied by the supporting documents, to the Directorate of Treasury which will finalize the procedures for refunding the amount by using of any payment method it deems fit.

8.6.30 The accountant in charge shall attach the application of refunding the government funds collected by financial cards and a copy of the cash receipt; upon sending it to the Directorate of Treasury at the Ministry of Finance.

Ninth: Procedures for Refunding Deposits

8.6.31 The accountant in charge at the government authority shall, after ensuring that the required documents are complete, the purpose for the deposit amount has expired, and that the procedures required for the transaction have been completed, make a set-off between the received deposit and the amount due for the transaction performed by financial cards and shall make a settlement by receiving the difference and refunding the surplus amount in accordance with the refund procedures mentioned above.

8.6.32 The concerned government authority shall coordinate with the Directorate of Treasury regarding the processing of the bank's commission for the refunded deposit amounts.

Tenth: Settlement Procedures for Government Authorities

8.6.33 The accountant in charge at the government authority shall make settlements and ensure that the entries in the printouts of the financial card electronic machine are identical to the details generated by the cashiers' computer at the end of the day. He shall also get monthly details from the electronic machine for the purposes of monthly reconciliation and auditing.

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- 8.6.34 After receiving the bank's statement of account for the funds received by means of financial cards, the accountant in charge shall verify it one by one and regularly against the manual or computer daily statement, as the case may be, and ensure that all the money collected by means of financial cards have been posted to the appropriate bank account within the specified period. He shall prepare a reconciliation statement to verify the amounts collected for each type of cards and shall settle the differences (if any) one by one and shall testify that transactions are correct.
- 8.6.35 The government authority shall prepare a monthly statement of the funds collected for each type of cards alone and send a reconciliation statement (if any) to the Directorate of Treasury at the Ministry of Finance.
- 8.6.36 The accountant in charge shall follow-up the settlement of suspended differences (if any), prepare a follow-up statement and send it to the Director of Human & Financial Resources to approve and follow-up the settlement of suspended differences.

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MANAGEMENT OF GENERAL GOVERNMENT ACCOUNTS	PAGE NO.	1 OF 2
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	IMPLEMENTATION DATE	1/2/1994

- 9.1.1 Introduction
This Sub-Section of the Standard Finance Manual contains the general provisions for the management of general government accounts with banks which are subject to the supervision of the Ministry of Finance.
- 9.1.2 Definitions
General government accounts are the principal accounts in which all the revenues of the State's general budget are deposited for financing the accounts of expenditure, commitments of the general budget (recurrent and projects), investment accounts and other government central accounts which are subject to the management and supervision of the Ministry of Finance.
- 9.1.3 General Provisions
The Ministry of Finance shall supervise all the general government accounts, control the balances of such accounts and transfer them to ensure achieving the maximum possible investment revenue in the form of returns on the balances of general government accounts.
- 9.1.4
The Ministry of Finance shall, within the general government accounts, manage the general account of government revenues in which all the State's general budget revenues are deposited. It will also manage the general expenditure account from which all government expenses are taken in accordance with the chapters and classifications of the State's general budget.
- 9.1.5
The government authorities shall deposit the collected funds in the revenues government account at the bank, and non-government authorities may not do so except after obtaining the permission of the Ministry of Finance for so doing.
- 9.1.6
The authority of money withdrawal from government accounts at the banks shall be vested only in the Minister of Finance and National Economy or the official who acts on his behalf. Such authority may be delegated in accordance with the provisions of these regulations and the attached chart of authority levels.

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- 9.1.7 All financial and accounting documents shall be subject to revision by the concerned officials to ensure that they are correct before referring them for approval by the authorized functions.
- 9.1.8 As part of its responsibility in the management of government accounts, the Ministry of Finance shall perform the monthly reconciliations between the records maintained and the bank statements at the end of each day, week or at the end of each month, as the case may be. It shall also ensure that all the revenues deposited with the bank have been recorded by the bank during the same month. It shall prepare a reconciliation statement to reconcile the balances and shall adjust the differences (if any).
- 9.1.9 No government authority, except the Ministry of Finance, may enter into any direct correspondence with any bank concerning general government accounts or financial transfers. However, such thing may be allowed upon the permission of the Ministry of Finance with regard to certain financial transactions, as the case may be. The autonomous accounts of government referred in Sub-Section 9-2 of these Regulations shall be excluded.
- 9.1.10 Government authorities may open their own accounts only in exceptional cases permitted by the Ministry of Finance and for specific purposes required by the nature of work at such government authority. The provisions of Sub-Section 9-2 hereof shall apply to all autonomous accounts.

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- 9.2.1 Introduction
These Regulations contain the general provisions for controlling the autonomous accounts, which have special nature, and opened with banks for specific purposes with the permission of the Ministry of Finance.
- 9.2.2 Definitions
Autonomous accounts are the accounts opened in banks by government authorities by virtue of a permission from the Ministry of Finance. They are financed by sources which are outside the State's general budget. The funds held in these accounts must be used for the purposes specified for them and in a manner which suits their nature. Any deficit in the funds of such accounts constitutes a financial obligation borne by the government because they are held by government authorities and are subject to their direct supervision.
- 9.2.3 General Provisions
Government authorities may open their own accounts only after obtaining permission from the Ministry of Finance. Such accounts may be opened only on a limited basis and by virtue of strong justifications required by the nature of work at the concerned government authority.
- 9.2.4
The authority to withdraw funds from special nature autonomous accounts shall be in accordance with the authority levels schedule and the provisions of these Regulations.
- 9.2.5
Within the authority limits specified in these Regulations, the concerned minister or the official in his level shall issue an order concerning the delegation of the authority to sign cheques, payment documents and outside requisitions for payment from the special nature autonomous accounts.
- 9.2.6
The function of receiving and depositing funds and the function of keeping cash in trust or keeping accounting registers should be separated.
- 9.2.7
All financial and accounting documents must be reviewed by the personnel in charge to ensure that they are correct before referring the authorized functions for approval.

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9.2.8 The Directorate of Treasury at the Ministry of Finance, shall be notified of any amendments in the names of persons who have the authority of approving expenses or the limits of their authorities.

9.2.9 No amounts of funds may be spent for any purposes other than those specified for them. In the case of any violations, the violating person shall be subject to questioning and investigation of the matter, as the case may be.

9.2.10 Every official authorized to sign by virtue of these Regulations shall be responsible for the implementation of these Regulations according to each one's level and authority. These officials shall inform the relevant minister and Directorate of Audit at the Ministry of Finance of any financial violations or irregularities. Officials who have the authorities shall, each in their respective capacity, be subject to questioning, if any irregularities or financial violations occur or if they are the cause thereof. The civil service rules shall be applied and the case shall be investigated, as the case may be.

9.2.11 All the special nature autonomous accounts shall be subject to regular government auditing. They shall be included within the government annual auditing plan. Government authorities which manage such accounts shall provide the auditors with all the required information, including accounting registers, financial documents and bank statements. Auditors may contact banks to get any details related to such accounts.

9.2.12 Transitional Provisions for the Implementation of the Regulations
These regulations shall apply to all autonomous bank accounts whether they are opened by permission from the Ministry of Finance or managed by government authorities.

9.2.13 Documents and financial registers herein provided for shall be kept with effect from the beginning of January 1994.

9.2.14 The Directorate of Treasury at the Ministry of Finance shall be notified of the autonomous bank accounts and shall be given a list of the persons authorized to sign.

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- Procedures of Opening Autonomous Bank Accounts
- 9.2.15 A government authority whose activities require the opening of an autonomous bank account shall send an application to the Ministry of Finance, using the form No. MF0901 - Application Form for Opening/ Closing a Bank Account. The form should include the following:
- Name proposed for the account.
 - Purpose for opening the account.
 - Justification for opening the account.
 - The form shall be approved by the concerned minister or the official acting on his behalf.
- 9.2.16 Government authorities must use national and local banks, and the bank account name should be suitable to the purpose for which the account is opened. No official bank account may be given a personal name.
- 9.2.17 The Head of the Recurrent Payments at the Ministry of Finance shall keep a register of all autonomous government bank accounts with a special nature by virtue of his responsibilities. Such register should contain the necessary information such as the type of account, its purpose and the level of authority.
- 9.2.18 A government authority that has a permission to open a bank account is not in any case allowed to have an overdraft facility.
- 9.2.19 The concerned government authority shall co-ordinate with the Directorate of Treasury at the Ministry of Finance, regarding the investment of surpluses in autonomous bank accounts, and the amounts that should be available to meet work requirements.
- 9.2.20 Interest collected on the special nature autonomous accounts shall be deposited in the State's general revenues account.
- Signing of Cheques
- 9.2.21 Cheques must be signed jointly by two officials authorized to sign, one of whom should be the director of the concerned directorate.

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9.2.22 Cheques may be signed individually by the minister or the undersecretary or the official acting on their behalf.

9.2.23 The issued cheque should be crossed generally or specially in the name of the beneficiary authority (to the beneficiary's account only).

9.2.24 Closing of Autonomous Bank Accounts

Upon the closing of an autonomous bank account, the concerned government authority must ensure that the following procedures have been observed:

1. Performing a complete verification of the bank account
2. Making arrangements for the transfer of all the funds deposited in the account (including the value of the expired cheques and their dates). An amount which covers the value of the issued cheques which have not yet been presented for payment should be retained.
3. Ensuring that the transferred credit amounts have been registered in the appropriate accounts.
4. Ensuring that the account is completely liquidated and the balance is zero.
5. Listing the unused cheques and reconciling them before they are destroyed.
6. All documents and account registers should be kept in accordance with the policy of keeping documents (according to Section 24 of the Standard Finance Manual).
7. The above procedures should be written down in the register of autonomous bank accounts, which should be updated by every new information.
8. Notifying the Directorate of Treasury at the Ministry of Finance officially of the closing of the account by using the Account Closing Application.

9.2.25 Registers and Financial Documents

Documents, registers, entry procedure, accounts and financial statements are main elements in the accounting system.

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- 9.2.26 The following documents shall be kept as a proof of the paid and received cash, and the actual received and paid amounts shall be recorded therein.
1. Receipt voucher No. - Form 08/1
 2. Treasury statement - Form No. MF802
 3. Payment voucher - Form 2
 4. Receipt/payment voucher - Form 3/86
 5. Bank account reconciliation statement / Form No MF0902
- 9.2.27 The government authorities which hold an autonomous bank account shall keep the aforementioned registers and documents, and shall, within the general framework specified herein, add whatever they deem fit for the nature of their activities.
- 9.2.28 Receipts and payment vouchers must be given preprinted serial numbers.
- 9.2.29 Receipts and payment vouchers must be in sequential order, and issue the payment vouchers in each pad must be used in sequential order.
- 9.2.30 If a receipt or payment voucher is cancelled for any reason, all the copies must be endorsed with the word "Cancelled" and kept on special files in the order of their serial numbers.
- 9.2.31 The accountant in charge shall be responsible for supervising the use and filling in of the designated registers and forms according to the instructions and procedures specified therefor and according to their serial numbers. He shall also ensure that they are maintained in such a good condition as to allow for their auditing at any time.
- 9.2.32 The accountant in charge shall inform the Director of Human & Financial Resources at the concerned ministry of the loss of receipts, payment vouchers or cheques. He shall explain the circumstances leading to their loss and take immediate procedures for canceling the lost documents.
- Control on receipts
- 9.2.33 An official receipt voucher must be issued for each received sum of money, whatever its value is, by using the form No. MF08/01.

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9.2.34 The actual received cash should be registered on the form No. 3/86 - Payment / receipt voucher. The function of preparing payment vouchers and invoices should be separated from the function of receiving and maintaining money.

9.2.35 Received cash should be registered according to the purposes designated therefore on the form No. MF 0802 - Treasury Statement.

9.2.36 The accountant in charge should check the treasury statement daily and endorse it with words meaning that it has been checked.

9.2.37 The received cash must be deposited in the bank account designated for it on the day on which it is received or by the end of the day which follows the day on which it is received.

9.2.38 The accountant in charge must check receipts and the notices showing payment to the bank against the treasury statement. He must ensure that there is no discrepancy and that the money has been actually deposited with the bank.

Control on Payments

9.2.39 A payment receipt must be issued for each sum of money spent or returned to the beneficiary as a payable deposit.

9.2.40 Expenditures must be registered and the function of preparing the payment document must be separated from the function of registering expenditures in the paid and received cash statement - Form No. 3/86.

9.2.41 Money shall only be spent in the specified areas and for the designated purposes or for returning amounts of money actually received.

9.2.42 The accountant in charge must check payment documents and ensure that the procedures of preparing the document have been completed according to the procedures mentioned in paragraphs 9-2-44 and 9-2-45 of this Section.

9.2.43 All supporting documents must be stamped with a stamp of the government authority stating that the value thereof has been paid.

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- 9-2-44 Procedures of Preparing Payment Vouchers
The authority which issued the payment order or the authority requesting payment shall prepare the payment voucher indicating the following details thereon:
- Name and address of the person due to receive the amount.
 - The amount to be paid, in figures and words.
 - Details of receipts (if any) - number, date, amount, etc.
 - The document must be signed by both the authority requesting payment and the official who prepared the voucher.
- 9-2-45
The accountant in charge shall check the voucher and verify it against the registers, especially the following points:
- Ensuring that the said receipts (if any) are correct, and verifying their total amount against the payable amount.
 - The voucher must be signed by both the official who prepared the voucher and the official who checked it. It must also be approved by the Director of Human & Financial Resources at the concerned ministry.
 - Checking the identity card of the beneficiary and filling in the relevant information. A beneficiary is the person who receives the money, or his attorney.
 - The recipient or his attorney must sign the payment voucher.
- 9-2-46 Basis of reconciliations
The accountant in charge should compare his entries against the bank's entries once at the end of the day, weekly or at the end of each month, according to the circumstances and the movement of the account. Upon performing the comparison, he should verify that all the received amounts deposited in the bank and all the withdrawals issued on the bank during the month have been registered by the bank during the same month. Otherwise, he should prepare a reconciliation statement to compare the balance in his registers and the balance in the bank's registers.
- 9-2-47
The accountant in charge should follow-up the outstanding items and reconcile them during the following month. He should also prepare the follow-up statement and send it the Director of Human & Financial Resources at the concerned ministry to approve it and follow up the outstanding items listed in the reconciliations.

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Role of the Directorate of Human & Financial Resources at the Government Authority

The Directorate of Human & Financial Resources at the government authorities shall have the following responsibilities:

- To keep the unused cheques and receipts and unused payment vouchers held in trust in the order of their serial numbers in a safe place and register them in a special register. No one other than the persons responsible directly for the same may be allowed to use them. New documents may be issued only when they are actually required and after ensuring that the old stock has run out.
- To ensure that all the precautionary procedures required for safeguarding the monies and their relevant documents in order to prevent manipulation, forgery or embezzlement.
- To receive a copy of the bank statement and reconciliation statement, verify the accounts against the outstanding items regularly every month, and endorse them with words stating that such documents are correct.

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AUTHORITY LEVELS

Description	The Minister		Undersecretary		Ass-Undersecretary		Director		Section Head		Signature
	From	To	From	To	From	To	From	To	From	To	
-Signing Cheques	10,000	(+) And Up	Up To	(+) 10,000	Up To	(*) 10,000	Up To	(*) 10,000	Up To	(*) 5,000	(+) Indiv / Joint (*)
-Payment voucher	-	-	-	-	10,000	And Up	Up To	10,000	Up To	5,000	Individual
-Request for irrevocable documentary credit	-	-	-	-	10,000	And Up	Up To	10,000	Up To	-	Individual
-Revenue Voucher	-	-	-	-	-	-	10,000	And Up	Up To	10,000	Individual

NOTICE:-

1. Cheques should be signed by joint signature of two authorised persons as per the level of authority specified above.
2. The Minister or the Undersecretary may sign cheques individually as per the level of authority specified above.
3. Revenue and payments vouchers and irrevocable documentary credit should be authorised by the Assistant Undersecretary or Director or Section Head as per their individual level of authority.

FINANCIAL RECORDS AND DOCUMENTS

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No	DOCUMENTS	PURPOSES	PREP	APPROVAL	COPIES	CLIENT	ACCOUNTS	FILING
08/1	Receipt Voucher	To record all types of receipts without exception	Accounts	Per Authority Level	3	1	1	1
802	Cash Statement	To record transactions of daily receipts, bank deposits and the balance	Accounts	Director of Human & Financial Resources	2		1	1
2-93	Payment Voucher	To record all payments without exception	Accounts	Per Authority Level	2		1	1
3-86	Payments / Receipts Statement	To record daily transactions of actual payments and receipts, bank deposits and the daily balance statement	Accounts	Director Of Finance & Administration	2		1	1
902	Bank Reconciliation Statement	To agree the bank balance in the accounting records with the bank statement	Accounts	Director of Human & Financial Resources	2		1	1

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- 10.1.1 Introduction
This section of the Standard Finance Manual contains the general provisions and the procedures related to Inter-Ministry financial transactions.
- 10.1.2 General Provisions
The Minister of Finance will specify the materials, services and works which may be requested only from certain government authorities responsible for preparing such materials or services to other government authorities by virtue of the powers and functions granted to them.
- 10.1.3
The purchase methods specified by the purchasing systems do not apply to the receiving government authority when it requests goods or services from the supplying government authority. The supplying government authority should abide by the rules and procedures of purchase (i.e. to obtain three purchase offers when the value of which exceeds BD 3,000 or putting the purchases on a public tender if their value is BD 10,000 or more) when it orders goods or services from suppliers or when it orders the suppliers to satisfy the requirements of the receiving government authority.
- 10.1.4
The receiving government authority should get a prior approval from the competent government authority if such approval is so required by the Standard Financial Manual before ordering the goods or services from the supplying government authority.
- 10.1.5
The receiving government authority should use the "Purchasing System" and the "Accounts Payable System" of the (CFS) based on the Oracle system for issuing purchase orders of goods or services from the supplying government authority and processing its payments in accordance with the procedures specified by the "User Manual" of the Purchasing System and the Accounts Payable System. No systems or documents may be used other than the documents approved within these two systems without the approval of the Directorate of Accounting at Ministry of Finance.

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10.1.6 The supplying government authority should not accept the purchase order unless it is issued from the Oracle Purchasing System, if it violates the effective rules and regulations, or if the purchase order amount is not enough for the services or required materials.

10.1.7 The supplying government authority should send materials or services invoices to the receiving government authority without delay after the delivery of materials or the performance of the required services, and the invoice should be sent no later than one month from the date on which the materials or services have been accepted by the receiving government authority.

10.1.8 The supplying government authority determines the selling price of materials or services supplied by it. In the course of determining the prices, they should be commensurate with the cost of purchase or performance and the prices of similar goods and services on the market.

10.1.9 The supplying government authority should be highly competent in providing the goods or performing the required services so as to guarantee the quality of the supplied materials or the performed services and their conformity to the recognised specifications and conditions and the prices agreed upon as part of the purchase order.

10.1.10 The receiving government authority should, when it has any periodic recurrent financial transaction with any other supplying government authority (such as the purchase costs of water and electricity), estimate the monthly or periodic costs of such materials or services and register their value in advance as commitments on the provisions designated for such purpose in the budget, for providing the amounts required to make the payments on the date of maturity.

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10.1.11 The Directorate of Budget and the Directorate of Projects at the Ministry of Finance, each in its respective capacity, may deduct or withhold any amounts from the receiving government authority's budget to meet any future or delayed amounts payable to any supplying government authority. The receiving government authority should be notified immediately after making the deduction or withholding of the details of amounts or accounts from which the deduction or withholding has been made and their justifications.

Processing Inter-Ministry Payment Transactions

10.1.12 No Inter-Ministry cash amounts may be paid, no cheques may be issued and no bank transfer may be made for the financial transactions performed between them, The value of such transaction should be entered in the General Ledger registers in the expenses account of the receiving government authority and the revenues account of the supplying government authority, or this may be recorded in the registers using any other suitable accounting process determined by the Directorate of Accounting at Ministry of Finance.

10.1.13 The following cases will be excluded from the provision of Paragraph 10.1.12 above:

1. Inter-Ministry financial transactions which do not occur frequently if their total value does not exceed BD 25 in a month. In such cases, the government authority requesting the goods or service may pay the value in cash from the petty cash expenses advance amount.
2. Any exceptional cases in which the nature of the transaction necessitates the registration of expenses or revenues in accounts not listed under the classifications of the State budget items, provided that an approval for such cases is obtained from the Directorate of Treasury at Ministry of Finance.

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10.1.14 Settlement of Inter-Ministry Financial Transactions Disputes
All disputes arising from Inter-Ministry financial transactions should be settled within one month from the date of receiving the invoice by agreement between the supplying and receiving authority. If the receiving government authority does not object to the contents of the invoice during the said period, this will constitute an acceptance on its part of the contents and no objections will be considered after this period.

10.1.15 In cases where an Inter-Ministry agreement cannot be reached, the receiving or supplying government authority shall submit to the Directorate of Budget or the Directorate of Projects at Ministry of Finance, each in its respective capacity, an application for the settlement of the dispute, supported by the necessary documents within a period not exceeding two weeks from the period specified in Paragraph 10.1.14. The decision taken by the Directorate of Budget or the Directorate of Projects for the final solution of the dispute shall be binding to both parties.

10.1.16 Settlement Procedures of Inter- Ministry Financial Transactions
The following procedures should be followed for requesting Inter-Ministry materials or services and the settlement of the payable amounts resulting from them.

- 1 . The receiving government authority will prepare a purchase order or request for the materials or services from the supplying government authority using the Oracle Purchasing System.
2. The receiving government authority will approve the purchase order according to the authority levels specified in Section 15 of the Standard Finance Manual. The purchase order will be sent, with any other necessary documents, to the supplying government authority.
3. The supplying government authority will check that the purchase order details are correct and complete, and will provide the services or goods required.
4. The supplying government authority will deliver the goods or services to the receiving government authority by a delivery note signed by the employee in charge at the receiving

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government authority after receiving and accepting the goods or services. The receiving government authority will retain a copy of the delivery note and send a copy thereof to the supplying government authority.

5. The supplying government authority will issue an invoice for the value of the services or goods, and will prepare a Journal Entry Form - Form No. FMIS GL002 - containing the details of revenue accounts on which the value of the financial transaction and the account number of the receiving government authority will be recorded. The supplying government authority will send the invoice and the Journal Entry Form to the receiving government authority within a period not exceeding one month from the date of delivering the materials or performing the required services.
6. The receiving government authority will check that the invoice details and the Journal Entry Form are correct, and check them against the details of the purchase order and the delivery note. Then it will register the details of the invoice and approve the invoice for payment in the Accounts Payable System and file it with the supporting documents in a temporary file until the processing of the invoice value payment to the supplying government authority has been completed.
7. The receiving government authority will send only the following documents to the Directorate of Treasury at Ministry of Finance for the payment of the value of the materials or the services received from the supplying government authority:
 - a. Invoice Register Report containing the details of the group in which the government authority invoices are listed.
 - b. Journal Entry Form - Form No. FMIS GL002 prepared by the supplying government authority.
8. The Directorate of Treasury at the Ministry of Finance will review the received documents to check that their details are correct and complete. Then it will register and approve the invoices in the Accounts Payable System, stamp the documents with a stamp stating that the payment procedures, are complete and return it to the receiving government authority. A copy of the Journal Entry Form - Form No. FMIS GL002 - will be returned to the supplying ministry as an advice that the transaction entry procedures are complete.

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9. The receiving and supplying government authorities will check that the details have been processed correctly in the Accounts Payable System and the General Ledger 'in the Oracle system, and inform the Directorate of Treasury on a regular basis of any amendment or rectification to the details.
10. Both the receiving government authorities and the supplying government authority will retain any relevant documents supporting the transaction in accordance with the provisions for in Keeping Financial Forms System - Section 24 of the Standard Finance Manual.

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- 10.2.1 Introduction
This Sub-Section covers the procedures of paying the electricity, water and municipal bills owing by government authorities.
- 10.2.2 General provisions
The concerned government authority will determine the details of the authority or the administrative unit from which the electricity and water costs and municipal fees will be deducted, when the said authority applies to the Ministry of Power and Water to provide it with the services.
- 10.2.3
In cases where the cost of electricity and water calculated on various codes in the budget, the concerned government authority will distribute the cost on the appropriate budget codes when the invoice details are processed and registered in the Accounts Payable System.
- 10.2.4 Processing Procedures of the Electricity and Water
The Ministry of Power and Water shall prepare the following documents and send them to the concerned government authorities on the fixed dates for issuing the monthly bills:
- a. The detailed invoices set showing the electricity and water consumption and the municipal fees of the concerned government authorities. It will issue a monthly statement of three copies to each ministry showing the total of all the bills classified by the budget codes from which the costs will be deducted.
 - b. A Journal Entry Form - Form No. FMIS GL002 - containing the revenue details classified by the appropriate accounts items in the budget of the Ministry of Power and Water, and the debit account number of the receiving government authority.
- 10.2.5
The receiving government authority will check that the details of the bills and the Journal Entry Form are correct, and will register the details of the invoice and approve it for payment in the Accounts Payable System. Then, it will file the invoice and the

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supporting documents in a temporary file until the processing of the payment to the Ministry of Power and Water is completed.

10.2.6

The receiving government authority will send the following documents to the Directorate of Treasury at Ministry of Finance payment of the electricity and water bills issued by the Ministry of Power and Water:

- a. The Voucher Batch Input Form - Form No. FMIS AP002 - containing the details of the batch in which the electricity and water bills are listed.
- b. The invoices register (which can be extracted from the Accounts Payable System).
- c. A Journal Entry Form - Form No. FMIS GL002 - prepared by the Ministry of Power and Water.

10.2.7

The Directorate of Treasury at Ministry of Finance will review the received documents to check that the details contained therein are correct and complete. It will register and approve the bills in the Accounts Payable System and stamp the documents with a stamp stating that the payment procedures are complete. The documents will be returned to the receiving government authority, and a copy of the Journal Entry Form - Form No. FMIS GL002 - will be returned to the Ministry of Power and Water as a notice that the procedures of entering the transaction are complete.

10.2.8

Inter-Ministry disputes Arising from Financial Transactions

The procedures of processing Inter-Ministry disputes arising from financial transactions specified in Sub-Section 10.1 of the Standard Finance Manual shall apply to the processing of the disputes related to the payment of electricity and water bills.

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- 11.1.1 Introduction
This Sub-Section of the Standard Finance Manual covers the general provisions and the procedures of subsidies received by the ministries or government authorities, whether they are in cash or in kind, and whether from local or foreign parties.
- 11.1.2 Definition of Subsidies
They are cash or in-kind donations received from individuals or organisations (local or foreign), whether allocated for a particular purpose or to be used for general purposes.
- 11.1.3 General Provisions
First: Received Cash Subsidies
Ministries and government authorities should co-ordinate with the Directorate of Treasury at Ministry of Finance in respect of seeking or accepting cash subsidies .
- 11.1.4 All cash subsidies received by the ministries and government authorities should be subject to the cash control provisions and procedures in respect of receiving and safe-custody of funds, as specified in Section 8 of the Standard Finance Manual.
- 11.1.5 The Ministry or government authority receiving the cash subsidy must transfer it to the Bank account designated by Ministry of Finance and advise Ministry of Finance, in writing, accordingly, provided that the deposit advice must accompany the letter.
- 11.1.6 The beneficiary Ministry or government authority must spend the cash subsidy allocated for particular purposes for the purposes assigned therefore. In case there is a surplus in the cash amount after the purposes assigned thereof are fulfilled, no spending may be made from the surplus for other purposes before receiving the Ministry of Finance's prior approval.

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11.1.7 The Ministry or government authority may not dispose of the received cash subsidy by using it for general purposes before obtaining the prior approval of the Directorate of Budget at Ministry of Finance for the purposes for which the subsidy will be allocated.

11.1.8 The Ministry or government authority receiving the subsidy may not benefit from the cash subsidy allocated for a special purpose for which allocations have been made in the State budget. The prior approval of the Directorate of Budget at Ministry of Finance must be obtained for the other purposes on which the received cash subsidy will be spent.

11.1.9 All purchase and expenses from the cash subsidies must be governed by the provisions and procedures laid down in the Standard Finance Manual governing purchases and expenses.

11.1.10 The Directorate of Accounting at Ministry of Finance shall designate an account code in the General Ledger for each cash subsidy received by each Ministry or government authority. The amount of the received subsidy, and all payments made by debiting the subsidy, shall be entered into the account code designated by the Directorate of Accounting. The beneficiary Ministry of government authority may maintain any additional registers to control expenses from the received cash subsidies and reconcile the balances of the register with the monthly statement of accounts issued by Ministry of Finance.

11.1.11 Second: Received In-Kind Subsidies
Ministries and government authorities must refer to the Directorate of Budget at Ministry of Finance and co-ordinate with it in respect of receiving in-kind subsidies.

11.1.12 The Ministry or government authority receiving an in-kind

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- subsidy must inform Ministry of Finance forthwith, and the estimated value of the received subsidy must be specified in the advice. The assistance of specialised government agencies may be sought to determine the estimated value in cases requiring estimation.
- 11.1.13 The received in-kind subsidies should be subject to the provisions and procedures of the Fixed Assets Control System specified in Section 19 of the Standard Finance Manual if the in-kind subsidy can be listed under the definition of fixed assets specified in the said Section.
- 11.1.14 No Ministry or government authority may dispose, by sale or otherwise, of a received in-kind subsidy to which budget allocations have been made for its purchase, except after obtaining a prior approval from Ministry of Finance, which will do so after examining the said application and being satisfied with the justification contained in it.
- 11.1.15 Transitional Provisions
For the purpose of making the necessary coordination regarding the implementation of the general provisions provided for in this system, ministries and government authorities should provide the Directorate of Treasury and the Directorate of Budget at Ministry of Finance, each in its respective capacity, with a comprehensive statement containing all the details of the received cash and in-kind subsidies being used before the date of implementing these rules, whether designated for particular purposes or for use in general purposes.
- 11.1.16 Procedures of Receiving Subsidies
The beneficiary Ministry will receive the cash subsidies, issue a receipt and deposit the received amount in the bank account designated for this purpose in accordance with the provisions and procedures of Section 8 of the Standard Finance Manual, Cash Control System. The receiving Ministry shall, in the case of the in-kind subsidy governed by the provisions and procedures of the Fixed Assets Control System specified in

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Section 19 of the Standard Finance Manual by entering it in the fixed assets register.

11.1.17 The receiving Ministry shall notify the Directorate of Treasury at Ministry of Finance of the received cash subsidies and the Directorate of Budget of the received in-kind subsidies.

11.1.18 The Directorate of Accounting at Ministry of Finance shall, after receiving the cash subsidies advice, designate the expenses account code on account of the received subsidy, and the Directorate of Treasury shall perform the accounting entries required for entering the received subsidy in the General Ledger.

Procedures of Payment from the Cash Subsidies

11.1.19 The beneficiary Ministry from the cash subsidy shall pay from such subsidy in accordance with the provisions and procedures of Section 16 of the Standard Finance Manual, Purchases Systems

11.1.20 The beneficiary Ministry shall, after purchasing and receiving the invoice, prepare the payment voucher required for the payment of the invoice according to the provisions and procedures of Sub-Section 8-7 of the Standard Finance Manual, and will send the payment voucher and the supporting documents to the Directorate of Treasury at Ministry of Finance for approval and payment.

11.1.21 The Directorate of Treasury at Ministry of Finance shall, upon receiving the payment voucher, will review and approve it for payment. Then, it will return a copy of the payment voucher and the supporting documents to the concerned ministry. The Directorate of Accounting shall prepare the reports of subsidy

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payment at the end of each month and send them to the concerned ministries for follow-up purposes.

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- 11.4.1 **Introduction**
This Sub-Section of the Standard Finance Manual covers the general provisions and the procedures of payment of aids by Ministry of Social Development.
- 11.4.2 **Aids Definition**
Cash aids paid by Ministry of Social Development to condign families & individuals according to related laws and orders, with an exception of social security aids covered by Law no. (18) of 2006 regarding social security.
- 11.4.3 **General Provisions**
Minister of Social Development will issue orders to specify types of aids, conditions of payments and amounts paid to each condign category according to issued laws and orders.
- 11.4.4
A permanent committee or more as required shall be established by an order of the undersecretary of Ministry of Social Development of at least three members selected from relevant sections to revise aids applications and decide aid's amounts.
- 11.4.5
Case code is used as a reference for all aids forms and documents. Case code of the beneficiary who has been decided to stop obtaining any further amounts, shall not be re-used for another case.
- 11.4.6
Payment shall be paid to beneficiary or his entrust, and could be paid to an appointed agent by official order (form 1) authenticated at Ministry of Social Development.
- 11.4.7
Aids are paid within allocated yearly budget of Ministry of Social Development.
- 11.4.8 **Responsibilities of Directorate of Social Welfare at Ministry of Social Development:**
Receive and check applications and transfer the qualified one to concerned committee.
- 11.4.9
Re-study existing beneficiaries, and made required amendments to granted aids.

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11.4.10 Maintain a permanent file for each beneficiary including all information, copies of forms and documents and reports.

11.4.11 Send requests to all beneficiaries to update their data.

11.4.12 Keep separate register for each type of aids, containing beneficiaries' names, CPR, aid amounts, bank account numbers, and shall be updated regularly.

Receive and Execute Aids Application Procedures:

11.4.13 Aids applications is presented to Directorate of Social Welfare by filling the standard form designed for each aid type, and it should be attached with document specified by Directorate of Social Welfare .

11.4.14 Directorate of Social Welfare will check the applications and ensure that are completeness of all supporting documents.

11.4.15 Directorate of Social Welfare will (as required) made a site visit and makes a report of beneficiary case condition.

11.4.16 Directorate of Social Welfare shall check prepared report with database of CPR at Central Information Organization, and any other entities, to ensure correctness of applicant information.

11.4.17 Directorate of Social Welfare shall submit the report to concerned committee to take an action, and after that notify the applicant of the final decision.

11.4.18 Directorate of Social Welfare will add the data of accepted application to aids register.

Amend & Stopping Aids Procedures:

11.4.19 Procedures of para 11-4-15 to 11-4-17 will be applied in case of amending aids.

11.4.20 Directorate of Social Welfare shall amend or stop the aid in case of any reason requires that.

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11.4.21 Directorate of Social Welfare shall keep aids' monthly statements & monthly reconciliation statements for amounts not withdrawn for two months since they are transferred to suspend account. Beneficiary could withdraw his aid within this period, and he/she could not get the aid after that, unless Minister of Social Development decides another action.

11.4.22 Directorate of Social Welfare shall submit monthly reconciling statements of prescribed beneficiaries' amounts to Finance Resources Directorate, in order to process these amounts according to accounting standards determined by minister of finance.

11.4.23 **Payment procedures of Aids:**
 Directorate of Social Welfare shall prepare the following monthly statements for each bank:

- a. Aids monthly statement (form 2) containing beneficiaries' names, case code, account numbers, and amounts, and store these data by any suitable digital method, such as CDs.
- b. Monthly amendments & reconciliations statement (form 3).
- c. New aids statement (form 4).
- d. Beneficiaries' amount amendment statement (form 5).
- e. Transfer from bank account statement (form 6).
- f. Transfer to bank account statement (form 7).

11.4.24 Directorate of Social Welfare shall send statements specified in para 11-4-23, statement of new candidates and of other amendments on other cases to Financial Resources Directorate at Ministry of Social Development.

11.4.25 **Procedures of Financial Resources Directorate at Ministry of Social Development:**
 Check monthly aids payment statements and documents, including:

- a. Check new or amended aids data.
- b. Ensure completeness of supporting payment documents.
- c. Check transferred aids to & from bank accounts with transfer requests.

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11.4.26	<p>d. Reconcile current month payments with last month payment data, and new and amended & cancelled aids statements, and amounts transferred from bank account to another.</p> <p>e. Ensure sufficient budget for monthly deserved payments.</p> <p>Financial Resources Directorate at Ministry of Social Development shall send Invoice Register including the following statements of each bank to Directorate of Treasury at Ministry of Finance:</p> <p>a. Aids monthly statement (form 2) containing beneficiaries' names, case code, account numbers and the amounts and store such data by any electronic method, such as CDs.</p> <p>b. Monthly amendments & reconciliations statement (form 3).</p>
11.4.27	<p><u>Procedures of Directorate of Treasury at Ministry of Finance:</u></p> <p>Check the statements & their reconciliations to ensure correctness of monthly payments, and start transferring amounts to proper accounts according to payment procedures of Section 7 of the Standard Finance Manual.</p>

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- 14-5-1 **Introduction**
This sub-section includes, terms, provisions and regulatory procedures for financial transactions related to the implementation of the Prime Minister's decision No. (33) For the year 2012 on the report of Annuity Purchase Reward, in addition to other decisions and circulars related.
- 14-5-2 **Overall Policy**
Government entity may grants Annuity Purchase Reward to staff of government entities if an employee has spent fifteen years at least on actual service, taking in consideration that sufficient funds are available to afford buying the reward out of the concerned party budget, it also has to be in accordance with the terms and conditions specified in this system.
- 14-5-3 **Terms and provisions**
Permissions for granting reward
Government entities may buy annuity purchase for its employees who their services have been terminated from the date of 14 June 2012, the effective date of the Prime Minister's decision No. (33) for the year 2012 on the report of reward for annuity purchase, and in accordance with the rules and conditions set forth in this decision, as well as the instructions of the Civil Service Bureau no. (6) for the year 2012, on the rules and regulations of granting Annuity Purchase Reward for the staff of government entities.
- 14-5-4 **Calculating the cost of the reward**
The Social Insurance Organization is responsible for issuing and updating a circulate details of how to calculate the actual costs of Annuity Purchase Reward.
- 14-5-5 Actuarial costs do not count within the costs of Annuity Purchase Reward.
- 14-5-6 **Cover the cost of the reward budget:**
Each governmental entity shall, with each budget cycle, make an annual plan to finance the Annuity Purchase Reward of its budget.
- 14-5-7 Government entities are obliged to cover the cost of Annuity Purchase Reward out of their approved budget allocated to manpower expenses eligible for the reward, for the fiscal year in which those employees will retire, or of the total savings expected in the manpower expenses or of the total budget.

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14-5-8 Government entities must obtain approval of Directorate of Budget at Ministry of Finance on the availability of funds in its budget to cover the cost of granting Annuity Purchase Reward .

14-5-9 The cost of Annuity Purchase Reward shall be charged from the first chapter of the general budget under "reward for annuity purchase."

Annuity Purchase Reward application procedures:

14-5-10 The government entities shall start taking the procedures for granting Annuity Purchase Reward before the end of service of the employee candidate for the award, and that should be done in sufficient time allowing the completion of the procedures for granting the rewards at the end of his service, whenever possible, never the less it is not permissible in all circumstances to pay the value of the grant to the employee before the end of his actual service.

14-5-11 Government entities shall follow the following procedures to apply for annuity purchase reward for their employees:

1. The Social Insurance Organization issue a circulate showing the method of calculating the Annuity Purchase Reward and sent to all government entities.
2. The government entity shall follow the calculation method of the Social Insurance Organization in calculating the cost of b Annuity Purchase Reward for candidates' employees.
3. The government entity shall prepare the form "Request for Annuity Purchase "NO. MF1401 then it has to be approved by the concerned authority in the entity, and sent to Social Insurance Organization.
4. After confirmation of data and costs contained in the application form, the Social Insurance Organization ratifies the form "Request for Annuity Purchase," and returns it to the applicant government entity.
5. The government entity send the form " Request for Annuity Purchase" to the Directorate of Budget in the Ministry of Finance for ratification on the availability of funds necessary to cover the cost of Annuity Purchase Reward from the budget of the government entity.

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6. The Directorate of Budget reserves an amount equal to the cost of Annuity Purchase Reward from the budget of the requesting government entity.

7. The government entity Send the form "Request for Annuity Purchase ", along with a list of disciplinary sanctions against the officials concerned (if any), to the Civil Service Bureau to decide on the request and ratified after confirming that the request fulfills the applicable rules and regulations.

Procedures for paying the reward

14-5-12 Annuity Purchase Reward shall be paid according to the following procedures:

1. After obtaining the approval of the Civil Service Bureau, the government entity shall pass payments and sent to the Directorate of the Treasury, at Ministry of Finance with the form "Request for Annuity Purchase" No. MF1401.

2. Payments shall be processed in accordance with the provisions and procedures of the Payments system - Section 7 of the of the Standard Finance Manual, and then, Directorate of Treasury passes the payments to the Social Insurance Organization, or the staff concerned, based on what is shown in the following paragraph.

3. If the cost of granted annuity already paid (fully or partially) by the eligible employee, the Directorate of Treasury, at Ministry of Finance shall repay him the paid amount for the granted period, after confirming the documents attesting the payment.

14-5-13 The employee who purchased annuity purchase at his own expense deserves to be compensated, within the period due to him under the Annuity Purchase Reward granted to him, and at the same amount he already paid to the Social Insurance Organization. No compensates is allowed for duration in excess of the years specified under the granted Annuity Purchase Reward.

Auditing and reporting:

14-5-14 The competent department in government entity prepare a quarterly reports on cases of buy reward for annuity purchase, and send these reports to Directorate of Audit and follow-up at the Ministry of Finance to

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control and audit purposes, those reports must include a minimum requirements of the following:

- A. Number of employees eligible for the reward, to buy annuity purchase.
- B. Availability conditions that allow buying annuity purchase for each employee.
- C. The period of annuity purchase for each employee.
- D. The cost of buying annuity purchase for each employee was awarded with the reward to buy an annuity purchase.
- E. Any other reports required by the competent departments in the Ministry of Finance.

14-5-15 The Directorate of Audit and follow-up at the Ministry of Finance follow up financial irregularities that are monitored through follow-up reports of periodic sent from ministries and government entities, and handled in accordance with the provisions of the Prime Minister's Decree No. (25) of the year 2012 on controls financial transactions of ministries and government entities.

14-5-16 In all cases of financial irregularities and procedural this system, the Ministry of Finance follow special procedures to correct the situation and irregularities as provided for in legislation and regulations in force.

Documentary flow to a purchase order for the annuity purchase

14-5-17 The form "Purchase Order for annuity purchase " No. MF1401 must be used as documentary flow shown in Figure 14.1.

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16.3.1 Introduction
This Subsection of The Standard Finance Manual covers the terms that should be considered while spending on consumables for offices.

16.3.2 General Rules:
Government entities must consider to be committed to the economical rules along with the optimum usage while spending on consumables for offices, particularly in the following: -

1. Making sure that the specifications of consumables for offices fit with the nature and requirements of current and future usage ,along with optimum usage standards for materials and power issued by the concerned government entities.
2. Reducing expenses of consumables for offices by gathering annual needs and put it in a public tender ,in order to obtain the most competitive prices ,whenever it's possible.
3. Kerning the quantities that are dispensed to staff to meet their actual needs in order to perform their jobs and according to job nature.
4. Supervising on the usage of consumables for offices.

16.3.3 Office supplies:
Government entities must ensure the simplicity in the chosen materials and shall not exaggerate in the artistic standards, as well as focusing on the quality of the materials.

16.3.4 Unifying shapes ,colores and standards of all materials used by all ministry or government agency staff.

16.3.5 Official correspondence papers:
Government entities should consider the simplicity in designing the papers and envelopes used in the official correspondence.

16.3.6 unifying colour, size and weight of the paper used in official correspondence as well as the colours used in printing, and the positioning of data displayed on that papers, as follows:

1. White paper size A4, with maximum weight of 100g/m2 must be used.
2. Print the Kingdom of Bahrain logo in red and black on the

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- center of the paper header.
3. Print “kingdom of Bahrain” along with the “Government entity” and “Directorate” names in Arabic with black color on the right side, and in English on the left side of the paper header.
 4. Print at the footer of the paper all contact numbers (Fax, P.O. Box No) and email address the government entity in both English and Arabic with Black color.
- 16.3.7 Unifying Correspondence envelopes specifications for the usage for outside government entity, as follows:
1. Use envelopes with white colour only.
 2. Print the Kingdom of Bahrain logo at the center of the envelope with Red and Black colores.
 3. Print “Kingdom of Bahrain" along with the “Government Entity” names in Arabic on the right side, and in English on the left side of the envelope.
 4. Print at the footer of the envelop, all contact numbers (Fax, P.O. Box No) and e-mail address of the government entity in both English and Arabic with Black color.
- 16.3.8 For internal correspondence, specific type of envelopes must be used as per the following:
1. Multi-usage envelopes must be used which can be sealed and reopen without glow.
 2. Print the Kingdom of Bahrain logo in red and black on the top center of the envelop.
 3. Print "Kingdom of Bahrain" along with the “Government entity” names in Arabic on the right side, and in English on the left side of the envelope.
 4. Both sides of the envelope should be sectioned in to have enough space for correspondence record details such as (Sender/Received names, Date).
- 16.3.9 Use e-mail in the internal correspondence within the Government entity whenever possible.
- 16.3.10 Only envelopes should be used in the government correspondence to carry on the letters without any plastic or paper packages.

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16.3.11 The above correspondence specifications are mandatory and must be implemented once the current envelopes are consumed.

Printing notebooks and annual calendars:

16.3.12 Printing private notebooks or notepapers bearing logo or name of the ministry or government agency, whether on the cover or writing papers, is strictly not allowed, except for the following:.

1. Notebooks and papers used in the meetings of the Cabinet and its committees.
2. Notebooks and writing memos that are printed for the purpose of distributions on the conferences, seminars or international level meetings.

16.3.13 Ministries and government entities are not allowed to print any type of annual calendar except the calendar that being printed by the Information Affairs Authority and praying, that is being printed by the Ministry of Justice and Islamic Affairs and Awqaaf.

Greeting cards:

16.3.14 Printing or purchasing of greeting cards is strictly not allowed. Instead, Government entity may use electronic card designed by the IT Directorate at the Government entity.

Business cards:

16.3.15 Business cards are provided for employees in the Section-Head level and above only.

16.3.16 Business cards can be granted for lower positions employees upon the nature of the job with their director's approval.

16.3.17 Business cards must be white color with weight of 300 g/m2 maximum.

16.3.18 Kingdom of Bahrain logo must be printed in red and black colores on the business cards along with the "Kingdom of Bahrain", "Ministry "name, and "Employee" name and details in black color, on both sides of the card without any added decorative colores or designs.

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- 16.11.1 Introduction
This Subsection of The Standard Finance Manual covers policies of motor vehicles lease for official use and procedures for the control over the use, repair, maintenance and purchase & consumption of fuel.
- 16.11.2 Definitions:
a- Government motor vehicle:
Motors vehicles owned by the government authority and leased from private sector.
b- Long lease:
Lease of motor vehicles for more than six months, to be used for official use by the government authority.
c- Temporary lease:
Lease of motor vehicles for a short period (not more than 6 months) such as for entertainment, substitute for government motor under repair or for any other temporary official use.
d- Allocating motor vehicle for personal use:
Providing a motor vehicle for a specific employee permanently or temporarily where appropriate to perform duties.
e- Allocating motor vehicle for common use:
Allocating motor vehicle to any administrative body at the government authority to be used by its employees to perform its duties.
f- Allocating motor vehicle for employees transportation:
Allocating motor vehicle to transport employees between their residences and work sites and back.
- 16.11.3 General policies for government motor vehicles:
Government authorities should not purchase any type of motor vehicle, and instead of that lease them on long lease basis from the private sector.
- 16.11.4 In the exceptional cases & on the approval of Ministry of Finance, government authority may purchase special types of motor vehicles if these types are not available on lease by leasing companies, providing that, there is enough budget for the purchase.

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16.11.5 Government authority shall bear cost of lease or purchase & the register of its motor vehicles, but the insurance will be paid out of the central budget at Ministry of Finance .

16.11.6 Motor vehicle lease ended by possession:
Lease order or tender documents should not contain a clause imposing the government authority to possess the vehicle after the end of lease.

16.11.7 If the leased company which offered the lowest price contain a clause in its quotation that the motor vehicle will be possessed to the government authority after the end of the lease without any additional cost, the government authority shall dispose it by selling it at auction or according to the procedures of disposal of motor vehicles specified in this Manual.

16.11.8 Responsibilities of government authority in controlling government motor vehicles:
Government authority shall conduct the following responsibilities in controlling government motor vehicles:

1. Apply a proper internal control system for efficient and effective use of government motor vehicles according to provisions and procedures specified in this manual.
2. Periodically revise the needs and take suitable procedures to minimise the cost of motor vehicle lease and keep the minimum required number of government motor vehicle.
3. Specify procedures and limitations that ensure the best use of the government motor vehicles.
4. Prepare a plan for purchase of special type vehicles and for the leased vehicles and machines, and specify budget needed for vehicles lease or purchase for each year.
5. Conducting lease contracts with the private sector, and make sure that leasing establishments are comply with conditions contain in the lease contracts, such as providing the vehicles, follow up their maintenance, bear cost of insurance, registration, and all other harms resulted from contract violations.
6. Deduct any penalties over the leasing establishments according to the lease conditions from monthly due amounts, and deposit them in government revenues account.

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7. Maintain a file for each motor vehicle long lease contract contain a copy of the contract, inspection and delivery reports and all written correspondents with the leasing establishment and any penalties on them.
8. Maintain a record for the government motor vehicles, according to their types, numbers, purpose of use, and employees using them and shall update the record.
9. Perform maintenance and repairs for owned motor vehicles, and keep a record to show details of the repairs and spar parts used and the periodical maintenance times.
10. Maintain a record for common used motor vehicles, showing the details of the time and the employee using the vehicle, the purpose of use, and time of returning the vehicle to the agency responsible for keeping the vehicle.
11. Controlling the use of fuel for government motor vehicles according to the provisions and procedures of this Manual, and recording the details of leased motor vehicles consumption of fuel in separated lists.
12. Follow up inspection and renewal registration of owned government motor vehicles.

Responsibilities of Ministry of Finance :

16.11.9

Concerned directorates at Ministry of Finance shall conduct the following responsibilities:

1- Directorate of Budget:

- Approve the long lease of motor vehicles, providing that there is need to lease and there is budget.
- Approve the purchase of special type motor vehicles.
- Coordinate with Organisation and Manpower directorate at Civil Service Bureau (CSB) where appropriate to review motor vehicles long lease requests.

2- Directorate of Accounting:

- Carrying out the insurance procedures for government authorities motor vehicles.

3- Directorate of Treasury:

- Review lease payments or motor vehicles purchases, maintenance, repair, inspection and registration payments of government owned motor vehicles, and insure the correctness and completeness of procedures and supporting payments documents.

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- 16.11.10 Government motor vehicle user's responsibilities:
Government motor vehicle user shall bear the following responsibilities:
- 1- Have a valid driving licence to drive the government motor vehicle.
 - 2- Use it to perform official duties authorized by the government authority.
 - 3- Follows traffic laws and regulations.
 - 4- Take the necessary precautions to maintain the safety of motor vehicle, including the daily or periodically inspection of the motor vehicle, such as level of the oil, coolant and other necessary inspections.
 - 5- Immediately report accidents and damages of the motor vehicle to the concerned directorate or section at the government authority.
 - 6- Deliver the motor vehicle in the defined time for cleaning, maintenance, inspection or yearly registration to concerned directorate at the government authority.
- 16.11.11 Driving licence fees:
Under no circumstances will the government authority pay the cost of driving lessons and issue of driving licences except in the following cases, after the approval of Organisation and Manpower Directorate at CSB:
- Where a vacancy exists for a driver, it is permissible to train an existing employee.
 - If it is required to train a driver to drive a special vehicle.
- 16.11.12 Government authority shall not pay the cost of issue or renewal of driving licences unless an Employee has a position as a driver, without paying deferred fines (if any).
- 16.11.13 Provisions for car & transport allowances:
Car allowance will be paid to the employee who uses his own car to perform official duties (under his job description) according to the conditions and procedures issued by CSB.
- 16.11.14 Employee provided with transportation between his residence and work site and back is not entitled for transport allowance, and the employee who is provided with transportation during the working time is not entitled for car allowance.

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- 16.11.15 Allocating motor vehicles for official use:
It is not permitted to allocate a government vehicle to an employee to perform official duties, unless he/she cannot use his/her own car to do so, providing that , at least one of allocation of government car conditions specified in paragraph 16-11-16 is fulfilled.
- 16.11.16 Allocate motor vehicle for individual use to perform official duties:
One of the following conditions should be fulfilled to allocate motor vehicle for individual use to perform official duties:
a- Nature of duties defined by the CSB job description must entail the following:-
 - Perform duties outside office sites.
 - Monthly mileage shall exceed 1000 km.
 - The use of common or group transportation is not convenient to perform the specified duty.
b. Motor vehicles is used to transport between sites that are not linked by proper roads or that needs to use special type motor vehicle.
c. Nature of duty requires the use of a special type motor vehicle to perform the job description, or to transfer equipments & tools.
- 16.11.17 It is not permitted for the employee who are given a vehicle under the individual use basis to keep the vehicle outside the specified park after the working time, unless his work requires performing duty responsibilities according to the above mentioned conditions and after the official working hours.
- 16.11.18 Prior approval of Organisation and Manpower Directorate at CSB has to be obtained to allocate a motor vehicle for individual use.
- 16.11.19 Allocation of motor vehicle for Common use:
Employees may use common use transportation motor vehicle if the nature of work required that type of transportation, such as to transport employees in groups or using loading vehicles to transfer goods or materials between sites.

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- 16.11.20 Allocating of motor vehicle to transport employees:
Approval of Organisation and Manpower Directorate at CSB is required to allocate motor vehicles to transport employees to their work sites and residence.
- 16.11.21 Allocating of motor vehicle with driver:
Allocating motor vehicle with driver to perform official duties in the following offices or equivalent:
 - Minister's office.
 - Under Secretary's office.
 - Assistant Under Secretary's office.
- 16.11.22 Government motor vehicles specifications:
Motor vehicle specifications such as type of the vehicle, engine power and capacity should fit to nature of use of vehicle; furthermore, vehicle should be with minimum required specifications and at lowest cost.
- 16.11.23 Motor vehicles provided for individual use should not exceed a maximum cylinder capacity of 2400cc, unless Directorate of Budget at Ministry of Finance approve other than that.
- 16.11.24 Four wheel drive motor vehicles or jeeps should not be used by government authorities unless roads used requires such type of motor vehicles, and it should not exceed a maximum cylinder capacity of 3000cc.
- 16.11.25 Control over use of motor vehicles:
Government motor vehicle should be used for purposes, which they have been authorised for.
- 16.11.26 A specific designated unit (where appropriate) at the government authority should have control the use of motor vehicles, follow up the maintenance, repairs, registration, and ensure that users comply with provisions and procedures of this Manual.
- 16.11.27 Director of entity concerned has the authority to write to Directorate of Traffic at Ministry of Interior to register, transfer or cancel of government motor vehicles.

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- 16.11.28 Government motor vehicles or long leased ones must bear the logo of government authority.
- 16.11.29 Unauthorised driver who drives government motor vehicle shall be personally responsible for all claims relating to accidents, and the authorised driver is responsible for all claims if he authorise others to drive the government motor vehicle, and government authority shall take the punitive action against him according to the procedures determined by CSB.
- 16.11.30 The government authority shall (whenever possible) assign one particular driver for each motor vehicle used to transport employees.
- 16.11.31 Approval of Organisation and Manpower Directorate at CSB is required to have long lease motor vehicle with driver.
- 16.11.32 The driver of the owned or leased motor vehicle shall bear 10% of the cost of repairs, or pay the deductible amount specified in the insurance policy of the leased motor vehicle (maximum of BD. 50 in both case), if he is the causing party according to the Accident Report of the Traffic Directorate. These amounts shall be recovered from the employee's salary and treated as government revenue.
- 16.11.33 The driver shall bear all costs of damages that may happen to the motor vehicle, if the damage resulted by his miss use, negligence or by intent. Moreover, the government authority shall take the action determined by CSB against him.
- 16.11.34 Government authority shall report Intended destruction of government motor vehicles to the Public Security.
- 16.11.35 Motor vehicles allocated for common or individual use should be parked in area allotted by the government authority at the end of working day, and keys should be handed to officer responsible for control of government motor vehicles.

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- 16.11.36 Government motor vehicle's driver or user shall bear traffic fines imposed on him when using the vehicle, and government authority shall consider the followings:
- a) Contact Directorate of Traffic regularly to check if there are any fines on the owned motor vehicle.
 - b) Inform the user of the motor vehicle of any fine received from Directorate of Traffic or leased companies.
 - c) Making sure that the user has paid the fine.
 - d) Deduct the fine from the driver salary and pay it to Directorate of Traffic, if he delays the payment of the traffic fine.
 - e) Reconcile any remaining fines before settlement of indemnities.
- Provisions Related to Motor Vehicles for Foreign Organisations or missions:
- 16.11.37 Government authority's foreign Organisations or missions shall comply with provisions and procedures of this Manual on controls over government motor vehicles, where appropriate.
- 16.11.38 Approval of Directorate of Budget at Ministry of Finance shall be obtained for long lease or purchase of motor vehicles for foreign organisations, as well for allocation of vehicles for individual or common use for organisation or mission employees.
- 16.11.39 Foreign organisation has responsibility of insurance, inspection and registration of its motor vehicles according to laws and regulations of the states where it works, and the head or the acting of the organisation or mission is qualified to contact official agencies about all aspects related to government vehicles owned by the agency.
- 16.11.40 Government authority shall apply suitable procedures to control government motor vehicles, and procedures for the purchase and use of the fuel abroad.

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- 16.11.41 Purchase procedures of special type motor vehicles:
Prior approval of Directorate of Budget at Ministry of Finance should be obtained before the purchase of special type motor vehicles that are not available on lease, by filling form No. MF1601 - Request For Prior Approval of Expenditure- and to be authorized by Director of Finance & Admin or his equivalent at the government authority.
- 16.11.42 Government authority (after obtaining the approval of MoFNE) shall follow the purchasing procedures according to Law No. (36) of 2002 relating to Government Tenders & Purchases and its executive regulation issued by Tenders Board about purchase procedures, as well as, obtaining an approval of tenders board for the award of vehicles purchase tender.
- 16.11.43 Government authority shall receive the motor vehicle from the supplier, check it, receive the invoice, and register the vehicle at Directorate of Traffic at Ministry of Interior, on coordination with Directorate of Accounting at Ministry of Finance to issue the insurance policy.
- 16.11.44 Government authority shall pay cost of the motor vehicle in accordance with provisions of Section 7 of The Standard Finance Manual.
- 16.11.45 Government authority shall record details of all its motor vehicles purchased in the Fixed Assets Register using Form No. MF1901 - Fixed Assets Register- in accordance with provisions of Section 19 of The Standard Finance Manual.
- 16.11.46 Long Lease Motor Vehicles Procedures:
Government authority shall specify its need of leasing motor vehicles, by preparing Form No. MF 1601 - Request For Prior Approval Of Expenditure to get Directorate of Budget at Ministry of Finance prior approval for leased motor vehicles yearly program, which contains the following details:
- Number of motor vehicles and the leasing time schedule.
 - Motor vehicles lease periods and costs.
 - Directorate or section that the motor vehicles will be allocated to, and number of vehicles currently used.

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- Justifications, purposes and nature of the use of the motor vehicles.
 - Nature of the use of the leased motor vehicles (such as individual or common use or to transport employees).
- 16.11.47 Form No. MF1902 - Notification of Disposal of Materials/Fixed Assets - should be completed for all disposals of government motor vehicles.
- 16.11.48 The government authority shall fulfil all procedures related to the lease of required vehicles after obtaining the approval of MoFNE, according to the purchase procedures determined by law No. 36 of 2002 related to the regulations of government tenders and purchases and its executive regulations, as well as, the instructions issued by tenders board about purchase procedures. Furthermore, it shall obtain the approval of tenders board for awarding tenders of leasing of motor vehicles.
- 16.11.49 Responsible directorate or section at the government authority for control of motor vehicles shall receive and check them and prepare check and receive report signed by both the employee responsible for receiving motor vehicles and the leasing establishment employee responsible for delivering the vehicle.
- 16.11.50 The vehicle will be delivered to the directorate concerned or section and the government authority shall update leased vehicles register.
- Short Lease Motor Vehicles Procedures:
- 16.11.51 It is prohibited to divide motor vehicles lease period to short periods to avoid specified procedures of long lease of motor vehicles, or extend lease period for more than six months for the same purpose.
- 16.11.52 Government authority is responsible for leasing vehicles required for temporary use for a period not exceeding six months, by requesting the vehicles from the leasing institution that offer competitive prices.

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- 16.11.53 For temporary lease of motor vehicles, government authority shall follow procedures determined by Law No. (36) of 2002 relating to Government Tenders & Purchases and its executive regulation, as well as, the instructions issued by Tenders Board relating to temporary lease of motor vehicles.
- 16.11.54 Government authority that has a regular need for temporary lease of similar type motor vehicles, should get unified time prices for each category, as appropriate, and follow it for temporary lease.
- 16.11.55 Government authority shall deal with leasing establishments, which provide comprehensive insurance, where the government authority will not pay any extra cost in case of traffic accidents.
- 16.11.56 Government authority's employee using a motor vehicle at temporary lease basis shall care for the vehicle according to procedures mentioned in this manual.
- Motor Vehicles Lease Payments Process:
- 16.11.57 Government authority shall prepare required documents to pay motor vehicles lease invoices according to the details of purchase order or contract terms, and send the supporting documents to the Directorate of Treasury at Ministry of Finance.
- 16.11.58 Directorate of Treasury shall process payments documents, approve it for payment after checkup, insure there completeness and verify that there is prior approval of the lease from Directorate of Budget at Ministry of Finance and approval of the lease tender awarding from Tenders Board.
- Maintenance and repair of government owned motor vehicles:
- 16.11.59 Government authority shall be responsible for maintaining and repairing its motor vehicles including issue of purchase orders or contact private sector workshops to perform periodical maintenance or repair.
- 16.11.60 Government authority shall not maintain or repair leased motor vehicles or other vehicles not owned by government.

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- 16.11.61 Government authority shall specify regular maintenance time periods for its motor vehicles, and inform the users to deliver the vehicles on those times to the workshops.
- 16.11.62 Motor vehicle agent should be responsible to repair technical or mechanical fault that happened to government vehicles during the warrantee time.
- 16.11.63 Government authority shall record in a maintenance & repair register details of the repairs, spar parts and regular maintenance.
- 16.11.64 Repairing of government motor vehicles accidents damages:
Government authority shall be responsible to follow up traffic accidents procedures in case of accidents with Directorate of Traffic and insurance companies.
- 16.11.65 Government authority shall bear the government motor vehicles repair cost of traffic accidents damages, if its employee was the causing party according to traffic report, and that employee shall bear part of the cost according to Para No 16-11-32 of this Manual.
- 16.11.66 If the accident case is forwarded to the court to determine the causing party, the government authority may repair the motor vehicle at its expense if the insurance company that insure the other party approve that.
- 16.11.67 Government motor vehicles yearly registration, inspection and insurance:
Government authority shall be responsible for its motor vehicles yearly registration, inspection and insurance.
- 16.11.68 Insurance Section of Accounting Directorate at Ministry of Finance shall conduct government motor vehicles yearly insurance, and coordinate with insurance companies to deliver the insurance policies on time.

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- 16.11.69 Government authority shall not pay any compensation or repair any damage to its motor vehicles, since insurance policies cover traffic accident damages caused by its drivers.
- 16.11.70 Government authority shall inform Insurance Section of Accounting Directorate at Ministry of Finance of any new motor vehicles purchase in order to issue insurance policy. Likewise, in case of disposal or transfer of vehicles, to cancel the insurance policy of the disposed or transferred motor vehicles.
- Disposal or transfer of government motor vehicles;
- 16.11.71 Motor vehicles shall not be disposed before seven years of use, unless there are technical or economical reasons justify the disposal before this period.
- 16.11.72 Government authority is authorised to dispose the vehicle from service if there are technical or economical reasons justify the disposal, this should be supported by technical report signed by or professional or technical authority.
- 16.11.73 Government authority shall prepare Form No. MF1902 - Notification of Disposal of Materials/Fixed Assets – for vehicles to be disposed and authorised by director of finance & admin at government authority. A copy of the form and the technical report shall be filed.
- 16.11.74 Government authority shall notify Traffic Directorate at Ministry of Interior for disposal of its motor vehicles by filling the official forms designed for this purpose and it should be signed by director responsible for control of motor vehicles, and stamped by the official stamp of the government authority.
- 16.11.75 Government authority shall updates its fixed assets register of disposed vehicles, and notifies Directorate of Accounting at Ministry of Finance of any cancelled or transferred motor vehicles in order to update motor vehicles insurance register.

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- 16.11.76 Treatment of Disposed Government Motor Vehicles:
Government authority may dispose its motor vehicles by any of the following ways: -
- a- Transfer it to any other Government authority that may need it, in condition, that receiving agency shall not reregister it at Traffic Directorate unless by approval of the disposing agency.
 - b- Keep it to its employees or students for educational or training purposes.
 - c- Sale it to the employees on sealed bid quotations, by establish a committee to open & award the highest bids.
 - d- Submitting it to Directorate of Central Stores at Ministry of Finance in order to be sold through an auction in accordance with procedures specified in Public Auction Subsection 6-6 of The Standard Finance Manual.
 - e- Grant it to public establishment or any civil institution, based on a written request.
- 16.11.77 Government authority shall not submit the sold motor vehicle to the employees or that granted to public establishment or any civil authority unless they completed transfer procedures with Traffic Directorate.
- 16.11.78 Provisions & Procedures for Control over Fuel Purchases:
Impress system shall be followed in the replenishment of fuel coupons. Directorate of Treasury in the Ministry of Finance shall give a float of fuel coupons equivalent to an average of two-months consumption of fuel to government authorities, and the reimbursement of fuel coupons thereafter shall be made at the end of each month.
- 16.11.79 Only BAPCO fuel coupons shall be used. The use of cash or purchase orders is not allowed for the purchase of coupons or fuel.
- 16.11.80 Issue of fuel is restricted only to government owned motor vehicles and leased vehicles on official use.

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- 16.11.81 The fuel coupons issued at any given time should not exceed the equivalent of the maximum fuel capacity of the vehicle concerned.
- 16.11.82 All stocks of fuel coupons must be stored in a secure place and should be in the custody of the officer responsible who shall bear the cost of any damages to or loss of fuel coupon stocks.
- 16.11.83 Government authorities, which have their own fuel storage facilities or pumping stations, may purchase and store their requirements of fuel stocks. However, these purchases are subject to the provisions and procedures specified in this Manual.
- Record of Issued of Fuel coupons:
- 16.11.84 Government authorities shall maintain a record for the control over its issues of fuel coupons/stocks - Specimen No. (1) - Fuel Coupon/Stock Control Statement - on a monthly basis.
- 16.11.85 Government authorities shall record the details of fuel coupons disbursed during the month for each vehicle, by using Specimen No. (2) -Fuel Consumption Control Schedule-. This specimen is used to control over fuel consumption for each vehicle by comparing vehicle's fuel consumption from one month to another, and comparing its consumption with other similar vehicles used in similar tasks.
- 16.11.86 Government authority shall take the necessary action in event of wide variance between actual average and estimated rates of fuel consumption.
- Procedures of monthly reimbursement of fuel coupons:
- 16.11.87 Government authority shall prepare monthly request to reimburse its stock of used fuel coupons for that month, and authorize Form No. MF0708 - Internal Performa Invoice - together with the Fuel Coupon/Stock Control Statement - Specimen No. (1). A photocopy of which shall be attached to the Performa invoice, the delivery note and other supporting documents Directorate of Treasury at Ministry of Finance for authorization, between the 1st & 7th of each month, or any other

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- times specified by Directorate of Treasury at Ministry of Finance.
- 16.11.88 On receipt of documents for the reimbursement of the stock of used fuel coupons, Directorate of Treasury at Ministry of Finance will issue a single cheque at the end of the month for the value of the of entire requirements of fuel coupons and send it to BAPCO. Each government authority could collect its stock of fuel coupons from BAPCO after the end of the first week of the following month.
- 16.11.89 Purchase & consumption of fuel stocks procedures:
Government authority is responsible to purchase its fuel stock directly from BAPCO, and process payments in accordance with the provisions of Payments Systems - Section 7 of The Standard Finance Manual.
- 16.11.90 Officer-in-charge responsible for receive & deliver of fuel stock shall record details of quantity received and Delivery Note number in the Fuel Coupon/Stock Control Statement No. (1).
- 16.11.91 Form No. MF1704 - Stores Issue Request -(in 2 copies) must be used for fuel stock disbursment and approved by officer responsible for control of motor vehicles at the government authority.
- 16.11.92 Stores Issue Request will be sent to the fuel storekeeper by concerned Directorate/Section, which retains the second copy for extraction of the necessary details for the completion of the Fuel Consumption Control Schedule - Specimen No. (2).
- 16.11.93 The fuel storekeeper shall issue the requested quantity of fuel stocks after the recipient of the fuel stocks sign the request as acknowledgement of receipt.
- 16.11.94 The fuel storekeeper shall record Stores Issue Request details in -Fuel Coupon/Stock Control Statement - Specimen No. (1) and retain the original copy in a permanent file.

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- 17.1.1 This section of the Standard Finance Manual includes general provisions and procedures for control over stores in ministries and government establishments. It aims to:
- Set out general policies for storage and stocktaking and define supervisory responsibilities for stores.
 - Provide adequate information and accurate statistics showing the movement of each stock item and actual balance to ensure the supply of appropriate quantities to stores in time.
 - Simplify stores procedures to match the conditions of each type of stores, with consideration to the circumstances requiring the establishment of sub-stores in remote areas. It also aims to centralise supervisory responsibilities in the bodies in charge of stock, whether a directorate, a section or a unit to control stock and ensure the clarity of the documentary flow and relevant procedures.
 - Strengthen internal and external control over government stores to improve and develop performance.
 - Define the duties of stores employees and establish the basis for the classification of stock items and appropriate controls for the use and return of safety stock.
 - Simplify procedures relating to maintenance, repair, destruction and sale.
- General Provisions:
- 17.1.2 Goods, materials and stock items purchases shall be made in accordance with the provisions and procedures of the Standard Finance Manual on general tenders, quotations or direct purchase, according to the estimated value of the required goods and materials.
- 17.1.3 All purchases of goods and materials shall be subjected to stock control if they are needed and used constantly or if the required quantity was just enough to last at least one month. The procedures of receipt, issue and stock control shall be applied to the mentioned purchases.
- 17.1.4 The Director of Finance and Administration in the ministry concerned shall comply with paragraph 17.1.3 by issuing necessary instructions to sections concerned with purchase and stocking to coordinate on the application of these procedures, including the notification of the stores officer of

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- all stock items purchases and his supply with copies of their purchase orders.
- 17.1.5 There should be segregation between purchase and storing responsibilities, between materials receipt and issue and between documentation and recording in stock cards.
- 17.1.6 Goods and materials should be examined to ascertain their completeness, quality, fitness for use, satisfaction of the required specifications and being in a good condition. Goods and materials found not to have met the required specifications should be rejected and returned to the supplier.
- 17.1.7 A materials received voucher shall be issued on the receipt of goods and materials arriving in the stores, whether in the form of purchases, gifts or others. It is not allowed to use new materials received vouchers book before the completion of the previous one in sequential order. On no account should more than one voucher be issued against the same goods and materials. However, if necessary or in the event of loss, a certified copy may be extracted.
- 17.1.8 A materials issue requisition shall be prepared by the requesting authority (beneficiary) for each material requested for issue from stores by using specimen no. MF 17/2-90 (Materials Issue Requisition).
- 17.1.9 It is forbidden to stock goods and materials to meet future requirements exceeding authorised budgetary allocations.
- 17.1.10 Stores shall be prepared in the manner that suits the nature of stock items and the expected period of stocking.
- 17.1.11 The stores should be organised in such a manner as to identify the storage place of each item and the codes of stock locations easily.
- 17.1.12 The validity of stock items should be monitored and necessary procedures taken to make maximum use of the stocked items before their expiry.
- 17.1.13 Stock cards should be kept for stock of goods and materials, showing stock number, name of stock item, unit, receipts,

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- issues, balance and reference number of receipt and issue documents by using specimen MF 17/03. Details of store issues and receipts should be regularly updated in the register.
- 17.1.14 A cost register should be created within the Financial Affairs Section to account for the depreciation cost of goods and materials issues from the stores to beneficiary directorate and sections, for control and evaluation purposes.
- 17.1.15 The stores and stocks shall be insured according to the insurance policy adopted by the Ministry of Finance . The ministry concerned shall define the insurance risks and value and coordinate with the Ministry of Finance .
- 17.1.16 The Central Stores Directorate shall prepare a register for common use items and other materials stocked by it. Each ministry or government establishment shall also prepare a special register for its own stock items, in coordination with the MOFNE Directorate of Central Stores to benefit from its expertise in this field, as appropriate.
- 17.1.17 The procedures of general auctions in the SFM sub-section 6-6 shall be followed for the selling of stocked goods and materials.
- 17.1.18 All ministries and government establishments using computer to monitor the stock shall provide the basic data required for the implementation of these regulations. They are specifically as follows:
- The required information in the stock card.
 - The issue of a Materials Received Vouchers after entering their data into computer.
 - The issue of a report on stock issues by computer.
 - The issue of reports on the movement of stock items issued and received over any particular period of time, as per each item individually.
 - The issue of an overall report of the stores assets, showing the stock balance at the time of report preparation and details of each item in terms of quantity, the price per item, total value and the total value of the stock balance.
 - Any other details that the Government authority concerned may deem necessary.

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17.1.19 The stores supervisor in ministries and government establishments using computer in stocking operations shall review the daily computer printouts, specifying goods and materials inputs and outputs, and reconcile them with the Materials Received Vouchers and Materials Issue Requisitions and these printouts shall be signed by the stores supervisor to evidence their review and correctness.

Gifts, Grants and Donations:

In the event of receipt:

17.1.20 On the receipt of these items the stores supervisor shall inspect them to establish their condition, help of specialist technicians may be sought in the case of sophisticated equipment. They shall then be delivered to the stores and a Materials Received Voucher shall be raised for them, indicating the name of the donator. The stock card shall be marked "grants, gifts, donations".

In the event of issue:

17.1.21 The issue of these items such as equipment and assets shall be made upon the authorisation of the Minister concerned. As for consumables, they will be issued upon the authorisation of the director concerned. A materials issue requisition shall be raised and recorded in the stock card, and a copy of the materials issue requisition and relevant supporting documents shall be retained by the Director of Administration and Finance in the ministry concerned.

Custodies:

17.1.22 The custody is defined as each permanent item issued to a particular employee according to the nature of work such as medical equipment issued to doctors and the tool it handed to labourers or any other materials or equipment issued to enable or facilitate the performance of any particular service.

17.1.23 Materials or equipment issued as a custody to a particular employee should be recorded in the custody record based on the material issue requisition showing all details of the custody.

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- 17.1.24 Custody transfer:
Should the need arise for the transfer of the custody from a directorate. location, or employee to another, the custody should be inspected by the sender and the recipient under the supervision of the immediate superior concerned. A custody transfer minutes should be prepared in three copies, signed by the officer in charge and distributed as follows:
- The original copy shall be sent to stock control directorate or unit to enter the details of custody transfer.
 - The second copy shall be handed to the sender and the third copy to the recipient.
- 17.1.25 Custody responsibility:
The directorate is responsible for the custody items issued to it for its use. Its chiefs should establish necessary controls for the proper control and maintenance of these items.
- 17.1.26 The employee holding a custody of goods or materials shall be entirely responsible for its use and maintenance until drops from his custody.

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- 17.2.1 Supervision over stores:
The stores authority in ministries and government establishments shall take responsibility for implementing the provisions of this section, supervise stores business and coordinate with other directorates in the ministry concerned in determining their annual goods and materials requirements. It will also arrange, keep and maintain goods and materials according to the methods appropriate to each item and provide safety and security facilities for stores.
- 17.2.2 In the event of multiplicity of stores, the head of stores shall supervise stocking operations in the main store and affiliated sub-stores and ensure proper control is exercised over stores, including records.
- 17.2.3 A supervisor shall be appointed for store to handle the supervision and control of stock movement. He shall be responsible to the head of stores or the director concerned with respect to control of the stores records and assets.
- 17.2.4 Each store will have a storekeeper whose duties will be to receive and issue stocks and maintain stock cards. Another storekeeper shall be appointed to stand in for him during his absence and shall be jointly responsible with the main storekeeper for stock custody and sign the stock custody statements together with him.
- 17.2.5 Storekeeper shall be employed on a permanent basis. In the event of multiplicity of storekeepers in one store, they will take joint responsibility.
- 17.2.6 In the event of the appointment, transfer or termination of the storekeeper's service, the director concerned shall assign one employee or more to oversee the hand over the receipt of custody and sign appropriate minutes.
- 17.2.7 In the event where the hand over and receipt is infeasible, a committee shall be formed in the ministry concerned to open the stores. count stocks and hand them over to the person entrusted with their receipt.

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- 17.2.8 In the ministries and government establishments where no store or particular storekeeper exist, stocking duties shall be assigned to one of the employees of the Financial Affairs, in addition to his original duties. He shall be responsible for the items and equipment in his custody, maintain necessary records and documents.
- 17.2.9 In the event of theft or loss of stock items or valuable papers or records as a result of an accident caused by compelling conditions or others, the storekeeper should notify the director concerned of the accident and submit to him an immediate report on the accident, giving full and accurate details. The director should prepare a report on the accident, including an estimation of the loss incurred, and submit all the papers to the Undersecretary of the Ministry concerned.
- 17.2.10 The minister concerned should form a committee by a ministerial order to study the report and determine to clear the employee involved or hold him responsible, based on the evidence provided. The Directorate of Audit at the Ministry of Finance shall be fully notified of the case file, minutes and the decision taken on it.
- 17.2.11 The responsibilities duties of stores employees:
The responsibilities and duties performed by stores employees under the provisions of this section represent the minimum controls necessary for the maintenance of stores assets and the control of stock records in accordance with the principle of segregation of duties, to facilitate obtaining required information from their different sources and their reconciliation for auditing and control purposes.
- 17.2.12 The responsibilities of the Head of Stores:
The Head of Stores shall report to the director concerned and under the following duties:
1. To supervise the organisation of stores according to modern methods, manage the materials and implement the stocking control provisions prescribed in this section.
 2. To supervise the work of store supervisors and keepers to ensure stock operations progress smoothly, stock duties are performed properly and accurately and that stock records

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are maintained properly and updated by store supervisors and keepers.

3. To keep a manual for the specifications of stock items and update it as appropriate.
4. To prepare estimates of stock requirements for the purpose of the draft annual state budget and submit them to the director concerned for their inclusion in the budgetary allocations required for the ministry or government establishment concerned.
5. To set maximum and minimum limits for stock items and establish the reorder level for each stock item according to the procedures defined in this section.
6. To prepare a report for damaged, missing or depreciated stock items and submit it to the director concerned, including his recommendations for necessary action.
7. To suggest additions to the standard materials manual.
8. To prepare periodical stock reports, sign count sheets forwarded to him to evidence their correctness and investigate stock balance differences (if any).

The responsibilities of store supervisor:

The store supervisor shall be responsible to the head of stores or the director concerned and shall undertake the following duties:

1. To receive and authorise materials issue and receipt requisitions and refer them to the storekeeper to effect actual materials issue and receipt.
2. To maintain stock movement control record (specimen MF 17/05) to monitor the movement of each stock item received and issued, by recording the movement date, quantity, value and the balance as per the issue and receipt vouchers received from the storekeeper.
3. The stock movement control record shall be the approved basis for audit and control purposes. The store supervisor shall exercise care in logging the entries of stock movement and update data regularly as per the documents.
4. To review the daily computer printouts, including inputs and outputs of goods and materials and reconcile them with receipt and issue vouchers and attached documents and approve them.

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17.2.14

5. To prepare a listing of goods and materials requirements when the stock reach re-order level, and submit it to the head of stores or the director concerned for necessary action.
6. To prepare a listing of obsolete and slow-moving stock items, with necessary corrective recommendations.
7. To prepare a report on the stock turnover rate at the end of each financial year, including a comparison with the situation in the previous year and giving justifications for increase or decrease.

The responsibilities of the storekeeper:

The storekeeper shall be responsible to the head of stores or the director concerned. His duties shall be as follows:

1. To handle materials receipt and issue, maintain the stock cards and record their entries and accompany the inventory committee.
2. To receive the materials approved for receipt after their reconciliation with the details of purchase orders or contracts and sign the delivery note issued by the supplier.
3. To make issues and exercise care in making issues from the stocks expiring earliest.
4. To observe the minimum limit of materials stock and notify the stores supervisor in time to take necessary action to supply the store with materials. He shall also submit to him supply request for the materials whose stock reach the minimum limit and the materials not available in the store and needed by the directorate, without exceeding the stock maximum limit. He shall also raise materials supply request. as necessary.
5. The storekeeper shall present quarterly statements of the below mentioned items to the store supervisor for submission to the head of stores or the director concerned.
 - Surplus items
 - Redundant items
 - Obsolete items
 - Unusable items
 - Perishable items
 - Items with specific validity period.
6. The storekeeper may not give information about the quantities, types and items of the stocks in his custody to any other personnel than those in charge of stores.

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7. The storekeeper shall be personally or jointly responsible with other storekeepers, if there are many, for the stock items in his custody, their maintenance, and the correctness of their weight, number, measures, quality. He shall not be cleared of responsibility for the damage or loss of stocks unless it is proved that the damage or loss had arisen, from compelling reasons or under circumstances beyond his control, against which he could not take precautions.
- Procedures for materials handling:
- 17.2.15 Materials handling is defined as dealing with received and issued goods, materials and supplies by classifying and stocking them and monitoring their movement. This also involves procedures for the receipt, examination and issue of materials and the maintenance of stock records.
- The receipt and examination of materials
- 17.2.16 The storekeeper may initially - receive materials, sign the delivery note issued by the supplier and keep a copy. The receipts shall constitute a part of the storekeeper's custody and may not be issued before the completion of examination procedures.
- 17.2.17 The director concerned or the head of stores may except ordinary supplies from examination and refer them to the section concerned to determine whether to accept or reject them. To organise examination procedures, a list of the ordinary materials excepted from examination should be issued, approved the director concerned and updated, as appropriate.
- 17.2.18 A committee shall be set up from the head of stores or his equivalent and two employees from the ministry or government establishment, one of whom representing the user, as members to inspect and receive the supplied items. In the cases requiring technical expertise, the committee should include one technical member or more.
- 17.2.19 The head of stores or his equivalent shall notify the committee within a maximum of two days from the date of the receipt of the materials decided to be examined. A date should be fixed for the examination committee convention on the nearest date to the date of materials receipt into the stores.

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17.2.20

Procedures for materials examination:

1. The committee shall take all necessary procedures to inspect and examine materials and verify their validity and satisfaction of the specifications prescribed in purchase order or contracts. The committee shall set a percentage for samples selection to be representing of the materials required for examination.
2. A committee member shall be assigned to prepare minutes for the examination committee, including the committee decision either to accept or reject the materials fully or partially. The minutes shall be signed by the committee members and approved by the immediate president.
3. The storekeeper shall sort out the accepted items and separate them from rejected items and take procedures to receive accepted items.
4. As for reject items, the authority concerned with purchase shall service notice to the supplier, informing him of reasons for rejection and requesting him to remove the rejected items from stores and supply new items with the required specifications and at the same prices.
5. In the event of delay in receipt of the rejected goods and materials by the supplier, he shall be sent a registered letter to request him to collect them within two weeks from its date. The letter shall inform him that the government will not bear any responsibility for any damage to the rejected goods and materials as a result of his delay in collecting them. The letter shall also outline the procedures to be taken if he fails to collect the goods and materials within the given deadline.

17.2.21

Procedures for the receipt of materials:

1. The storekeeper shall receive the materials accepted by the examination committee or those excepted from examination after reconciling them with the descriptive details of purchase orders or contracts and the delivery note issued by the supplier. The storekeeper shall exercise complete care in verifying the quality of materials arriving into the stores, their satisfaction of specifications and their validity period.
2. The storekeeper shall prepare materials received voucher (specimen MF 17/01) to evidence the receipt of materials.

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3. The storekeeper shall enter the quantity of receipts in the stock card (specimen MF 17/03), change the balance accordingly and send a copy of the materials received voucher to stores supervisor.
4. The stores supervisor shall record the details of the materials received voucher in the stock movement control record (specimen MF 17/05) on the basis of the quantity and value of receipts.

The issue of materials from stores:

17.2.22 The principle of "first in, first out" shall be followed on the issue of stocks, priority should be given to stock expiring earliest.

17.2.23 Procedures for the issue of materials:

1. The requesting directorate or section shall prepare materials issue requisition (specimen MF 17/02) in three copies. It should then be approved by the immediate superior or the director concerned according to authority level and sent to the officer in charge of the store to issue the requested materials.
2. The storekeeper shall deliver the required materials to the beneficiary and obtain the signature of recipient on the materials issue requisition (specimen MF 17/02) to evidence receipt. The beneficiary shall receive the third copy of the requisition for filing, while the first copy (white) will be maintained by the storekeeper and the second copy (pink) sent to the stores supervisor.
3. The storekeeper shall record the details of the quantity issued in the Stock Card (specimen MF 17/03) and amend the stock balance accordingly.
4. The store supervisor shall post the details of the materials issue requisition into the stock movement control record, exercising utmost care in recording the quantity and value of issues.
5. Copies of materials issue requisitions should be maintained by the beneficiary, the store keeper and the store supervisor according to their chronicle and numerical sequence.

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- 17.3.1 The responsibilities of the Central Stores Directorate:
1. Purchase and stock common use items and other materials specified by resolution from the Minister of Finance & National Economy.
 2. Supply ministries and government establishments concerned with their requirements of common use items and other materials stored by it. It also supplies ministries with their requirements of unstocked items on request.
 3. Supervise its sub-stores in the different work locations to ensure the prompt satisfaction of government users' requirements of fast - moving items as may be required by business nature.
 4. Maintain a system and cards for its stock of common use items and other materials stored by it. It also provides basic data on stock items to ministries and government establishments via computer if possible.
 5. Implement the provisions and regulations for control over Central Stores and offer technical assistance to ministries and government establishments permitted to establish their own stores.
 6. Participate in the committee of materials disposal in ministries and government establishments.
- 17.3.2 Provisions for the transactions of the Central Stores Directorate:
The Directorate of Central Stores shall comply with the regulations governing tenders, quotations and direct purchase on the purchase of goods and materials for stocking purposes or to satisfy the need of ministries and government establishments for unstocked goods and materials.
- 17.3.3 The Directorate of Central Stores shall comply with storage policies to meet the need of ministries and government establishments for common use items and other materials it stores.
- 17.3.4 The Directorate of Central Stores may charge additional storage fees. The percentage shall be determined in coordination with the Directorate of Budget in the Ministry of Finance .

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- The return of materials to stores:
- 17.3.5 Request for return stock materials (form MF 1706) shall be completed for the return of surplus items or items in excess of requirement to the Directorate of Central Stores, including the details of returned materials. The quantity and value of the returned materials should be deducted from the stock card accordingly.
- 17.3.6 An agreement shall be made between the government party returning the materials and the Directorate of Central Stores on the basis which should be adopted for the calculation of the returned materials value, either the original purchase value or the current market price, whichever less.
- 17.3.7 The store keeper in the Directorate of Central Stores shall issue a Materials Received Voucher (specimen MF 17/01) for the quantity of the returned materials received and record the receipts in the stock card.
- 17.3.8 The directorate concerned with the return of materials shall prepare an inter ministry transaction voucher for the value of returned materials to collect it from the Directorate of Central Stores after obtaining the account code of Central Stores and sending the voucher to Directorate of Treasury at Ministry of Finance .

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17.4.1

Government stores are divided into four types according to the approved organisation chart of the Ministry.

1. Central Stores: The Directorate of Central Stores shall purchase and stock common use items and any other materials that may be specified by the Minister of Finance & National Economy to supply ministries and government establishments with their requirements of goods and materials.
2. Sub-stores affiliated to the Central Stores: They are the stores established and financed by Central Stores in different locations in ministries and government establishments. They are operated under the direct control of Central Stores to ensure an easy and prompt satisfaction of ministries and government establishments requirements of fast moving goods and materials.
3. Special main stores: They are the stores affiliated to ministries and government establishments in charge of stocking special materials for their own use to meet the needs of their directorates and units. They also supply their special sub-stores in the different locations.
4. Special sub-stores: They are the stores affiliated to the main stores of a ministry or government establishments. They are supplied by goods and materials from the main stores of the same ministry to satisfy the requirements of directorates and units in remote work locations.

17.4.2

Stock items are classified into the three categories:

1. Permanent items: These include the durable items which are not consumed once used. They should be returned to the stores once the purpose of their use has been served or they become unusable to be issued or converted into another permanent item if possible (e.g. furniture, equipment, machines, hospital, schools and institutes requirements).
2. Items prepared for consumption: These include items that are consumed by direct consumption, leaving no remains (e.g. food stuff and stationery).

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3. Items unfit for use: These include the items decided to be damaged and irreparable by the disposal committee according to procedures prescribed in subsection 19-3 of the Standard Finance Manual (disposals).

Stocking of Stores:

17.4.3 The Directorate of Central Stores and the officers in charge of stores in ministries and government establishments shall prepare estimates for stores requirements of goods and materials according to a studied plan. The estimates shall be submitted to the Directorate of Finance & Administration in the different ministries to be taken into account at the time of setting up the ministry estimated budget.

17.4.4 The employee in charge of stores shall set a programme for the stores of the ministry according to the annual stocking requirements received from the stores. He shall depend on preparation of the data provided to him by the various directorates at the time of the preparation of the ministry's budget.

17.4.5 Prices shall be estimated in stocking programmes by a committee to be formed for this purpose from the sections of stores, purchases, accounts and financial affairs. They shall take guide in the rates of the latest contracts unless there were justifications requiring their estimation on a different basis.

17.4.6 For setting the stocking policy for a ministry or government establishment, the following should be observed:

1. The ministry or government establishment's requirements of all items in use should be satisfied.
2. The necessary period for supply.
3. An adequate balance should exist to meet needs until supply start and the requested goods and materials are received.

17.4.7 In charting the stores supply policy, the minimum and maximum limits and the re-order level should be defined for each stock item and recorded in relevant cards and records.

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- 17.4.8 The estimation of the minimum and maximum limits for stocks and re-order level:
The minimum limit:
The stock minimum limit of any item is the balance which should exist in the stores, with consideration to the quantities needed for ministry or the government establishment during the supply period, the time required for the supply of goods and materials and purchase procedures.
- This limit is calculated by dividing the quantity expected to be requested within a quarter of the year by 90. The resulting figure should then be multiplied by the number of days taken by supply from the date of purchase order to the date of delivery in stores.
- 17.4.9 The maximum limit:
It should always be observed that the stock balance of any item should not exceed three times the minimum limit, with consideration to whether the items are capable of being stores, their shelf life, their availability in the market and storage potential.
- 17.4.10 The re-order level:
Purchase procedures be may not initiated before ensuring that the stock of the item required for purchase or the stock of alternative item have reached re-order level. The re-order level is calculated at the rate of 125% of stock minimum limit for the items whose supply procedures take 60 days and below and at 200% for the item which take a longer time to supply.
- 17.4.11 The storage of stock items:
1. The items shall be separately stored in their designated places in the manner that fits work requirements and according to their receipt dates. Each shelf or storage place should be numbered and a card bearing the name and code of the item be fixed to it. Distinction should be made between new and used items.

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2. Items should be stocked in the manner that protects it from damage or loss, depending on the nature of each item. The ministry or government establishment may take the opinion of the appropriate technical authorities as to the best methods for items storage and maintenance.
3. The store keeper shall from time to time inspect the items with specific validity period or the items liable to deterioration either because of weather conditions or their unused. He shall report the results of inspections to the store supervisor for necessary action in time when storing these items, they should be arranged according to their expiry dates, with priority to the items expiring earliest.
4. The store keeper shall be responsible for any damage or loss in the items received into his custody for stocking unless it was established that the damage or the loss had arisen from compelling circumstances, which he could not anticipate or ward off.

17.4.12 No employee may authorise the acceptance of materials not belonging to the ministry or government establishment for storing in the stores as personal deposits or any other items.

Sale or write off of stock items

17.4.13 New materials and equipment held in Government Stores may not be disposed of except after coordination with the Directorate of Central Stores in the Ministry of Finance , which should be supplied with a report from the disposal committee, explaining the reasons for disposal.

17.4.14 Materials shall be written off by removing them from the stock records in case of their full or partial damage or loss as a result of circumstances beyond the control of the custody holder. These circumstances should be explained in the report of the disposal committee.

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- The general annual stocktaking inventory
- 17.5.1 An overall stocktaking of all stock items in all stores shall be carried out at least once every year. An annual perpetual inventory, stocktaking may also be undertaken without affecting the system of surprise inventory during the year.
- 17.5.2 An inventory committee or more shall be formed by a resolution from the undersecretary of the ministry concerned from personnel other than store keepers or stores employees in charge of their actual management. The resolution shall include the date fixed for the inventory which shall be carried out under the direct supervision of the committee president. In the events where technical materials or equipment are to be counted. the inventory committee(s) shall include a technical specialising in these materials and equipment. In all cases, the inventory should be carried out in the presence of the store keeper and a representative from the Directorate of Audit in the Ministry of Finance .
- 17.5.3 Stocktaking shall be done for all stores at the end of the year or any other date, as appropriate. The inventory shall be carried out by the inventory committees referred to in paragraph 17.5.2. Inventory shall be obligatory in the event of death or storekeeper's transfer.
- 17.5.4 inventory stocktaking statements:
1. The store supervisor shall in co-operation with the store keeper, prepare inventory stocktaking statements (Form MF 1705), including the basic details of the custody i.e. stock types, quantities, unit price and total value.
 2. After receipt of inventory stocktaking statements. the inventory committee shall take stock of the stock items by weighing, measuring or counting them as per the unit shown in records. The committee shall also record the actual balances from the inventory in inventory stocktaking statements, and the inventory differences (if any) in the appropriate column. The inventory stocktaking statements should be signed by the committee members and sent to the accountant in charge to complete procedures for differences reconciliation.

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3. In emergencies, stock issues or receipts may be made during inventory provided that the inventory committee's approval had been obtained. However, delivery notes or issue requisitions should be kept in temporary files pending the completion of inventory.
4. The head of the stores or his authority shall sign inventory stocktaking statements to evidence the actual inventory of the items included in them. The statements shall then be sent to the director in charge to put his comments in the appropriate column, and send the third copy (green) of the statements to the Directorate of Audit in the Ministry of Finance .

17.5.5

The reconciliation of inventory differences (shortage or excess)

1. Should differences arise between balances as per actual inventory and the balances shown in stock card, the responsible accountant shall enter the difference in the stock card and tick against it.
2. The responsible accountant shall review the details of balances and differences shown in the inventory stocktaking statements and send them to the store keeper to clarify the reasons for these differences in the relevant column in the statements within one week from their receipt.
3. The store supervisor shall prepare a materials received voucher to reconcile the excess induced difference or a materials issue requisition to reconcile difference arising from shortage, attaching a copy of the inventory stocktaking statement indicating the excess or shortage. The president of the inventory committee and the head of stores or the director in charge shall sign either of them.

17.5.6

The deduction or write off of shortage value:

1. If the responsibility of the store keeper for shortage is established, the director in charge or his deputy shall determine the action to be taken to deduct the shortage amount from his salary or entitlements according to civil service regulations. In the event of failure to establish responsibility for the shortage, necessary procedures will be coordinated with the Directorate of Audit in MOFNE

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to charge the shortage value on the ministry or government establishment.

2. In the event of shortage arising from natural causes, the present inventory balance, and the balance of the previous inventory for each item, the dates and quantities of issues and receipts made between each inventory, the percentage of the actual shortage compared with the percentage allowed according to the stocked quantities, stocking period and the nature of each item should be indicated in the inventory stocktaking statement (form No. MF 1705).

17.5.7

Inventory of custody:

Responsible employee should tick these acknowledgements to evidence that the items mentioned in them agree with records.

17.5.8

The annual inventory acknowledgement

Whether permanent items, items prepared for consumption or unusable items, have been actually counted. He shall also acknowledge that no stock items have been excluded from inventory, that there are no items in excess of requirement or unnecessary are left in the stores and that immediate action will be taken on whatever might remain in the stores.

17.5.9

Surprise partial inventory.

The responsible accountant in the Directorate of Finance & Administration in the ministry concerned shall carry out an inventory of some stock items on an irregular basis, selecting random samples. All costly materials and equipment in stores shall be counted at least once a year. The responsible accountant shall undertake this kind of inventory according to the following procedures:

1. He shall record the balances of selected items in inventory stocktaking statement based on the stock movement control statement.
2. He shall count the stock subject to surprise inventory individually by weighing, measuring or counting them as per the unit shown in the stock card, and record the balances actually existing as per the inventory in the appropriate column in the inventory stocktaking statement and sign it.

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3. He shall reconcile the balances stated in the inventory stocktaking statement (the custody balances as per the stock movement control record and actual inventory of items), and record the differences (if any) in the appropriate column. The accountant shall investigate the reasons for differences by checking records, reconciling the entries of stock movement and correcting the wrong entries. The statement shall be sent to the store keeper to clarify the reasons for the differences revealed by the inventory within one week from their receipt date. The store keeper should sign these statements to confirm these differences.
4. He shall then send inventory stocktaking statements to the director in charge to comment on them in the appropriate column, and then send them to the Directorate of Audit in the Ministry of Finance through the Director of Human & Financial Resources in the ministry concerned.

17.5.10

The reconciliation of the surprise inventory difference and deduction of shortage value:

1. The Director of Finance & Administration in the ministry concerned shall in the event of establishing the store keeper's responsibility for the shortage, take necessary procedures to deduct the value of the shortage from the salary of the responsible employee according to civil service regulations. In the event of failure to identify the responsible employee, necessary procedures will be coordinated with the Directorate of Audit in MOFNE to charge the value of the shortage on the ministry or government establishments.
2. The accountant responsible for inventory shall prepare a materials received voucher or materials issue requisition to reconcile the difference arising from excess or shortage. The accountant responsible for inventory and the immediate superior or the director in charge shall sign either of them.

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- 18.1.1 Introduction:
This Section details the general policy and procedural requirements for the approval, control and recording of Project expenditure, together with the responsibilities and levels of authority allocated to Ministries and to Directorates within the Ministry of Finance . Where no specific requirement or delegation of authority is defined in this Section, the general procedures and provisions of The Standard Finance Manual will be applied.
- 18.1.2 Given the range of different project types intended to be regulated by these procedures, specific exceptions and delegations of authority may be granted where appropriate, either within the issued procedure or by subsequent written approval of the Minister of Finance.
- 18.1.3 Five main categories of Project Expenditure are recognised:
- a) Construction Projects - i.e., new construction including furniture, furnishings and equipping costs, and major alterations or repairs and replacement of major plant and equipment.
 - b) Revenue Earning Projects e.g. Government investment in commercial activities.
 - c) Schemes - i.e., extended term Development- Programs which by their nature require, an initial non-recurrent funding to establish a working basis. Examples are Civil and Land Registration, Long Term Health Care and Computerisation.
 - d) Planning Proposals - i.e., expenditure on surveys and research, including Feasibility and Development Studies which cannot be funded from the Recurrent Budget but is necessary to identify and define Term Plans and Programmes into specific projects.
 - e) Housing Projects - i.e., housing development and associated activities financed by the Ministry of Finance and co-ordinated through the Housing Bank.

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- 18.1.4 The following additional criteria for treatment of proposed expenditure as a project are given as a guideline:
- The expenditure is essentially of a capital nature and nonrecurring.
 - The expenditure is incurred during a finite period with an identifiable ending.
 - The estimated cost of the project is not less than BD 10,000, although individual minor works and components costing less than BD 10,000 may be grouped together as a single project where appropriate.
Additionally the Project Control system may be appropriate to monitor any other expenditure that has:
 - Staged payments and/or retention which are paid against Valuation Certificates.
 - A requirement for specific cost identification which cannot be accommodated within the General Ledger Budget Analysis, Chapters 1 to 6 such as budget allocations for Major Maintenance Works.

18.1.5 Definitions:
For the purpose of the Project Control Section of this Manual, the following definitions will be applied:

Forward plan:

The Economic & Social Development Program based on a list of Projects which have been given Approval in Principle and their estimated cash requirements, phased over the Budget Years in which expenditure is anticipated.

Approval in Principle:

Initial endorsement of an individual Project Proposal for inclusion into the Forward Plan. Approval in Principle does not- in itself authorise or guarantee an authority to incur liabilities.

Project Budget-

Total Cash Budget Appropriation for all Projects Expenditure in a particular Budget Year, which has been approved by Amiri Decree.

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Project Cash Requirement:

Estimated total cost of an individual Project, phased over the Budget Years in which expenditure is anticipated.

Net Contract Value:

The value of a signed contract in respect of the defined works including any provisional sums and excluding any amounts relating to Contract Contingencies.

Contract Contingencies:

A sum over and above the Net Contract Value, as defined above (which may be a percentage of the Net Contract Value) which may be used to finance additional unforeseen works essential to complete the original scope and functional purpose of the contract.

Contract Budget:

A Budgetary Control value for a specific contract set aside from the Project Cash Requirement when a Contract is signed. The amount allocated is based on the Net Contract Value plus the cash value of any Contract Contingency included in Terms, of Contract, phased over the Budget Years in which expenditure is anticipated.

Cost Centre Budget:

An alternative budgetary control point value which may be established in cases where analysis by individual contract is agreed to be inappropriate, e.g. such as the subdivision of Maintenance budget into cost centres.

Contract Commitment:

The value of a firm liability established on the signing of a Contract, Local Purchase Order or other contractual document. In the case of a contract including a provision for contingency payments, the contract commitment value will be the Net Contract Value only as defined above.

Originating Ministry:

The Ministry or Government Establishment which will eventually control or benefit from the facility to be introduced.

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Supervising Ministry:

A Ministry or Government Establishment which, by reason of specialist expertise, has been nominated to supervise the construction or implementation of a class of project expenditure. Where Subsection 16.8 of The Standard Finance Manual does not require the use of a Supervising Ministry, the Originating Ministry will undertake the responsibilities of Supervising Ministries as specified in this Section of The Standard Finance Manual.

Outline of budgetary and expenditure approval policy

Project Conception:

18.1.6 The initial identification of projects and development programmes is a continuing task of Government Agencies in conjunction with the Directorate of Projects at the Ministry of Finance . As such, any expenditure incurred on this routine preliminary activity should be financed from the Recurrent Budget, Chapters 1 to 6. If the proposed works cannot be sufficiently defined without further consultancy studies, application may first be made by the Originating Ministry for this development work to be funded as a Planning Proposal project.

Approval in Principle:

18.1.7 On completion of the conception stage a requirement should be sufficiently defined in scope and cost estimating to permit a formal application on Form No. MF1801 - Project Proposal, for Approval in Principle and inclusion of a Project in the Forward Plan. Form No. MF1801 must be prepared by the Originating Ministry, endorsed to signify agreement to the project proposal by the Supervising Ministry if any, and submitted by the Originating Ministry to the Directorate of Projects in the Ministry of Finance together with the supporting documents for co-ordination of the evaluation and endorsement process.

18.1.8 Each Ministry and government establishment when submitting any project proposal for approval and inclusion in the forward plan, must ensure that all associated costs such as construction works, contents, and services essential for the completion and operation of the proposed project are taken into consideration, including costs of studies, designs,

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- constructions, machinery, equipment, furniture, services such as power, water, sewerage, roads, telephones, landscaping, commissioning costs, training and all other cost implications on the recurrent expenditure budget of the Originating Ministry, and other Ministries if any.
- 18.1.9 Approval in Principle and inclusion in the Forward Plan does not in itself authorise or guarantee an authority to incur liabilities. The reason for this is that a proposed project may be entered into the Forward Plan at estimated prices several years before the main contract is let. The Ministry of Finance must therefore reserve the right- to review all projects prior to tendering in the light of:
- a. Improved cost estimates following detailed design work and general price inflation.
 - b. Changes in the economic climate since approval in principle.
 - c. Changes in priorities resulting from urgent new requirements and slippage in the rate of expenditure on projects in progress.
 - d. Ensuring that all necessary pre-contract consultations are completed before inviting tenders.
- 18.1.10 The Originating ministry will submit, either directly or through the Supervising Ministry, all formal applications for establishment and variation of a Project Cash Requirement. The Supervising Ministry, if any, or the originating Ministry is responsible for ensuring the adequacy of funds allocated in the Forward Plan to complete a specific Project in addition to the responsibility for commitment and actual expenditure against these funds.
- 18.1.11 Project Amendments:
Any significant variation to the established function and scope of the approved project must be prior approved by the Ministry of Finance before any commitments are made against it. Amendments to a Project Proposal following Approval in Principle must be requested by the Originating Ministry on Form No. MF1802 - Request for Approval of Project Variation - when variations to the Project Cash Requirement, scope, functional purpose or Budget Year scheduling become apparent

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- and when variations to the scope or functional purpose are required by the Originating Ministry. The Ministry of Finance must also be notified prior to the commencement of any contract tendering process which is estimated to cost 40% or more of the original project cash requirement (or where a project is defined into separate phases, 40% or more of the estimated cost of an individual phase).
- 18.1.12 The Originating ministry must obtain the prior approval of the Ministry of Finance for any significant change in the function or scope of the approved project before requesting the additional funds required to finance the additional costs resulting from a significant change of function or scope. Under no circumstances should commitments or expenditure be made against a significant change of an approved project function or scope prior to obtaining the approval of the Ministry of Finance .
- 18.1.13 Where measured term contracts or other agreed fixed price rates are in force, any general recalculation or variation to these rates should be submitted to the Ministry of Finance together with Form No. MF1803 - Request for Approval of Contract Awarding/Variation - outlining the effect on project costing or implementation.
- 18.1.14 The Directorate of Projects in the Ministry of Finance may approve the transfer of funds from one project to another, if there is an excess or surplus of funds in the transferor project and a shortage of funds in the transferee project. The additional requirement of funds to the transferee project must be sufficiently justified and fully supported with necessary documents.
- 18.1.15 The Ministry of Finance may approve the use of any available funds resulting from an identifiable slippage in the execution of a project to finance an additional requirement of funds for another project resulting from a faster than planned progress in the execution of the other project, provided that the necessary rescheduling of cash requirements has been made.

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- 18.2.16 The Directorate of Projects, after consultations with the other directorates concerned in the Ministry of Finance , may identify and carry forward any excess of budgeted funds resulting from a general slippage in the execution of the approved projects if the circumstances so dictate.
- 18.1.17 The Ministry of Finance may approve the amalgamation of a number of similar projects into one project if there are enough justifications to do so.
- 18.1.18 The Directorate of Projects may, in exceptional cases and after consultations with the other Ministries concerned co-ordinate and submit for appropriate approval, an approved project start rescheduling or withdrawal from the forward plan, or inclusion of a new project in the approved forward plan.
- Prior Approval:
- 18.1.19 Each proposed expenditure stage, contract or purchase order is subject to prior approval according to the provisions of Sections 7 and 16 of The Standard Finance Manual.
- 18.1.20 No expenditure may be incurred against a specific project without prior approval of the Directorate of Projects in the Ministry of Finance unless covered by the undermentioned delegations. These delegations of authority are intended to avoid delays in the progress of work on site and are subject to retrospective endorsement by the Ministry of Finance . The Ministry reserves the right to withdraw any delegation in cases of serious abuse.
- a. Where an additional work requirement is covered by Contract Contingencies in terms of both value and scope of the original contract, a Ministry may issue Variation Orders up to an individual value of BD 100,000.
 - b. During the course of construction or scheme implementation, Purchase Orders up to an individual value of BD 10,000 may be issued by a Ministry where uncommitted funds are available for the whole Project and the materials or services required are within the planned scope of the original Project Proposal.

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c. Term Contract expenditure is deemed to have been given prior approval when the original contract is let. Therefore a separate prior approval is not- required for the issue of a Term Contract Order against a Measured Term or Materials Term Contract when uncommitted funds are available.

d. Where an agreed procedure exists to establish standard term rates for the supply of goods or services, prior approval requirements way be satisfied by Ministry of Finance approval of the standard prices and bases of calculation.

18.1.21 Form No. MF1803 - Request for Approval of Contract Awarding/ Variation - is submitted to request approval to let an individual contract or to issue a purchase order in accordance with the general term of Subsection 18.4 of The Standard Finance Manual. Form No. MF1803 will be raised directly by the Supervising Ministry when the proposed expenditure is within the approved Project Cash Requirement. If the proposed expenditure will necessitate an increase in Project funding, form no. MF 1803 must be accompanied by a request signed by the Originating Ministry on Form No. MF1802 for approval of the revised Project Cash Requirement.

18.1.22 The specified variation procedures should always be used to obtain approval for any variations during progress of a contract. Form No. MF1803 caters for expenditure, budgetary and non-financial variations on a single form. Form No. MF1803 must be submitted to the Ministry of Finance for prior approval before an actual Variation Order is issued, except where the terms of paragraph 18.1.20 of this Subsection apply. In these cases Form No.MF1803 may be submitted with a copy of the Variation Order for retrospective endorsement.

18.1.23 A Supervising Ministry is directly responsible for submission of Form No. MF1803 where the variation is for a valid use of Contract Contingency funds within the limits of paragraph 18.1.20 of this Subsection. In all other cases, the Originating Ministry must issue Form No. MF1803 for prior approval of variations unless the Originating Ministry has delegated this responsibility to the

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- Supervising Ministry and has received the written agreement of both the Supervising Ministry and the Ministry of Finance .
- Recording of budget, commitments and expenditure:
- 18.1.24 The responsibility within the Ministry of Finance for recording all budgetary and commitment data rests with the Directorate of Projects. In addition to maintaining a file of all documents relating to an individual project, the Directorate will enter all approved Cash Requirements, budget variations and commitments data to the General Ledger system.
- 18.1.25 The Project Cash Requirement will be established following Approval in Principle of a Project Proposal (Form No. MF1801) subject to subsequent amendments on Form No. MF1802. When prior approval is given for the issue of a major contract as defined in paragraph 18.1.11, an individual Contract Budget for the Net Contract Value plus Contract Contingencies will be established, with an expenditure commitment for the Net Contract Value only. Expenditure on Contract Contingencies will be committed progressively by variation approval. Local Purchase Orders, Term Contract Orders and other minor contracts will be committed at the time of issue against an appropriate Cost Centre Budget.
- 18.1.26 The General Ledger system is structured to maintain the following data for each project and individual contract or other agreed lower level of expenditure analysis: -
- Cumulative Expenditure: split between Current Year and Prior Years.
 - Project Cash Requirement: analysed over the Forward Plan financial years in which expenditure is expected to fall.
 - Commitment: cumulative total of contractual liabilities entered into by issue of Purchase Orders or the letting of Contracts.
- Additional records are held to account for retention deducted from contract payments and their eventual release on satisfactory completion of the maintenance period.

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- 18.1.27 Where a commitment is entered in to under the delegated authorities listed in paragraph 18.1.20 of this Subsection, prompt notification of the commitment is required by the Ministry of Finance . Notification must be submitted using Form No. MF1803 - Request for Approval of Contract Awarding/Variation, together with a copy of the issued purchase order or contract.
- 18.1.28 The Supervising Ministry will maintain adequate manual or computer accounting records to verify certificates and invoices submitted by a contractor. No payments will be made against a contractor's certificate and all progress payments must be supported by a Valuation Certificate issued and approved by the Ministry concerned.
- 18.1.29 The responsibility for checking, processing and recording of all project- payments through the Accounts Payable system rests with the Directorate of Treasury, Ministry of Finance . The internal procedures and processing requirements of the Projects Section are detailed in Subsections 3.3 and 18.5 of The Standard Finance Manual. All invoices and Valuation Certificates for payment must be supported by Form No. ME9706 - Payment Voucher for Projects - raised by the Supervising Ministry.
- 18.1.30 The Directorate of Treasury will maintain individual files for each Project containing copies of Contracts, Variation Orders, Purchase Orders and other documents, which are necessary for verification of certificates and invoices received for payment. The Section will ensure that adequate records of payments are maintained to support the General Ledger Analysis.
- 18.1.31 Where no specific provisions are contained in the Project Control Section of the Standard Finance Manual, General Ledger Procedures (Subsection 3.3) and Treatment of Payments (Section 7) requirements will be applied.

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- 18.1.32 Contracting and sub-contracting:
The general term and conditions for letting of tenders and the employment of contractors contained in the General Tenders Regulations, subsection 16.8 of The Standard Finance Manual must be complied with.
- 18.1.33 A main contractor may be required under the term of a Contract to sub-let certain identified works or supply of goods to a nominated Sub-Contractor. Subject to the provisions of a Contract Document, a main contractor may also utilise the services of his own sub-contractors in performance of any part of his contract with the employing Ministry. In both of the above cases, sub-contractors are deemed to be employed directly by the main contractor who shall be wholly responsible for their observance of all provisions and terms of the Contract.
- 18.1.34 The following aspects of general policy will be co-ordinated by the Ministry of Finance & National Economy with the technical and legal staff of Ministries and Government establishments.
- a. Standardisation of Contract Terms and Conditions throughout the Government of Bahrain for all construction projects.
 - b. Exclusion of any amounts for Contract Contingencies from the Net Contract Value and limitation of Contract Contingency Clauses to a maximum of 10% of the Net Contract Value.
 - c. Standardisation of the format for Valuation Certificates used within the Government of Bahrain.
 - d. Standardisation of term and conditions for purchase of major plant and equipment where installation and commissioning is also involved.
- 18.1.35 Site control:
Day to day control of all physical activity on site is the responsibility of the Supervising Ministry through technical staff employed by the Ministry, and Consultant Engineers, Architects or Quantity Surveyors appointed for that purpose.

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18.1.36 The Supervising Ministry will ensure performance by the contractor according to the terms of the contract, and no instructions relating to the work may be given to a contractor by another Ministry or Government Establishment without the knowledge and agreement of the Supervising Ministry.

18.1.37 Project reporting:
Routine expenditure reports and budget comparisons will be issued by the Directorate of Treasury on a regular basis or as required by individual Ministries and Directorates within the Ministry of Finance .

18.1.38 Ministry of Finance financial reporting provides a detailed analysis and reporting system against individual contracts and cost centres.

18.1.39 Periodic physical progress reports on an agreed frequency will be prepared by each Supervising Ministry for all projects controlled. Copies of these reports will be submitted to Originating Ministries and to the Directorate of Projects in the Ministry of Finance together with copies of any program and progress reports as specified within the term of a Contract.

18.1.40 The Directorate of Projects will circulate periodic summary reports based on both financial and work progress data, together with jointly agreed recommendations for ensuring that the planned rate of total projects expenditure is achieved. And will liase with other Ministries to monitor the progress of all current projects and to prepare detailed financial reports on specific projects as required.

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- 18.2.1 General provisions:
The Directorate Projects in the Ministry of Finance is responsible for co-ordinating the implementation of Government policy on all aspects of economic sector development. The Directorate will maintain close links with all Government Agencies to ensure that sectoral development plans are translated into an outline framework of projects and programmes, and to assist Originating Ministries in the definition of individual projects.
- 18.2.2 Project identification:
The initial conception of a project may arise in any of the following ways:
- a) From planned implementation of Government or Ministerial policy to achieve long term goals, general or sectoral economic plans, or interim objectives.
 - b) From the identification of a specific need falling within the scope of the concerned Government agency.
 - c) From the recognition of a particular investment opportunity.
 - d) As a result of a project or program proposed or in progress within another Government Agency, private company or international agreement.
- 18.2.3 Outline definition:
The broad definition of a project/or program will normally be carried out by the Government Agency responsible for the economic sub-sector concerned. Where the implementation of a plan requires co-ordination over a number of individual ministries this preliminary stage may be carried out by a Central Government planning agency or a nominated Ministry in full consultation with other concerned Government Agencies.
- 18.2.4 The work of detailed definition of a project and submission of a Project Proposal Form No. MF 1801 is the responsibility of the concerned Originating Ministry. During the definition process an Originating Ministry must ensure that the aims and scope of the project are within the sector planning principles as agreed with the Directorate of Projects, and that any Supervising Ministry to be involved in the construction or implementation process (as required

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- by Subsection 16.8 of The Standard Finance Manual) is fully consulted at all stages.
- 18.2.5 Project Proposals may be submitted at any time during the year when urgent new projects are required to be undertaken or where longer-term proposals have been adequately defined. The Directorate of Projects will issue specific instructions relating to the timing of submissions for inclusion with Development Term Plans and the two-year budgeting cycle.
- 18.2.6 Planning proposals:
Initial work including consultancy studies and feasibility reports may be required to define a plan, prove viability, or cost a proposed project in the degree of detail required for submission of a full Project Proposal. In these circumstances, application on Form No. MF1801 - Project Proposal - may be made for this activity to be funded as a separate 'Planning Proposal' where appropriate financial provisions have not been made in the Recurrent Budget.
- 18.2.7 Project proposal for form No. MF1801:
The Project Proposal Form acts as a single page summary of a proposed project in a common format to assist the evaluation and approval process. Form No. MF1801 - Project Proposal - may be completed in either the English or Arabic language but all figures must be entered in the original Arabic fore i. e, 1, 2, 3 etc.
- 18.2.8 Form No. MF 1801 is to be completed by the Originating Ministry in five parts, entering the following information (Refer to -the annexed illustration 1).
- Request No: A pre-printed identifying number that can be used for reference during the approval process.
 - Form: Name of the Directorate and Ministry submitting the proposal.
 - Full Project Title:
 - Short Project Title: An abridged version of the Full Project Title, shortened to a maximum of 30 characters (including spaces between words) which can be used for easy reference and for entry into the computer system records.
 - Type of Project: Tick (x) in the appropriate box.

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- Project Objectives: A statement of the purpose and main objectives to be achieved by the project.
- Project Function/Scope: A brief summary of the physical extent of the project and where appropriate an outline of any division into separate phases and relationship with associated projects.
- Planning Sector: The economic planning sector and sub- sector division allocation as defined by the Directorate of Projects.
- Supervising Ministry: Enter the name of the supervising Ministry undertaking the actual work or project implementation, together with that ministry's internal project reference number, if any.
- Estimated Cost: Enter appropriate heading of the major project elements in the "Item. column (for example: Preliminary works, Consultancy, Construction Works, Finishing works, provisions). The estimated cost of each item, phased over the Forward plan years in which the expenditure will fall, should be entered in the unshaded boxes only and totalled both vertically and horizontally.

N.B. unless otherwise advised in writing by the Ministry of Finance, all cost estimates are to be at currently prevailing prices and no provision for anticipated general cost inflation should be included.

- Form No.MF1801 must be authorised by the Director of Finance & Administration or a higher level of authority in the Originating Ministry.
- The form must be signed by the appropriate authority in the Supervising Ministry, if any.
- The red out lined and shaded boxes are for the Ministry of Finance use only.

18.2.9 After authorisation the top four copies (white, pink, green and blue), together with supporting documents, are forwarded to the Directorate of Projects at the Ministry of Finance and the fifth (yellow) copy is retained by the Originating ministry.

18.2.10 Supporting documents to be attached to a project proposal:
The actual supporting documents to be submitted will depend on the type of proposal, the specific project, and the requirements of the Directorate of Projects.
The following list of supporting documents is given as a guideline: -

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- A statement of the main options available against desired objectives including advantages and disadvantages of each and reasoning for choice of proposed project.
- A general description of the project including the products, size or quantity or capacity and unit size, inputs and outputs, quality of product, process descriptions, any outline drawings and all basic assumptions and design parameters.
- Data and results of previous similar projects including the year of completion.
- A description of any related project or associated work by all Other Government agencies (e.g. Public Works Affairs).
- An estimate of total project costs by each individual proposed contract or item according to Ministry of Finance account code format for construction or investment projects, including reference source of costing.
- A cost estimate for associated works by any other Government Agency as a result of this project.
- A cost estimate of probable recurrent costs for operation, maintenance and staff per Ministry of Finance account code breakdown as far as possible.
- Statement of anticipated changes to Government manpower requirements analysed by provisional grading and local or foreign employment, both for project implementation and for the management, operation and maintenance of the facilities to be introduced as a result of this project.
- A market analysis including analysis of demand or need and supply, and pricing and sales strategy as appropriate or Relevant.
- Estimated revenue with associated unit prices.
- A financial analysis where appropriate including financial rate of return.
- The planned implementation timescale for the project in the form of a network plan of key project elements.
- The prior approval/agreement of any relevant Government Agencies where required by the laws and regulations of Government such as compliance with building regulations, availability of land, licensing and registration, application for utility supplies etc.

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- A description and quantification of all resources utilisation by Sector and Directorate of Projects sectoral breakdown, and corresponding planning considerations, e.g. For employment, costs and benefits and number of employees by foreign and local both during construction and after completion, effect on income levels etc., public health, utilities use, traffic, housing, land and environment etc.
- 18.2.11 The above listed information may be submitted in the form of a comprehensive feasibility study, project report or as individual statements. The Directorate of Projects may call for submission of additional supporting data or waive any of the above requirements according to specific economic sector or project assessment needs.
- 18.2.12 Action within the Ministry of Finance :
The Directorate of Projects must register all Project Proposals received on arrival. The Directorate will prepare a file to contain all documents submitted together with notes and comments arising during the evaluation process.
- 18.2.13 The Proposal will be evaluated within the Directorate of Projects. In addition to considering the general economic grounds and the relevance to specific sectoral objectives and development policies, the Directorate will assess the implications of a Proposal on all Economic Sectors and consult or advise Government Agencies concerned where appropriate.
- 18.2.14 The Directorate may call for any additional information which is required to evaluate the project in a true perspective and may reject or require amendment of any Proposal which is inadequately defined or represents a departure from agreed sectoral plans.
- 18.2.15 On completion of the general economic evaluation, the Directorate will consider specific financial aspects of a Project Proposal.
- 18.2.16 Where any priority ranking, rescheduling or amendment to Proposals is required to match the planned annual rate of project expenditure in the Forward Plan, the Directorate of Projects must consult the Ministries concerned before agreeing final recommendations.

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- 18.2.17 All additional documents prepared or received during the evaluation process must be added to the Project File, and the revised project costs and the summarised recommendations of the Directorate of Projects noted on each copy of Form No. MF1801.
- 18.2.18 The Directorate of Projects will co-ordinate the submission of Project Proposals for Ministerial briefing and presentation to the Council of Ministers. The Directorate will prepare individual or summarised reports as required and will co-ordinate the resolution of any queries raised during the approval process.
- 18.2.19 Following endorsement or rejection of a Proposal, group of Proposals or Development Plan by the Council of Ministers, the Directorate of Projects will record the appropriate Resolution or Minutes in each Project File. Where a Proposal is rejected or referred, the Directorate will complete the appropriate box on each copy of Form No. MF 1801, retain the first and fourth (white and blue) copies, distribute the second (pink) copy to the Originating Ministry and the third (green) copy to the Supervising Ministry together with a letter outlining the reasons for rejection or referral.
- 18.2.20 For all Projects Approved in Principle, the Directorate of Projects will ensure that Economic Sector plans are updated and that any relevant planning data is passed on to the Ministry or Government Agency concerned (For example, the Civil Service Bureau to be notified of the effect on Government employment arising from a Project).
- 18.2.21 The Directorate of Projects will allocate an approval No. and completing all the boxes reserved for the Ministry of Finance use in the form except the Project Account Code box.
- 18.2.22 The Directorate of Projects will enter the provisional Project Account Code on each copy of Form No. MF 1801, update the Forward Plan in the General Ledger computer system, and sign the computer entry box according to the provisions of Subsection 18.5 of The Standard Finance Manual.

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18.2.23

The Directorate of Projects will then file the first (white) copy of Form No.MF1801 together with supporting documents in its own Project File which it will open and maintain as the basis of a centralised record system for all project review and implantation stages, and will distribute the second (pink) copy to the Originating Ministry, the third (green) copy to the Supervising Ministry together with covering betters, and the fourth (blue) copy to the Treasury Directorate at Ministry of Finance .

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- 18.3.1 General:
Approval in Principle of a Project Proposal and endorsement by the Council of Ministers into the Forward Plan does not in itself authorise or guarantee an authority to incur or commit expenditure against the Project. Each proposed expenditure stage, contract or Purchase Order is subject to Prior Approval (see also Subsections 7.1, 16.7 and 16.8 of The Standard Finance Manual), unless covered by the general delegations of authority listed in paragraph 18.1.20 of Subsection 18.1, or the subject of specific exceptions and delegations of authority agreed in writing by the Ministry of Finance .
- 18.3.2 Amendments to a Project Proposal following Approval in Principle must be notified to the Ministry of Finance using Form No-MF1802 - Request for Approval of Project Variation when variations to the Project Cash Requirement, scope, functional purpose or Budget Year Scheduling become apparent. Where measured term or other agreed fixed price rates are in force, any general recalculation or variation to these rates should be submitted to the Ministry of Finance together with Form No. MF 1802 outlining the effect on project cost or implantation.
- 18.3.3 For approval of project budget variation:
Form No.MF1802 – Request for Approval of Project Variation - must be used when requesting a project budget variation (refer to the annexed illustration 2), or rescheduling of cash requirements (refer to the annexed illustration 3), or a significant change of project function/scope, or a change of the forward plan cash requirements (refer to the annexed illustration 4). Form No. MF1802 may be prepared by the Supervising Ministry or the Originating Ministry depending on the circumstances, but must always be authorised by the Originating Ministry and submitted to the Ministry of Finance through the Originating Ministry or the Supervising Ministry if any. The Form may be completed in either the English or Arabic Language, but all figures must be entered in the original Arabic form, i.e. 1, 2, 3 etc.

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18.3.4

Form No. MF 1802 is completed out of five copies with the following details:

- Request No: A pre-printed identifying number that can be used for reference during the approval process.
- From: Name of the Directorate and Ministry or other Government Establishment submitting the Proposal. I.e., the Originating Ministry.
- Short Project Title as given in Form No.MF1801.
- Planning/Works Stage Reached: Indicate the project progress Status.
- Project Account Code: Ministry of Finance General Ledger Account Code as advised by Form No. MF1801.
- Tick (x) in the appropriate box showing type of request.
- Budget before Variation: State the amount of approved budget before the requested variation.
- Commitments to date: State total commitments to date against the project budget.
- Uncommitted budget: State the uncommitted budget, which is the difference between the budget before variation and commitments to date.
- Details of variation: State the details of the requested variation in the project cash requirements for each year of the current forward plan showing a (+) if the requested variation is an addition and a (-) if the requested variation is a reduction of funds. The totals horizontally and vertically shall be shown where appropriate.
- Budget after Variation: State the amount of budget after the requested variation which is the amount of budget before variation (+) or (-) the variation.
- Justification: State the justification for the requested variation.
- The boxes outlined in red are for the use of the Ministry of Finance only.
- Prepared by: The Form will be signed by the originator whether in the Originating Ministry or Supervising Ministry.
- Requested by: The Request shall be authorised by the Originating Ministry according to the authority levels specified in Subsection 15.2 of The Standard Finance Manual. The level of authority should be determined on the basis of the highest annual variation requested.

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18.3.5 After signature by the Originating Ministry, the top four copies (white, pink, green and blue) together with the supporting documents are forwarded to the Ministry of Finance and the fifth (yellow) copy is retained by the requesting Ministry.

Supporting documents to be submitted with form no..MF1802:

18.3.6 Attach copies of any relevant reports, detailed studies, notes correspondence or other explanations regarding the proposed amendment. Any material change to the principles or results specified in the original Project Proposal or previously approved Project Variations, and their supporting documents should be specified. (See paragraph 18.2.10 of Subsection 18.2 for further reference).

Action of process form MF1802 at the Ministry of Finance :

18.3.7 All Project Variation Requests must be registered on arrival by the Directorate of Projects for co-ordination of the approval process. The majority of variation requests will relate to cost variations and Budget Year rescheduling and may be evaluated and approved by the Directorate without the need for other endorsement or referral.

18.3.8 The Directorate of Projects will consider the effect on established Budgets and the Forward Plan. Requests to increase funding of a Project -in a specific Budget Year may be approved on the basis of corresponding adjustments in other individual projects or offset against any funds set aside by the Directorate of Projects in respect of broadly identified slippage in the total work programme.

18.3.9 Where adequate funding is not clearly available, where the proposed variation affects the agreed scope or functional purpose of the Project or would have a noticeable effect on Economic Sector Plans. Exceptionally, where a variation has implications which require further endorsement by the Council of Ministers, the Directorate Projects will collate the necessary reports and submit recommendations for Ministerial briefing and Cabinet approval.

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- 18.3.10 The majority of price variations and minor amendments will be financed from general slippage in the rate of project expenditure through an Adjustment Control Account. Any variations requiring rescheduling of other individual projects must be fully agreed by the Directorate of Projects with all Ministries and Government Agencies concerned.
- 18.3.11 The Directorate of Projects after reviewing the request will either, approve it, allocating an approval No; or not approve it, stating its remarks in Form No.MF1802. The Form will then be authorised according to the authority levels specified in Subsection 15.4 of The Standard Finance Manual.
- 18.3.12 After authorisation of Form No.MF1802, the Directorate of Projects will enter the details of the Form in the General Ledger computer system and sign the computer entry box indicating a completed action.
- 18.3.13 After computer entry the Directorate of Projects will retain and file the first (white) copy of Form NO.MF1802 and all supporting documents and will send the second (pink) copy to the Originating Ministry, the third (green) copy to the Supervising ministry, and the fourth (blue) copy to the Directorate of Treasury at the Ministry of Finance .

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- 18.4.1 General guidelines:
The Originating Ministry or the Supervising Ministry must notify the Directorate of Projects in the Ministry of Finance before issuing the first Purchase Order or starting proceedings for the first tender invitation against a project which had been approved in principle if the total project cost is BD 50,000 and above. Proceedings for the invitation of the first tender or issue of the first Purchase Order must not be started prior to the approval of the Ministry of Finance . A copy of the tender invitation must be sent to the Directorate of Projects at the time the invitation is made, if the total cost of the project is less than BD 50,000. The Directorate of Projects must also be notified prior to the commencement of any major contract tendering according to paragraph 18.1.11 of Subsection 18.1.
- 18.4.2 All projects expenditure are subject to the provisions of The Standard Finance Manual covering purchases, prior approvals and public tenders, unless exempted by a provision in this Section or in writing by the Ministry of Finance .
- 18.4.3 Form No.MF1803 - Request for Approval of Contract Awarding/ Variation - must be used for all project contracts.
- 18.4.4 The prior approval of the Directorate of Projects in the Ministry of Finance must be obtained for all projects expenditure costing BD 10,000 and above, if tenders are not invited, unless exempted by a provision in this Section or in writing by the Ministry of Finance . Form No.MF1803 must be used for this purpose.
- 18.4.5 The Directorate of Projects must be notified of all project expenditure costing BD 1,000 and above, if not priory approved by the Ministry of Finance . Notification must be made through Form No.MF1803 with a copy of the Purchase Order or Contract attached to the notification. The Directorate of Projects need not notify approval.

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- 18.4.6 This procedure should be used wherever possible to obtain approval for any variations arising during the progress of a contract. Form No. MF 1803 - Request for Approval of Contract Awarding/ Variation - caters for expenditure, budgetary and non-financial variations on a single form.
- 18.4.7 The provisions of this Sub-section will not apply to variations in the quantities of work performed or materials supplied on a Term Contract basis unless the Project budget or an established lower level budget will be exceeded.
- 18.4.8 Form No. MF 1803 must be submitted to the Ministry of Finance for prior approval before an actual Variation Order is issued, except where the term of paragraph 18.1.20 of Subsection 18.1 apply. In these cases the Request for Approval of Contract Variation should be submitted with a copy of the issued Variation Order for retrospective endorsement.
- 18.4.9 A Supervising Ministry is directly responsible for submission of Form No. MF 1803 where the Variation is a valid use of Contract Contingency funds within the limits of paragraph 18.1.20 of Subsection 18.1. In all other cases, the Originating Ministry must issue Form No. MF1803 unless the Originating Ministry has delegated this responsibility to a Supervising Ministry and has received the written agreement of both the Supervising Ministry and the Ministry of Finance.
- 18.4.10 Request for approval of contract awarding/variation-form no.MF1803:
Form No. MF 1803 is used to obtain approval of awarding a contract (Refer to the annexed illustration 5), and for variations to an existing contract (Refer to the annexed illustration 7), and to notify commitment of funds against any provision for Contract Contingencies (Refer to the annexed illustration 6). All financial variations and any significant change to the physical work content, or the planned use of a facility or part of a facility under construction, are subject to this procedure. Minor practical amendments arising during the course of construction do not require approval if there is no financial implication, but for example a change of proposed use from a classroom to a windowless storeroom during construction of a school is a significant variation both to the

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functional purpose and the work content and will therefore require approval according to the provisions of Subsection 18.3. Form NO-MF 1802 - Request for Approval of Project Variation - must be submitted alongwith Form No.MFI803 if the requested contract awarding or variation requires a budget variation.

18.4.11 Form No. MF 1803 may be completed in either the English or Arabic language, but all figures must be entered in the original Arabic fore i.e. 1,2,3, etc. The form will be completed out of five copies with the following details:

Request for Approval of Contract Awarding:

- Request no: A pre-printed identifying number, which can be used for reference during the approval process.
- Name of the Directorate and Ministry or other Government Establishment submitting the request.
- Tick (x) in the Awarding box.
- Short Project title: State the short title of the project to which the contract belongs, as given in form No.MF 1801.
- Project Account Code: State the Account code allocated to the project by the Directorate of Projects through Form No. 1801.
- State the approved project budget, Commitments to date and the uncommitted budget.
- Contract No.: Leave blank.
- Contractor's Name: State the name of the contractor to be awarded the contract.
- Contract Completion: Specify the completion period whether in days, weeks or months along with the completion date.
- Contract Account Code: Leave blank to be allocated by the Directorate of Projects
- Details of Contract: State the net contract value, contract contingencies and total value in the value columns leaving the variation and revised value columns blank. The amount must be shown as (+) in the (+/-) column.
- The method, period and type boxes will be left blank to be completed by the Directorate of Projects.
- Recommendations for awarding and any other relevant remarks to be stated in the remarks box.

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- The request must be authorised according to the authority levels specified in Subsection 15.2 of The Standard Finance Manual with the boxes outlined in red reserved for the Ministry of Finance use only.

Request for Approval of Contract Variation:

- Request No: A pre-printed identifying number, which can be used for reference during the approval process.
- Name of the Directorate and Ministry or Government Establishment submitting the request.
- Tick (x) in the variation box.
- Short project title: State the short title of the project to which the contract belongs, as given in Form No. MF 1801.
- Project Account Code: State the account code allocated to the project by the Directorate of Projects through Form No-MF1801.
- State the approved project budget, commitments to date and the uncommitted budget.
- Contract No.: State the number of the contract to be amended.
- Contractor's Name: State the name of the contractor whose contract is to be amended.
- Contract completion: specify the change in the completion period, if any, whether in days, weeks or months indicating with a (+) or (-) whether the change is an extension or reduction of period. The revised completion date must also be stated.
- Contract Account Code: State the account code allocated to the contract by the Directorate of Projects through Form No. MF 1803 "Awarding".
- Details of Variation: State the details of value, variation, and revised value under the Net Contract Value, Contract contingency, and total value columns. The amount of variation must be bracketed under the Net Contract Value and contract contingencies columns if the variation is a reduction. A (+) or (-) sign must be shown in the (+/-) column indicating whether the variation is an increase or decrease under the total value column.
- The method, period and type boxes will be left blank to be completed by the Directorate of Projects.

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- Tick (x) in either the Yes or No column indicating the answer for the questions listed in the Form. Namely:
 - Has the contractor been instructed to proceed?
 - Is the variation within contract contingencies?
 - Is all variation pricing as per original schedule?
 - Will this work change the scope of the project?
 - Will variation require an increase to the project budget?
 The appropriate percentage of contract work completed must be specified.
- Any additional information supporting the requested variation must be given. And where appropriate an indication of further similar variations, which are likely to arise.
- The request must be authorised according to the authority levels specified in Subsection 15.2 of The Standard Finance Manual with the boxes outlined in red reserved for the Ministry of Finance and National Economy use only.

18.4.12 After Authorisation of Form No. MF 1803, the top four copies (white, pink, green and blue) together with all the supporting documents are sent to the Ministry of Finance and the fifth (yellow) copy retained by the requesting Ministry for follow-up and query purposes.

Form No-MF1803 will be completed after the approval of the Projects Ministerial Committee has been obtained for the awarding of the contract in case of tenders costing BD 200,000 and above.

Supporting documents to form no-MF1803 - request for approval of contract awarding/variation

Request of Contract Awarding:

18.4.13 A copy of the tender advertisement, tender conditions and copy of Form No. MF 1604 must be attached to the Form No. MF 1803 when sent to the Directorate of Projects in the Ministry of Finance .

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- 18.4.14 Request of Contract Variation:
The actual supporting documents to be submitted will depend on the type of variation and project, and on the requirements of the Directorate of Projects as specified from time to time. The following list of supporting documents is given as a guideline:-
- For each main or grouped alteration:
 - Description of the Variation.
 - Why the variation is necessary, including whether required to complete original work, whether to improve or change original work or whether contractual change.
 - The price variation.
 - How revised price was obtained. I.e. per contract price schedule, tendered, negotiated, set by Engineer etc.
 - Engineer's evaluation of prices not as per contract price schedule.
 - Effect of variation on operation, maintenance or other incurred costs and on manpower planning.
 - Revised schedule for work where appropriate.
 - Engineer's recommendation.
 - For the whole Variation Order:
 - A Variation Order document including revised prices, contract terms, specification schedule and form of agreement as appropriate.
 - The contractor's offer or agreement where appropriate.
 - Explanation of additional supervision if any.
 - Copies of any relevant correspondence.
 - Recommendations of Ministries concerned.
 - A brief description and estimated cost variation of any other anticipated variation Order against this contract.

- 18.4.15 Action within the Ministry of Finance :
All Requests for Approval of Contract Awarding/Variation received must be registered on arrival by the Directorate of Projects. The Directorate will pay particular attention to the approval of the request and endeavour not to delay the progress of work on site.

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18.4.16 The Directorate will consider the effect on established Project Budgets and the Forward Plan. Where adequate funding is not clearly available, where the proposed amendment affects the scope or functional purpose of the Project, or would have a noticeable effect on Economic Sector.

18.4.17 The majority of price variations and minor amendments will be financed from within the previously agreed Project Cash Requirement. Any contract awarding or variation requiring amendment to the Project Cash Requirement or agreed Budget Year Scheduling will additionally be subject to the provisions of Subsection 18.3 of The Standard Finance Manual requiring submission Form No. MF1802 - Request for Approval of Project Variation.

18.4.18 After reviewing the request the Directorate of Projects will, either approve or not approve Form No.MF1803, allocate an approval No. In case of request approval and authorise it according to the authority levels specified in Subsection 15.4 of The Standard Finance Manual noting any remarks which it might have in the form. If request is approved it will then authorise the form for data entry and enter the details of the form into the General Ledger Computer System.

18.4.19 After data entry the Directorate of Projects will retain the first (white) copy of Form No.MF1803 together with all the supporting documents filing it in the Project file, the second (pink) copy is sent to the Originating Ministry, the third (green) copy to the Supervising Ministry, and the (fourth) blue copy to the Directorate of Treasury, Ministry of Finance .

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- 18.5.1 Introduction:
This Subsection details the responsibility and procedures for generation and input of data to the Ministry of Finance General Ledger and Accounts Payable computer systems.
- 18.5.2 General ledger
Account master file creation:
A new Account Master File Record will be raised for each Project approved and for individual major contracts let, and/or agreed Cost Centres established as appropriate for further analysis or budgetary control of a Project.
The creation of Account Master File Records for Chapter 8 expenditure is the responsibility of the Directorate of Projects. Form No. MF0305 - Request for General Ledger Account Master File Maintenance - will be prepared and processed through the Directorate of Treasury in accordance with Subsection 3.2 of The Standard Finance Manual.
- 18.5.3 Account master file maintenance:
The Directorate of Treasury has sole responsibility for all input to the Account Master Files for Chapter 8. In addition to verifying and processing forms no. MF'0305 received from the Directorate of Project, the Section will initiate and process Forms No. MF'0305 for all File Maintenance and record deletion purposes.
- 18.5.4 Account relationship file maintenance:
The Directorate of Treasury has sole responsibility for Relationship File Maintenance on Chapter 8 accounts. During the processing stage of each Request for General Ledger Account Master File Maintenance Form, the Section will initiate and process Forms No. MF0306 - General Ledger Relationship File Maintenance - to create, amend or delete all necessary hierarchical relationships in accordance with Subsection 3.2 of The Standard Finance Manual.
- 18.5.5 Budgetary and commitment data:
The Directorate of Projects is the sole authority for all input of budgetary and commitment data to the General Ledger System for projects from the projects forms.

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- 18.5.6 Miscellaneous commitments:
Where commitments of expenditure are not required to be notified elsewhere in these procedures uses Form No. MF1803, the Directorate of Projects will agree with Ministries and Directorates concerned an appropriate routine basis for updating total commitments against a project expenditure code.
- 18.5.7 Inter-ministry transactions:
The procedure for Inter-Ministry Transactions including issue of and accounting for materials from Central Stores Directorate is fully defined in Subsection 10.2 of The Standard Finance Manual.
- 18.5.8 Verification of budgetary and commitment inputs:
The Directorate of Projects will ensure that the accuracy of inputs to the General Ledger System from projects Form by periodic cross-checking of computer listings against individual Project Files.
- 18.5.9 Accounting for revenue:
As a general policy, any income arising during the course of Project Construction or implementation is to be treated as Revenue and subject to the provisions of Section 6 of The Standard Finance Manual. Income resulting from claims or penalties, including liquidated damages, performance bond default, insurance claims etc., should not be treated as a credit against Chapter 8 project expenditure and should always be treated as Revenue.
- 18.5.10 Accounts payable:
The general procedures for the Accounts Payable System are contained in Section 7 of The Standard Finance Manual. Subsections 7.7, and 7.8 are of particular reference to Project Control.
- 18.5.11 Vendor master list:
A separate Vendor Master List is maintained for Project Payments. For identification purposes each Project Vendor Number is prefixed "03". All amendments to the Projects Vendor Master List will be coordinated and agreed by the Directorate of Treasury in addition to the general procedures detailed in Subsection 7.7 - Accounts Payable - Vendor Master Lists.

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18.5.12

Payment voucher for projects - form NO. MF0706:

Preparation and processing of Form No. MF0706 is similar to the procedure for recurrent expenditure using Form No. MF'0702 as detailed in Subsection 7.8 of The Standard Finance Manual. The following exceptions should be noted:

- All payments must be authorised by the Supervising Ministry, if any.
- Payment Voucher Continuation Sheets - Form No. MF0703 must not be used for Project Payments where retention deduction or release is entered on Form No. MF'0706.
- All Payment Vouchers for Projects are to be sent to the Directorate of Treasury.
- Payment Vouchers for Projects will be batched separately from recurrent expenditure for computer input using Form No. ME0709 - Payment Vouchers Batch Header.

Directorate of Treasury -Additional responsibilities:

- In addition to responsibilities allocated elsewhere in these procedures and in other Sections of the Standard Finance Manual, the Directorate of Treasury will:
- Ensure that all necessary approvals for payment have been given and commitment records updated by the Directorate of Projects before processing a Payment Voucher. Paragraphs 18.1.27 and 18.4.5 of these procedures permit retrospective approval of expenditure commitments in certain circumstances. In these cases, any form No. MF1803 or agreed substitute formats must be forwarded to the Directorate of Projects for approval and commitment purposes before the Payment Voucher is processed for payment.
- Initiate the necessary action for capitalisation of completed Projects. As a general principle, capitalisation of Projects fully completed and paid will be carried out as an integral part of Year Ended closure routines. The Directorate of Treasury will agree with Ministries concerned the individual entries to be made in the Asset Register in accordance with the guidelines laid down in Section 19 of The Standard Finance Manual.

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- 18.6.1 General Procedures:
This Subsection details the responsibility and procedures for formal reporting of project expenditure, physical progress of works and summarised management reports. It is not intended to cover internal routine reporting systems as are necessary for maintenance of the Accounts Payable and General Ledger system within the Ministry of Finance , or as required for detailed project management within a Supervising Ministry.
- 18.6.2 Ministry of Finance - expenditure reporting:
Routine expenditure reports and budget comparisons will be issued by the Directorate of Treasury on a monthly basis. The reports will be circulated to the Supervising and Originating Ministries concerned and Ministry of Finance Directorates concerned.
- 18.6.3
Additional detailed or summary reports way be requested by a Ministry or Directorate to specific requirements using Form No. MF0501 - Report Maintenance Request. The procedures for requesting new reports or modifying existing financial and management reports are contained in Subsection 5.1 of The Standard Finance Manual.
- 18.6.4 Physical progress reports:
Physical progress reports are required to be prepared on a regular basis by Ministries undertaking practical implementation of a Project or Projects. Reports should contain sufficient detail on major contracts and provide general summaries of each Project (including Measured and Material Term Contract activities) so as to give an adequate indication of physical progress and completion.
- 18.6.5
Unless otherwise agreed with the Directorate of Projects, reports are to be submitted to the Ministry of Finance on a quarterly basis together with copies of any programme and progress reports as specified within the terms of a Contract. Supervising Ministries are also required to submit a copy of relevant physical progress reports to Originating Ministries.

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- 18.6.6 Financial planning reports:
The Directorate of Projects in the Ministry of Finance is responsible for co-ordination of summarised reports on Project implementation and Forward Planning as required for Ministerial briefing and presentation to the council of Ministers.
- 18.6.7 The Directorate will circulate periodic summarised reports based on both financial and work progress data to all concerned Ministries and Directorates within the Ministry of Finance . Any specific recommendations for ensuring that the planned rate of total projects expenditure is achieved must be jointly agreed between the Directorate of Projects and other Ministries and Directorates concerned.
- 18.6.8 The Project Approval & Follow-Up Section of the Directorate of Projects will maintain a day to day liaison with other Ministries and Directorates to monitor the progress of all current projects, and prepare detailed financial reports on specific projects as required.
- 18.6.9 The Directorate of Projects will monitor and review the wider aspects of project achievement. The Section will Prepare reports as required on the attainment of intended Economic, Social and Financial objectives.

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19.1.1	<p><u>Introduction:</u> This Section of The Standard Finance Manual covers general provisions & accounting policies to record government fixed assets information in CFS register and there control procedures.</p>
19.1.2	<p>The accounting policies outlined in this section are not applicable to depleteable & undepletable natural resources, and library books and reference materials at government authorities.</p>
19.1.3	<p><u>Definitions:</u></p> <p>Fixed Assets: Tangible assets:</p> <p style="padding-left: 40px;">a) Owned by government authority to be used by its own, in production, supply of goods or services, hired or used in administration, and</p> <p style="padding-left: 40px;">b) with a life expectancy of more than one year.</p> <p>Capitalized fixed assets with a unit cost equal to or exceeding the Fixed assets capitalization threshold specified in para 19-1-13 of this subsection.</p> <p>non capitalized fixed assets with a unit cost less than the Fixed assets capitalization threshold specified in para 19-1-13 of this subsection.</p> <p>Heritage assets Assets that have cultural, environmental or historical significance, such as historical buildings, archaeological sites and conservation areas.</p> <p>Ancillary Costs Costs related to placing a fixed asset into its intended state of operation.</p> <p>Buildings Cost of permanent improvements, repairs and Improvements developments on lands (other than Buildings</p> <p>Fair value Asset market value assigned by professional experts.</p> <p>Estimated asset value It is value of identical asset, replacement cost, reproduce or construct identical asset.</p> <p>Financed Capital lease A lease that transfers substantially all the benefits and risks inherent in the ownership of property, and must meet one of the following criteria in the capital lease contract:</p> <p style="padding-left: 40px;">a) By the end of the lease term, ownership of</p>

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	<p>the leased property is transferred to the government;</p> <p>b) The lease contains a bargain purchase option;</p> <p>c) The lease term is equal to 75 percent or more of the estimated useful life of the leased property;</p> <p>d) if, at the inception of the lease, the present value of the minimum lease payments is 90 percent or more of the fair value of the leased asset.</p>
19.1.4	<p><u>Purchasing of Fixed Assets:</u> fixed assets purchasing procedures are subject to the provisions of government tenders and purchases law issued by legislative decree no.36 of 2002 and its implementing regulations issued by decree no.37 of 2002, and all regulations and orders issued by the Tender Board regarding government purchases.</p>
19.1.5	<p><u>Fixed Assets Ownership:</u> Fixed assets owned by government when they acquired by any of the followings:</p> <p>a) purchase.</p> <p>b) Permanently allocated by the government.</p> <p>c) Permanently transferred by another government authority.</p> <p>d) Donated by individuals or private authority.</p> <p>e) Constructed or manufactured asset.</p> <p>f) Capital lease, subject to provisions specified in this subsection.</p>
19.1.6	<p><u>Capitalized Fixed Assets Value:</u> Capitalized fixed assets are recorded at purchase price plus any Costs related to placing a fixed asset into its intended state of operation, assets acquired by other mean should be valued at fair value or estimated value if not possible to determine their fair value.</p>
19.1.7	<p>cost of extended maintenance/warranty contracts is included in the valuation of the fixed asset provided the contract is purchased at the same financial year as the fixed asset. These contracts are depreciated over the useful life of the asset.</p>

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19.1.8 Constructions in progress must reflect all direct costs associated with the construction beard by government authority, and may not capitalized direct manpower cost if it is less than 5% of the total cost of the self constructed asset.

19.1.9 Constructions in progress assets should be capitalized to their appropriate capital assets categories upon the earlier occurrence of the following:

- a) Issue of final project certificate.
- b) Use of the asset.
- c) Keep the asset on service.

Value of Heritage assets:

19.1.10 In general it is difficult to determine value for heritage assets, then they are recorded according to acceptable standards placed by concerned government authority, in coordination with Accounting Directorate at Ministry of Finance.

Work of Art:

19.1.11 Work of arts are recorded at purchased price, and if acquired by other mean they should be valued at fair value or estimated value if not possible to determine their fair value.

Non Capitalized Fixed Assets Value:

19.1.12 These assets are recorded at purchase price, assets acquired by other mean should be valued at fair value or estimated value if not possible to determine their fair value.

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19.1.13 Capitalization Thresholds for Capitalizing Assets:
Fixed assets owned by government authority should be classified as capitalize asset if its purchase price, fair or estimated value equal to or greater than the following thresholds:

Class of assets	Threshold (B.D.)
Land and land improvements	Capitalize All
Buildings and building improvements	10,000
Facilities and other improvements	10,000
Infrastructure	10,000
Plant and equipment	500
Financed capital lease	10,000

19.1.14 Subsequent expenditure to Improve Capitalized Fixed Assets:
Government authority should add subsequent betterments & improvements expenditure the book value of capitalized fixed assets when it is probable that future economic benefits or service potential over the total life of the asset, in excess of the most recently assessed standard of performance of the existing asset, that include the followings:

- a) Extraordinary repairs, betterments, or improvements - Outlays that increase future benefits from an existing fixed asset beyond its previously assessed standard of performance are to be capitalized when these costs are equal to or greater than the capitalization threshold specified in para 19-1-13 of this subsection for such asset. Increased future benefits typically include:
 1. An extension in the estimated useful life of the asset.
 2. An increase in the capacity of an existing fixed asset.
 3. A substantial improvement in the quality of output or a reduction in previously assessed operating costs.
- b) Replace cost of any part of a fixed asset by another when the cost of the replacement is equal to or greater than the capitalization threshold specified in para 19-1-13 of this

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	<p>subsection and the replacement part value not less than 10 percent of book value of the asset.</p> <p>c) Cost of expansion to capitalized fixed asset when it is equal to or greater than the capitalization threshold specified in para 19-1-13 of this subsection.</p>
19.1.15	<p>Government authority may record non capitalized fixed asset that its value is greater than BD 100 as capitalized fixed asset if:</p> <p>a) Similar in kind, have same specification & functions or it work as group, such as computer equipments for on project.</p> <p>b) Its group value is 10,000 or greater.</p> <p>c) Depreciated through their useful life.</p> <p>d) Recorded as one unit in the fixed assets register.</p>
19.1.16	<p><u>Financed Capital Lease Fixed Assets:</u></p> <p>Financed capital lease fixed assets treated as government authority's owned fixed assets, when its net lease term payments or the fair value equal to or greater than BD.10,000.</p>
19.1.17	<p>Financed capital lease fixed assets recorded at government authority fixed assets register, provisions & control procedures of this section hereof shall be applied to such assets.</p>
19.1.18	<p><u>Non Capitalized Fixed Assets</u></p> <p>Government authority shall establish appropriate rules & standards to determine non capitalized fixed assets to be recorded at its register for control purposes.</p>
19.1.19	<p>Government authority should record details of the followings non capitalized fixed assets (when value of each is greater than BD.100) at its register, and perform annual stock inventory according to procedures specified in subsection 19-2:</p> <p>a) Communication equipments.</p> <p>b) Audio log, optician & photo equipments.</p> <p>c) PCs, laptops & their accessories.</p> <p>d) Office equipments.</p>

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- e) Inspection, measurement & all analytical equipments.
- f) Laborite's equipments.
- g) Other portable electrical & electronic equipments.

- 19.1.20 Capitalized Fixed Assets Depreciation Accounting Policy:
Capitalized fixed assets register shall contain depreciation details of government capitalized fixed assets according to the followings policies:
- a) Depreciation shall be calculated on a straight line basis, and it may be changed in coordination with Accounting Directorate at Ministry of Finance.
 - b) Depreciation shall be calculated as from the beginning of the month during which the fixed asset has been acquired up to the end of the month that precede the month during which the fixed asset has been permanently withdrawn from use.
 - c) Following capitalized fixed assets are not depreciated: land, work in progress, heritage assets, library books and materials, works of art and non capitalized fixed assets.
 - d) Book value of fully depreciated fixed asset shall remain at value of B.D. 1.
- 19.1.21 Following rates shall be used to determine estimate useful lives of fixed assets:
- | | |
|---------------------------------|-----------------------|
| Land | not to be depreciated |
| Buildings & their improvements | 25 years |
| Vehicles | 5 years |
| Engineering Machinery and Tools | 5 years |
| Furniture | 10 years |
| Equipment | 5 years |
| Tools and Machinery | 10 years |
| Ships | 10 years |
| Computers Equipment | 3 years |
| Infrastructures | 40 years |
- 19.1.22 Concerned government authority may use a different estimate useful life stated at para 19-1-21 of this subsection to suit its circumstances or manufacturer or expert recommendations.

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- 19.1.23 Capitalized Fixed Assets Classification
Capitalized fixed assets shall be classified for the purpose of disclosure in the financial statements to main & sub categories according to the classification approved by Ministry of Finance within Oracle system. Sub category of fixed assets shall have the same nature or characteristics of main category.
- 19.1.24 Disclosure of Fixed Assets in the Financial statements:
Government authority shall disclose its capitalized fixed assets in the financial statements according to bases & standards issued by Minister of Finance for the preparation of financial statements by government authorities.
- 19.1.25 Transitional Procedures for Fixed Assets acquired at previous Years:
Fixed assets purchased, constructed or acquired following the date of first implementation of CFS fixed assets system, shall be cognized, evaluated and recorded within a period not exceeding five years from the date of first implementation of CFS fixed assets system.
- 19.1.26 Accounting Directorate places suitable policies & instructions that government authorities shall use it within transitional period, to determine which of such fixed assets recorded in the register, evaluation methods used to each main category.

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- 19.2.1 Government authority is responsible for developing internal policies and procedures to protect and control the use of all inventoriable fixed assets, and consider costs vs. benefits in developing their individual policies and procedures.
- 19.2.2 Such internal policies and control procedures shall reasonably assure the following:
- a) Efficient management and use of fixed assets.
 - b) Maintain legal deeds and documents for fixed assets ownership.
 - c) Safeguard assets from lost, theft, misuse or unauthorised use.
 - d) Maintain the assets in good condition.
 - e) Insure assets against feasible risks as appropriate.
 - f) Completeness & update of fixed assets register.
 - g) Undertake annual stock inventory.
- Fixed Assets Register:
- 19.2.3 Government authority shall use ORACLE CFS Fixed Assets Register approved by Ministry of Finance for recording fixed assets information. Government authority may not use any other system without a prior approval of Accounting Directorate at Ministry of Finance.
- 19.2.4 Government authority shall follow procedures, instructions and use the forms specified in the User Manual of Fixed Assets System approved by Ministry of Finance within ORACLE CFS system to record additions, transfers, withdrawals or amendments of fixed assets.
- 19.2.5 The Fixed assets register shall be utilized to provide and maintain the appropriate information of fixed assets, which serves the following purposes:
- a) Preparation of financial statements.
 - b) Facilitate the control over the fixed assets, insure the efficient and effective use of assets and safeguard it from lost or theft.
- 19.2.6 Fixed assets register shall contain information of the following fixed assets:
- a) Capitalized fixed assets, including work in progress.

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- b) Heritage assets.
c) Works of art.
d) Non capitalized fixed assets, specified in subsection 19-1.

Identification of fixed assets:

19.2.7 Government authority shall establish procedures for the identification of fixed asset, such identification is to facilitate stocktaking and aid in the identification if the asset is lost or stolen, and follow up maintenance and insurance of such assets.

19.2.8 Identification number is to be located on the principal body of the asset, unless its unpractical to do so, such as for lands, buildings & industrial facility, where the identification numbers are allocated in the register only.

Addition of Fixed Assets to the register:

19.2.9 Upon receipt and acceptance of an inventoriable fixed asset, the inventory officer shall be notified, who shall update fixed assets register and allocate Identification number to the asste.

Disposal of Fixed Assets:

19.2.10 Fixed assets shall not be disposed before the end of their useful lives, except where there are economical or technical reasons for early disposal reported by technical expert.

19.2.11 Sale of government land or property is subject to the Legislative Decree No. (19) of 2002 about the disposition of government lands and properties and control over government land & properties - section 23-1 of the Standard Finance Manual.

19.2.12 Government authority shall prepare Fixed Asset Dispsal Form authorized by director of Human & Financial Resources or his equivalent, supported by technical report, when assets are Disposed before the end of their useful lives.

19.2.13 Fixed Asset Disposal Form shall be sent to a inventory officer, to update the Fixed Assets register.

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- 19.2.14 Government authority shall maintain Fixed Asset Disposal Forms & supporting documents in a file, for a retention period specified in section 24 of the Standard Finance Manual.
- 19.2.15 The methods of fixed assets disposal shall be as follows:
- a) Utilized for educational or training purposes; or
 - b) Transferred to another government authority to use them; or
 - c) Auctioned according to subsection 6-6 of the Standard Finance Manual.
 - d) Donated to charity or voluntary organizations, on their written request, provided that donated asset price doesn't exceed B.D. 500.
 - e) Granted to staffs below director's level. Grant of assets to staffs shall be for personal computers & their peripherals only. Such grant must be in according to an equitable and fair method (i.e. chosen by lot).
- Physical inventories:
- 19.2.16 Physical inventories must be conducted not less than once every year for inventoriable fixed assets; it could be conducted periodically during the year for each group of assets, providing that all fixed assets are counted every year.
- 19.2.17 Physical inventories are to be performed by personnel having no direct responsibility (custody and receipt/issue authority) for assets subject to the inventory count, wherever possible
- 19.2.18 Fixed assets register shall be used for Physical inventories, physical counting results shall be compared with the fixed assets register data.
- 19.2.19 Person responsible for the supervision of Physical inventories shall prepare a report containing start, end, scope and findings and results of regarding lost fixed assets, including:
- a) Unused assets or in an obviously unserviceable condition; and recommendation for repair or disposal..
 - b) Differences between physical inventories and fixed assets register, and the follow up procedures regarding lost fixed assets as specified in this subsection.

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- 19.2.20 Physical inventories report shall be used as a basis to correct & update fixed assets register, the report should be authorized by director of Human & Financial Resources at concerned government authority.
- Lost or Stolen Fixed Assets:
- 19.2.21 Government authority shall investigate any lost of fixed asset, and take the proper actions to recover any lost asset.
- 19.2.22 Government authority shall send to investigation any theft or harm cases to fixed assets as a result of intended or negligent conduct.
- 19.2.23 Government authority shall immediately notify Ministry of Finance of all acts of lost, theft or damage to fixed assets; National Audit Court must be notified within seven days of the result of its investigation and issued orders accompanied with all relevant documents and action taken in respect of each case.
- 19.2.24 Government authority shall coordinate with National Audit Court to send the case to the concerned body to file criminal action, when there are seriousness evidences that there is crime.
- 19.2.25 Penalties provided for by the civil service regulations shall be applied to any employee perpetrates or share in the lost, stolen or damage to government fixed assets.
- 19.2.26 Government authority shall prepare Fixed Asset Disposal Form for any lost or stolen fixed assets, update fixed assets register and file the Disposal form and investigation documents.

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22.1.1 Introduction:
This section of the Standard Finance Manual covers the general provisions and procedures for entertaining official visitors, consultants that are hosted by government authorities and provisions for hosting experts at the beginning of contract.

22.1.2 First : Definition of Official Visitors
Official visitors mean official delegations visit Kingdom of Bahrain on individuals or delegations representing other Governments or internationally recognised bodies such as:

- Cultural Exchanges or Sports Teams who are invited to Bahrain by officials of the Government of the Kingdom of Bahrain.
- Delegates who are invited to official Government conferences, meetings or forums that hosted by government authorities on their expense,
- Consultants & advisors delegated or contracted with to perform services to the government authority.

22.1.3 Second: Classification of Official Visitors Categories:
Classification of official visitors for this section of SFM:

VIP's (A)	all levels above Assistant Under Secretary and the Director level in the G.C.C. member States.
VIP's (B):	directors in governments, national and international organizations & their equivalents of VIPs.
Consultants & Other Visitors	experts who are appointed to carry out assignments for the Government and where the contract for such assignments requires the Government to provide accommodation and other benefits, as well as other visitors not covered within VIPs.
Expatriate Employees	Non Bahraini employees, where special arrangements have to be made for the accommodation at the start of their contract of employment.

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22.1.4 Third: General Provisions:
Cabinet prior approval must be obtained before entertaining national & international conferences & forums.

22.1.5 Entertaining official visitors is subject to government authority approval for the invitation or agreement not lower than director level at the concerned government authority.

22.1.6 Hosting Ministry will make following arrangements

- Detailed itinerary and Inform the Protocol Directorate at the Ministry of Foreign Affairs with full details(if appropriate).
- Making the appropriate reservations for accommodation and official transport.
- Coordinate with Ministry of Interior to reserve security & traffic services (if required).

22.1.7 Government authority shall give the visitor a welcome letter including hosting period, maximum cost allowed, also that government authority will not bear cost of un allowed services or exceed the maximum cost allowed, such information should be passed to the hotel through the purchase order.

22.1.8 Government authority must comply with hotels & services allowed levels to each category of official visitors according to the followings:

Visitor Category	Hotel Category	Accommodation Category	International calls	Transport
VIP (A)	5 Star	Suite or double room	Allowed	Allowed
VIP (B)	5 Star	double room	Allowed	Allowed
Advisors & Other visitors	4 Star	Single room	Not allowed	Allowed
Experts Employees (Consultants & equivalent	4 Star	Single room	Not allowed	Not allowed
Experts Employees	Guest house or 3 Star	Single room	Not allowed	Not allowed

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22.1.9 Government authority shall bear all VIPs (A) hosting costs, and the following maximum daily cost shall be beard for meals, privileges, laundries, local calls and other allowed costs for VIPs (B), other visitors and experts:

Visitor Category	Maximum daily cost
VIPs (B)	BD.60
other visitors	BD.40
Experts Employees (Consultants & equivalent)	BD.40
Experts Employees	BD.30

22.1.10 Hotels levels shall be specified according to hotel categories list issued by Ministry of Information as well as the changes it will make from time to time.

22.1.11 On approval of government authority's undersecretary or his equivalent may host consultants or other visitors at 5 star hotel.

22.1.12 If delegation headed by VIP, government authority may host the all delegation group in the same hotel of VIP regardless of their categories.

22.1.13 Official visitor must bear any additional cost for members of his family who accompany him on the visit, with the exception of the VIP (A) category after the written approval of the concerned minister.

22.1.14 Official visitors' hosting period should not exceed visit period determined be concerned government authority.

22.1.15 Following arrangements should be done at the start of expatriate employees contract:

- stay in hotel or Guest House available with CSB, on discretion of the government authority.
- The stay in the hotel should be limited to a maximum of five days and should not include the family of the employee.

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- 22.1.16 Fourth: Host of Official Visitors for Long Periods:
In normal cases official visitors classified as consultants & other visitors should not be hosted for a period of more than two weeks.
- 22.1.17 If there is a need to host official visitors for a period above two weeks, government authority shall:
- Arrange to host them in Guest House available, apartments or furnished houses with weekly or monthly rent.
 - Make arrangements with directorate of Treasury at Ministry of Finance to pay daily a maximum of BD.30 in cash to the guest, If there is no catering and other services available at these guest house..
 - Pay the hosting amount at the beginning of each week during the hosting period on guest signature of receipt.
- 22.1.18 Fifth: Paying of Government Employees Costs who accompany the Guest:
Government authority may host any government employee who accompany the guest, such as public relation staff or security guard supplied by ministry of Interior, such employee hosted in the same hotel of the guest. As well as providing meals & other services of maximum daily BD.40.
- 22.1.19 Government authority may bear cost of meals for employee accompany the guest after normal duty hours (e.g. government or royal drivers) of maximum daily BD.10, or bear cost of meals at same hotel.
- 22.1.20 Cost of meals shall be paid out of petty cash if it is less than BD.50, otherwise it shall be paid according to provisions & procedures of payment system specified at section 7 of the SFM.
- 22.1.21 Sixth: Arrange Official Transport:
Government authority shall follow required Procedures need to arrange official transport for guests according to provisions of temporary vehicle hiring at subsection 16-11 of SFM.

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- 22.1.22 Seventh: Issue of Hotel Services Purchase Order Procedures:
Government authority shall issue purchase order, detailing accommodation category, hosting period and cost of services allowed, the purchase order shall be authorised according to authority levels specified in section 15 of SFM, the purchase order must be generated through (CFS) "purchasing system" in Oracle system.
- 22.1.23 Government authority shall send hotel service purchase order to the concerned hotel who will return it with the invoice, a copy of the order shall be retained for follow- up and query purposes.
- 22.1.24 After the end host period, government authority concerned shall review invoices received from the hotel to ensure that there are no extra services charged other than those requested, and shall process payments according to the provisions of section 7 of SFM.
- 22.1.25 Eighth: Official Visitors' welcoming ceremony:
Government authority shall issue a separate purchase order for welcoming ceremony (if any), a separate invoice for such ceremony shall be issued by the hotel.
- 22.1.26 Ninth: Official Visitors' Gifts:
The provisions of Subsection 25.1 of SFM must be referred to in respect of the procedures for authorising the presentation of Gifts to Official visitors.
- 22.1.27 Tenth: Government Authority Employees' ceremony:
Government authority undersecretary's approval should be obtained to make a ceremony for its employees in a hotel, invite guests other than employees may be invited, except where the ceremony is a for special occasions, such as long service or efficient performance incentive ceremony.

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23.1.1 Introduction
This section of the Standard Finance Manual contains the policies and general provisions for controlling, managing and supervising government land and properties. It also includes the general provisions for the sale and purchase of government land and properties, keeping the relevant registers and the procedures for their maintenance and insurance.

23.1.2 This section specifies the functions and responsibilities of certain government authorities for controlling government land and properties designated for the purposes of developing management, social, industrial, agricultural or housing, service or investment projects or for the establishment of various professional utilities.

23.1.3 Definitions
The following definitions will be used to explain the meaning of these terms for the purpose of this Sub-Section of the Standard Finance Manual:

Government Land:

It means all lands owned by government according to the Legislatives Decree No. (19) of 2002, and they are as follows:

1. Lands & properties owned to government by Law.
2. Lands owned to government by deeds.
3. Lands not owned by anybody by deeds or court orders, or any other kind of ownership.

Government Properties:

It means all buildings and the land on which the buildings owned by various government authorities are established, including ministries' buildings, offices, houses, flats, warehouses and stores, or the buildings built for the purposes of administrative, housing, industrial, commercial or social development, or for service and investment projects, together with the land enclosing them directly and constituting an inseparable part thereof.

23.1.4 General Provisions
The relevant government authorities to undertake supervision, management and control over government land and property owned by them in accordance with the specific general rules in this section of the Standard Finance Manual.

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- 23.1.5 Government authorities should safeguard and conduct a periodical maintenance for government land and property under their supervision .
- 23.1.6 Government land and property may not be utilized for purposes or activities other than those designated according to Legislatives Decree No. (19) of 2002 regarding disposition of government properties .
- 23.1.7 Government authorities may not decide that a property is not suitable for use except by co-ordinating with the Government Property Section at the Ministry of Finance , provided that this should be substantiated with a technical report from the Ministry of Housing and Works, if such unsuitability of the property is a result of technical reasons, such as defective construction or dilapidated of property.
- 23.1.8 Land and property which is dispensed with for any reason, or that which is deemed unsuitable for use, shall be handed over to the Government Property Section at the Ministry of Finance .
- 23.1.9 Government authorities must co-ordinate with the Government Property Section at the Ministry of Finance in respect of allocation of government land and property for use in executing their current and future projects.
- 23.1.10 Government authorities must submit requisitions to the Government Property Section at the Ministry of Finance to undertake survey for government land and property owned by them.
- 23.1.11 Register of Government Land and Properties:
Government authorities shall maintain a register for their land and properties. Data contained in the register of the concerned ministry should be identical to the data contained in the central register kept at the Government Property Section at the Ministry of Finance. The concerned ministry shall have a register of lessees and prepare a periodic reports of due and received rents.
- 23.1.12 The details of government land specified administratively for independent projects must be in the register of the government authority which undertakes the supervision of such project. The

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- central register kept at the Government Property Section at the Ministry of Finance must contain the details of such projects.
- 23.1.13 The concerned ministry shall use the standard numbering system of government land and properties specified by the Government Property Section at the Ministry of Finance in recording government properties.
- 23.1.14 The Government Property Section of the Ministry of Finance should be notified of any amendments and changes in the details of the land and properties belonging to the concerned government authorities, for the purpose of updating the central register.
- 23.1.15 Government authorities must maintain a permanent file for each plot of land or government property for keeping all drawings, designs, plans and any other documents related to the government land or property, with exception to title deeds, which should be kept by the Government Property Section at the Ministry of Finance .
- 23.1.16 Acquisition and Purchase of Land and Properties
Private land and properties may be acquired for public benefit by a ministerial order issued by the Minister of Municipality & Agriculture Affairs by virtue of the Legislative Decree No. 24 of 1975 and Legislative Decree No. 7 of 1984 with respect to the Acquisition of Land and Properties for Public Benefit.
- 23.1.17 Government authorities may not purchase private land or properties for their own use, whether inside the country or abroad, except by permission from the Prime Minister, and make the necessary co-ordination with the Government Property Section at the Ministry of Finance.
- 23.1.18 Sale of Government Land and Properties
Sale of government land or property is subject to the Legislative Decree No. (19) of 2002 about the disposition of government lands and properties.
- 23.1.19 Requisitions for disposition or sale of government land and properties shall be submitted to the Government Property Section at the Ministry of Finance, which will fulfill the procedures required

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- by Legislatives Decree No. (19) of 2002 regarding disposition of government land & properties .
- 23.1.20 All revenues and proceeds resulting from the sale of government land and properties shall be deposited in the account of government revenues.
- 23.1.21 Remedying of Violations Against Government Land and Properties
Concerned government authority shall undertake the responsibility of controlling the government land and properties belonging to them for preventing others from committing a trespass against them by occupying them without permission, benefiting from them illegally or using them without a legal deed.
- 23.1.22 In the case of a breach on government land property belonging to it, concerned government authority shall, in co-ordination with both the Government Property Section at the Ministry of Finance and the Directorate of Legal Affairs at the Ministry of State for Cabinet Affairs, remedy the trespass amicably or legally to ensure the following:
1. Obliging the trespasser to vacate the land or property immediately.
 2. Obliging the trespasser, if he has begun any construction, building or destruction work or otherwise to stop such works and reinstate the land or property.
 3. Reinstatement of the land or property at the expense of the trespasser without compensation.
 4. Claiming compensation for the damages arising from trespassing the government land or property.
- 23.1.23 Insuring Government Properties
All precautions and measures should be taken, and means of safety and security should be made available for government premises and properties and their contents such as devices and equipment, to safeguard the same against damage and risk of damage or destruction.
- 23.1.24 Government properties shall be insured in accordance with the insurance policy approved by the Ministry of Finance. Concerned ministry shall designate the risks that should be insured and the

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value thereof, and shall co-ordinate the same with the Ministry of Finance .

23.1.25 Concerned government authority shall inform the insurer immediately of the risks or damages that may occur to the insured government properties or premises, and take necessary actions in co-ordination with Accounting Directorate at the Ministry of Finance to claim due compensation in accordance with the conditions stated in the insurance policy .

23.1.26 Concerned government authority shall, if any damage or destruction occurs to the uninsured government properties, inform the Ministry of Finance thereof, and shall take the necessary actions to find out the cause of damage or destruction, and by whom it was caused .

Designating the Responsibilities of Controlling Government Land and Properties

First: Ministry of Finance

23.1.27 The Government Property Section at the Ministry of Finance shall undertake the following functions and responsibilities for controlling and supervising the management of government land and properties:

1. Co-ordination with government authorities regarding the implementation of the general provisions and procedures contained in this section of the Standard Finance Manual.
2. Managing the government land and properties which come under its responsibilities.
3. Maintaining a central register containing the main details of government land and properties belonging to the concerned government authorities, and updating the details of the central register with any new details regarding the acquisition, purchase or sale of the government land and properties, changing the purposes of their use, or transferring them from one government authority to another.
4. Using a standard numbering system for all land and properties in the central register, numbering system shows the title, location and purpose of development designated therefore. It should notify government authorities of the standard numbering system of the land and properties belonging to them.
5. Registering government land and properties with Survey & Land Registration Bureau, and keeping title deeds of all government

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land and properties belonging to the various government authorities.

6. Keeping a copy of the main plan of the Kingdom of Bahrain which covers all the State sectors, and coordinating with concerned Directorates at Ministry of Municipality & Agriculture Affairs to designate government land and properties registered in the central register for registering them in the suitable sector according to the main plan of the Kingdom of Bahrain.
7. Co-ordinating with concerned Directorates at Ministry of Municipality & Agriculture Affairs to meet the needs of the government authorities regarding government land and properties that will be used for execution of current and future projects.
8. Monitoring and following up the prices of land and properties and the changes that affect them according to the local market, as this can be used as a guide in the purchase, sale or leasing transactions of government land and properties.
9. Improving the investment of government land and properties by using them optimally and achieving the best returns.
10. Co-ordinating with the government authority which supervises the government land and properties designated for the purposes of industrial and agricultural development or for various service, professional or investment projects, for fixing the lease amount of government land and properties offered for rent.
11. Receiving lease requisitions related to government land and properties under the responsibilities thereof, examining them, co-ordinating with the Ministry of Municipality & Agriculture Affairs, and submitting relevant recommendations to the Prime Minister for approving the lease.
12. Making lease agreements, collecting due rents, registering them and depositing them in the bank to the account of government revenues.
13. Safeguarding the government land and properties under its responsibilities and making the necessary periodical renovations and maintenance.
14. Preparing a model lease agreement, in co-ordination with the legal advisor at the Ministry of Finance. Multiple model lease agreements may be used according to the nature of land and properties and the leasing purposes .

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Second: Ministry of Industry and Commerce:

The Directorate of Industrial Areas at the Ministry of Industry and Commerce shall undertake the following functions and responsibilities for controlling the industrial areas:

1. Controlling and supervising the management of government land and properties at the industrial areas designated for the purposes of industrial development by virtue of the general provisions and policies contained in this Section of the Standard Finance Manual.
2. Coordinating with the concerned government authorities to identify and survey the industrial areas.
3. Approving the allocation and leasing of government land and properties at the industrial areas to be used for industrial development purposes.
4. Approving the allocation and leasing of government land and properties at the Industrial Areas to be used for special nature commercial activities such as the establishment of warehouses.
5. Co-ordination with the Government Property Section at the Ministry of Finance to fix the prices of leasing government land and properties in the Industrial Areas.
6. Preparing and signing the lease agreements of government land and properties in the Industrial Areas, and ensuring non-violation by lessees to the Ministry of Industry and Commerce's rules and regulations regarding the use of industrial areas.
7. Pursuing the rent collection of government land and properties in the Industrial Areas, receiving the same and depositing the received rents in the account of government revenues.
8. Keeping a register for the lessees containing details of the leased land or property, lease amount and amounts received and due for each lessee.
9. Preparing periodical reports containing details of the leased government land and properties in the Industrial Areas, the value of received and due rents, and sending a copy of the report to the Government Property Section at the Ministry of Finance .

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Third: Ministry of Municipality & Agriculture Affairs:

A- Directorate of Plant Wealth:

Directorate of Plant Wealth shall undertake the following functions and responsibilities:

1. Controlling and supervising the management of government land and properties at the areas designated for the purposes of agricultural development in accordance with the general provisions contained in this section of the Standard Finance Manual.
2. Approving the allocation and lease of government land and properties at the agricultural development areas.
3. Co-ordination with the Government Property Section at the Ministry of Finance for fixing the lease prices of government land and properties at areas of agricultural development.
4. Preparing and signing lease agreements of government land and properties at areas of agricultural development.
5. Receiving the rents of government land and properties leased at areas of agricultural development, registering and depositing the same at the bank for the account of government revenues.
6. Maintaining a register of the lessees containing details of the leased land and property, the lease amount and the received and due amounts for each lessee.
7. Preparing periodical reports containing details of the leased government land and properties and the value of the received and due rents, and sending a copy of such reports to the Government Property Section at the Ministry at Finance.

B- Directorate of Physical Planning:

Directorate of Physical Planning shall undertake the following functions and responsibilities:

1. Insuring that government properties are not in conflict with government general plan.
2. Insuring that government properties situation are not in conflict with area plan and its kind of use.
3. Coordinate with Government Property Section at the Ministry of Finance regarding sale and lease of vacant government lands.

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- 23.1.30 Forth: Public commission for the Protection of Marine Resources, Environment and Wildlife:
 Directorate of Fisheries & Marine Resources shall have the following functions and responsibilities:
1. Controlling and supervising the management of government land and properties at the areas designated for the purposes of establishment of fisheries in accordance with the general provisions contained in this section of the Standard Finance Manual.
 2. Approving the allocation and lease of government land and properties of establishment of fisheries.
 3. Co-ordination with the Government Property Section at the Ministry of Finance for fixing the lease prices of government land and properties in areas for establishment of fisheries.
 4. Preparing and signing lease agreements of government land and properties at the areas of fisheries.
 5. Receiving the rents of government land and properties leased for establishment of fisheries, registering and depositing the same at the bank for the account of government revenues.
 6. Maintaining a register of the lessees containing details of the leased land and property, the lease amount and the received and due amounts for each lessee.
 7. Preparing periodical reports containing details of the leased government land and properties and the value of the received and due rents, and sending a copy of such reports to the Government Property Section at the Ministry at Finance.
- 23.1.31 Fifth: Ministry of Housing & Works:
 Ministry of Housing & Works shall have the following functions and responsibilities regarding lands & properties designated for housing projects in pursuance of Legislative Decree No. 10 of 1976:
1. Controlling and supervising government land and properties designated for the State's main housing projects, including government land and properties located within the activities of the Housing Bank.
 2. Laying controls and designating the procedures governing the allocation, granting and leasing of government land and properties allocated for the State's main housing projects in accordance with the general policies and laws promulgated by the Royalty decrees issued for the same, and the edicts issued by the Prime Minister.

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23.1.32

Procedures of Collecting Accrued Revenues and Rents:

Various government authorities undertake the responsibility of following-up the collection of accrued revenues and rents of land and real estate leased to third parties and have, for this purpose, the power to take all measures it deems appropriate in this respect, provided that the following conditions should be complied with:

1. Following-up collection of accrued revenues and rents due during the prescribed allowed time for payment, in accordance with contracts relating thereto.
2. Serving a written notification on the customer or the lessee who has not paid amount due from him within the allowed time requiring him to pay amount due within no more than two weeks from the date of the expiry of the allowed time limit.
3. In case customer or lessee defaults on paying the amount due from him or the rent required to be paid by him within the time limit specified in the written notification, the amount due shall be deducted from his entitlements (if any) or the Ministry of Finance may be notified to deduct it from his entitlements with the other government department (if any). Alternatively, other appropriate legal measures may be taken to collect the amount due in co-ordination with the legal advisor for the Ministry of Finance .
4. Requiring the customer or the lessee who has defaulted on paying the rents due from him under lease contracts to deposit a letter of guarantee issued by one of the local banks to a value equivalent to the rent of the leased premises for the next period or a rent for five years before renewing the lease contract for another period, provided that the customer or the lessee should be served a written notification accordingly.

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24-1-1 Introduction:
This Section of the Standard Finance Manual contains the general provisions governing the issue, printing and editing the financial forms, and specifies the time limits for maintaining the financial documents and records by government ministries and institutions.

24-1-2 Definitions:
The following definitions will be used to explain the meaning of these terms for the purpose of this Section of the Standard Finance Manual.

Financial Documents:

These documents are used to validate financial transactions, such as payment and revenue forms, etc. Financial documents may take the form of finance forms depending on the text.

Financial Records:

These records are used to validate financial transactions and operations, and they may be in the form of an electronic storage, books, or loose papers such as the financial forms or computer reports.

Financial Forms:

These forms are issued by the Ministry of Finance as part of the Standard Finance Manual in order to be used by ministries and government institutions to execute its financial transactions.

Financial Model Forms:

These forms are prepared by the Ministry of Finance as guidance, and it could be designed by the concerned government entity. These model forms are not binding and they do not take a standard form, as this is left to the circumstances surrounding local use by each ministry, and because some other ministries do not need them.

Concerned Accountant:

The concerned accountant is the employee who is authorized to prepare the financial documents according to the specified rules and procedures.

24-1-3 Issuing and Printing Financial Forms and Model Forms:
The Directorate of financial systems development at the Ministry of Finance is the party that is responsible for the issuance and

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	<p>amendment of the financial forms specified by the standard finance manual systems.</p>
24-1-4	<p>A government entity may design and use financial forms internally, depending on the circumstances and nature of the work of the entity.</p>
24-1-5	<p><u>Supervision of Financial Documents and Records:</u> Directorate of Human & Financial Resources at ministries and government entities undertake the responsibility of laying down suitable guidelines for internal control on the financial documents and records, whether new or in use, in order to avoid any irregularities, breaches or misuse.</p>
24-1-6	<p><u>Preparation of Financial Documents:</u> The concerned accountant or authorized civil servant charged with this task undertakes the responsibility of preparing the financial forms and model forms and making entries in the financial records in accordance with rules and procedures specified therefore, provided that the approval and authorization thereof shall be made at the authorized supervisory level and in accordance with authority level specified at system No. 15 of standard finance manual, provided that the following conditions shall be complied with:</p> <ol style="list-style-type: none"> 1. Preparing the financial documents within the time specified therefore and attaching all the supporting evidence and referring them for review and approval. 2. Keeping financial records in accordance with the standard accounting rules and using them for the designated purposes. 3. Registering entries in records, in sequential order, and ensuring that financial statements are accurate, true and valid. 4. Ensuring that there is no erasure, deletion or insertion between lines in the financial documents or records. In cases requiring correction the authorized employee should sign, while entering the date of correction with underneath his signature. 5. Verifying that accounting entries are directed to the concerned accounts depending on the priorities of the State's budget. 6. Making the necessary reconciliation between the total of the gross total column and the totals of the sub-total columns.

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7. Ensuring proper compliance with financial laws, rules and regulations and instructions related to financial matters.
8. Maintaining documents and records in accordance with the laws and instructions in a good condition allowing review and auditing at any time.

Loss, Mutilation or Destruction of Financial Documents and Records:

24-1-7 Any financial documents or records lost, mutilated or destroyed, whether during use or retention, must be shown to the Director of Human & Financial Resources or his equivalent as soon as it is detected, in order to conduct the necessary investigation to determine the reasons behind such loss, mutilation or destruction, and to take the appropriate actions to avoid the use of any lost financial documents or records.

Forgery of Financial Documents and Records:

24-1-8 Forgery means any deliberate distortion of the facts in the particulars to be recorded in the financial documents or records, and which may result in benefit for one's own self or a material or moral detriment to third parties.

24-1-9 Once a forgery in the financial documents or records is detected, the government entity shall perform the following:

- 1- Refer the forgery event to investigation, whether during the use or during the keeping of financial documents or records.
- 2- Notify Ministry of Finance about the forgery, and present National Audit Court with the investigation outcomes ,decisions taken, and investigation reports and related documents, within a maximum of seven days from the detection of the forgery event.
- 3- Coordinate with National Audit Court in order to refer the event to the concerned authority to rise a criminal case, if evidences prove the occurrence of criminal offence.

24-1-10 Periods of retention at Ministries and Government Institutions:

1. Ministries and government authorities should keep all financial documents and records, with all their supporting attachments.

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For example, the payment voucher should be supported with invoices, LPO's, delivery notes and any other documents pertaining to the financial transactions, as well as the financial records provided for in the regulations of the Standard Finance Manual, including the computer-generated financial reports, for a period of no less than two years from the beginning of the first financial year following the year in which the transaction was completed, and for ten years for the financial documents and records which involve financial obligations towards third parties.

2. Ministries and government institutions must maintain the financial documents and records referred to in the attached Schedule for ten years, in view of their significance in controlling the financial obligations with suppliers and contractors.

24-1-11

Commencement Date of Maintaining Financial Documents and Records:

The commencement date for maintaining financial documents and records run from the first financial year following the year in which the transaction of the financial documents or records is completed. In respect of contractual documents, including financial records, of all types specified in the attached Schedule, commencement date for maintaining them shall start from the date the contractual obligations mentioned in the contractual contract or document is completed, including warranty and maintenance periods.

24-1-12

Periods of Maintaining Documents and Records Related to Rights in Dispute:

1. Periods of maintaining documents and records, which are referred to in 24-1-10 above, shall extend so that financial documents and records specified in the attached Schedule and relating to any disputed rights between the government and third parties until such a date when such rights are finally resolved, or until the date they are lapsed or prescribed, in accordance with the applicable laws.
2. The necessary records shall be maintained for determining and following-up the collection of the amounts due for deferred transactions until such rights are finally resolved.

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24-1-13

Special Precautions for Upkeep:

1. The financial documents and records shall be maintained in a safe and proper manner to ensure protection and easy retrieval when necessary.
2. Ministries and government entities may save the financial records and documents through microfilm or scanner, if it appropriate to keep copies for such documents after the expiry of the maintenance periods specified therefore due to their significance.

24-1-14

Alterations in the Maintained Financial Documents and Records:

1. No alteration may be made to the financial documents or records that transactions of which have been completed and sent for upkeep.
2. No alteration may be made in the financial documents or records of the financial year the transactions of which have been completed. However, this may be done by a new settlement document to settle alterations of previous years. However, in respect of alterations made to the current financial year, this should be done by way of a new settlement document to be drawn up for this purpose, and in both cases the effects of such alterations shall reflect on the results of the transactions of only the current year. In case settlements are made to the documents maintained at the concerned ministry, a notation must be made to the previous document signifying the alteration and date thereof.
3. No alteration may be made to the financial documents copies of which are maintained with other parties, except after the approval of the concerned directorate and the director of such party, or whoever authorized by them for this purpose, and the designated officer shall carry out the necessary alteration to the documents subject of alteration with the two parties and each of them shall sign what he has entered in the documents or records, while entering the date of such alteration and the signature, after which a copy of the approval of the directors of the concerned directorates of such alteration shall be attached thereto.

24-1-15

Destruction of the Financial Documents and Records:

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Financial documents and records shall be destroyed after the expiry of the periods assigned for keeping them, as specified set forth in the attached Schedule, and subject to the provisions referred to in 24-1-10 herein, provided that this should be made in accordance with the procedures followed by Directorate of Archives and Record.

24-1-16

Functions of Directorate of Archives and Record:

1. Prepare a timetable to maintain all kinds of governmental documents and records.
2. Maintain the financial documents and records of ministries and government entities in a manner appropriate with the period of maintaining them as specified in the attached Schedule.
3. Prepare statement of the documents and records to be destroyed within three months from the date of expiry of their maintenance periods and advise the concerned ministry accordingly in order to obtain its final approval of such destruction. A representative of the concerned government authority may be present to witness the destruction process of the financial documents and records agreed upon, if such concerned authority wishes to do so.
4. Destroy the financial documents and records which have expired in accordance with the maintenance periods set forth in the attached Schedule, and forward a copy of the statement evidencing the completed destruction to the concerned authority.

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No	Document name	Doc. No	No. of years
1	Revenue voucher	0601	10
2	Revenue refund requisition	0602	10
3	Request for an overseas payment	711	10
4	Request of irrevocatable documentary credit	712	10
5	Invoice Register	-	10
6	Amendment/cancellation of an overseas payment	0713	10
7	LPOs	-	10
8	Awarding Letter	-	10
9	Contract execution order	2503	10
10	Payment certificate	2504	10
11	All financial contracts	-	10
12	Credit transactions Records (Dr & Cr)	-	10
13	Contract Renewal or Variation Appendices	-	10

Important notes: (the following notes are part of this table)

1. Except for the forms and documents specified above, all financial forms, model forms and records provided for in the Standard Finance Manual rules must be maintained for no less than two years with effect from the beginning of the financial year following the year in which the transactions were completed, for control and auditing purposes.
2. As a general rule, all financial documents and records, together with all attachments thereto, shall be maintained for a period no less than two years effect from the beginning of the financial year following the year in which the transactions were completed, for control and auditing purposes, and for a period of ten years for financial documents and records which involve financial obligations towards third parties.
3. The foregoing rule shall apply to all financial documents and records which will be issued in the future as part of the Standard Finance Manual rules.

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- 25.1.1 Introduction
This sub-section of the Standard Finance Manual covers the general provisions and procedures of presenting gifts to the official guests and visitors by the ministries and government authorities.
- 25.1.2 Definition of Gifts
Gifts mean things of material value which are given in the name of the Government of the Kingdom of Bahrain to:
1. Guests and official delegations visiting the Kingdom of Bahrain on official missions in response to invitations from ministries and government authorities, whether these guests or delegations are individuals or groups representing other countries or recognized international bodies.
 2. Cultural, sports or technical missions visiting Bahrain in response to official invitations from ministries and government authorities in the Kingdom of Bahrain.
 3. Individuals, bodies or associations accredited locally and registered in the Kingdom of Bahrain.
- 25.1.3 General Provisions
The concerned ministries and government authorities shall undertake to buy gifts and present them to the official guests and visitors as required.
- 25.1.4 All gifts presented by the Government shall carry the following uniform format “Presented by the Kingdom of Bahrain.”
- 25.1.5 Gifts must reflect the Arab, Islamic and cultural identity of Bahrain and express its history and heritage or activity of the ministry, as much as possible. Gifts must be made in Bahrain, as much as possible.
- 25.1.6 Only one gift shall be presented to the guest or visiting delegation by the hosting Ministry irrespective of the number of visits made to the ministries or government authorities.

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- 25.1.7 The value of the gift must not exceed the following limits:
- A) BD 100 (Bahrain Dinars one hundred) to the individual holding a position of director or its equivalent.
 - B) BD 200 (Bahrain Dinars two hundred) to the individual holding a position of assistant undersecretary up to the position of minister, or head of an organisation or foreign body, or their equivalent.
 - C) BD 300 (Bahrain Dinars three hundred) to the delegation or mission headed by a person holding a position of director or his equivalent.
 - D) BD 500 (Bahrain Dinars five hundred) to the delegation or mission headed by a person holding a position of an assistant undersecretary up to the position of minister, or their equivalent.
- The value specified to the delegation or mission shall include the value of the gift presented to the head of the delegation.
- 25.1.8 The provisions and procedures contained in this Sub-Section shall be followed in presenting gifts to official parties outside Bahrain while Bahraini delegations and missions are on official visits abroad.
- 25.1.9 Ministries and government authorities may not maintain a stock of gifts, and purchase of gifts shall only be made at the time of need to present them to guests or official visitors.
- Procedures of Purchasing Gifts
- 25.1.10 The hosting Ministry shall prepare a purchase order to the value of the gift required, provided that the value of the gift shall be within the limits and authority specified under Paragraph 25.1.7 of this Sub-Section.
- 25.1.11 The purchase order shall be sent directly to the supplier after being approved in accordance to the Authority Levels specified in Section 15 of the Standard Finance Manual.

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25.1.12 The concerned Ministry shall, after receiving the gifts and the invoice, prepare a payment voucher - Form No. MF0702, provided that the value of the gifts should be deducted from the budgetary allocations for gift expenses. The payment voucher shall be accompanied, when being sent to Ministry of Finance, with a copy of the official invitation to the visiting guest and the name and title of the person or the delegation, the country he or it is representing, and the date of the visit.

25.1.13 The payment voucher shall be approved in accordance to the authority levels specified in Section 15 of the Standard Finance Manual, and shall be sent to the Directorate of Treasury at Ministry of Finance for processing and payment.

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25.2.1 Introduction
This Sub-Section specifies the required control on the allocation, use and installation of telecommunication equipment for government authorities, as well as control on international and local calls made by using these telecommunication equipment.

25.2.2 First: Use and Installation of Telecommunication equipment
The Directorate of Human & Financial Resources or the concerned directorate of the government authority shall be responsible for approving the allocation, installation and replacement of telecommunication equipment and the control on the use of the local and international communications lines in accordance with the provisions and procedures specified in this section.

25.2.3 The government authority shall comply with the following rules in the course of allocation and installation of telecommunication equipment:

Office Telephone Lines

1. Undersecretaries and assistant undersecretaries: international direct line, international direct line through the secretary and an exchange line.
2. Directors and their equivalent: international direct line through the secretary and an exchange line
3. Experts, heads of sections and employees: an exchange line only.

Mobile Telephone

1. No mobile telephones may be allocated to employees of government authority, nor may the direct office telephone line on site be replaced with a mobile telephone.
2. Civil Service Bureau shall be responsible for examining the applications for paying mobile telephone allowance, in accordance to the Cabinet Order No 35 of 2002, regarding paying mobile telephone allowance to government civil employees.

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3. Cost of international calls done through private or mobile telephone for official purposes should be paid in accordance to regulations specified in this section.

Pagers (Bleeps)

1. A pager may be allocated to the employee which the nature of his duty requires him to be in different work locations on a continuous basis and that duty requires that he be contacted repeatedly, as well as the employee the nature of his duty requires that he be called for duty or called repeatedly after duty hours.
2. The application to allocate a pager must be approved by the concerned director.
3. A pager may not be provided to an employee more than one time.

Facsimile Machine

One international line may be allocated for a facsimile machine for each directorate. However, more than one facsimile line may be allocated, if the locations of the directorate are distributed in more than one building.

Portable or fixed wireless radio equipments

1. Government authority may buy Portable or fixed radio equipments or any other wireless equipments if it is required such as Portable mobile radio - PMR.
2. Government authority should comply to laws organising the use of these equipments, including licences required by official authority to approve wireless frequencies allocated to these equipments.
3. Government authority should apply appropriate regulations to control the use and allocation of the wireless equipments by their employees.
4. Government authority shall report immediately to the public security any theft or lost of the wireless equipments.

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Internet

1. Co-ordination must be made with the Central Information Organisation (CIO) in order to utilize the government information network for internet connection
2. A government authority may subscribe directly to the internet through telephone line or leased line, or otherwise through any other suitable method whenever it is impractical technically, or for any other reason, to connect through the government information network.
3. A Co-ordination must be made with the Central Information Organisation (CIO) on the technical matters and the necessary appropriate security safeguards which must be taken in using the internet.
4. A government authority will dictate appropriate instructions to allocate and organise the use of Internet service by its employees who need the service.
5. The authorised employee should maintain the confidentiality of his password and user ID and use them for authorised purposes during official duty hours.

Second: Telecommunication equipment

25.2.4

The Directorate of Human & Financial Resources at government authority must maintain the data of telecommunication equipment in the register of the fixed assets classified as the directorates, sections and employees using these equipment. The data of the register shall be used as a basis of control over the charge of telecommunication equipment and processing of payments related thereto.

25.2.5

The Directorate of Human & Financial Resources at government authority shall conduct a comprehensive periodical study of the continuity of the justifications of the use of telecommunication equipment and withdraw the equipments from employees on the expiry of the period allocated for use or the non-existence of justifications for the use thereof.

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- 25.2.6 Equipments not in use and those recovered from employees shall be maintained in a closed and safe place.
- 25.2.7 Each employee allowed to keep any type of telecommunication equipment shall exercise adequate care and diligence to safeguard the equipment in his charge until the purpose assigned for this equipment is completed and shall return it to the authority in charge. The employee shall bear all the costs resulting from lost, misuse or non-return of the equipment in the appointed times, as well as the costs of unauthorised calls or those made outside the scope of work.
- 25.2.8 Telecommunication equipment may not be replaced or disposed from service except if they are not fit for use, and a confirmation should be obtained from the company or appointed agent for the equipment certifying that the equipment can not be maintained or repaired .
- 25.2.9 Procedures of disposal specified in the Fixed Assets System-Section 19 of the Standard Finance Manual should be followed to dispose the Telecommunication Equipment from Service.
- Third: International Calls
- 25.2.10 International calls must be limited to the directors and officials holding senior positions in their work sites from the office telephone according to para 25.2.3 of this subsection, unless there is an exception approval by the undersecretary or his equivalent to provide these facilities to officials other than those holding these positions.
- 25.2.11 The Directorate of Treasury at Ministry of Finance must be provided with the data containing the numbers of all types of the telecommunication equipment, which are provided with direct international communications facilities, and their data should be updated in a regular basis.

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- 25.2.12 All international calls should be made from the work site, unless there is conflict between local time and international time.
- 25.2.13 Employees authorised to make direct international calls for official purposes must use them in a wise manner in terms of the costs of these calls compared to the other means of telecommunications, such as facsimile and post.
- 25.2.14 All the official international calls made through telecommunication equipment by employees below the level of director must be approved in advance by the director of the concerned directorate, by using Form No. MF 2304- International Telephone Call Approval Form.
- 25.2.15 Form No. MF 2304- International Telephone Call Approval Form -must be kept at the concerned directorate for matching purposes and attach it to the bill at the end of each month after it is approved & signed by the concerned director.
- 25.2.16 Collect international calls (reverse charge calls) may be done by employees authorised for this purpose who carry out official assignments abroad, provided that these calls should be recorded on the International Telephone Call Approval Form- MF 2304 and approved by the director of the concerned directorate.
- 25.2.17 In special cases, and subject to the approval of the director of the concerned directorate, personal international calls may be made according to the following procedures:
1. Calls information must be entered in International Telephone Call Approval Form and approved by the director of the concerned directorate and kept until the charges are collected from the employee.
 2. Charges for the call must be collected from the employee in cash, or by a cheque issued in the name of Ministry of Finance and the collected amount must be handed over to the Directorate of Treasury at Ministry of Finance, or the amount may be deducted directly from the salary of the employee and the supporting deduction document must be attached to the telephone bill.

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3. The Directorate of Treasury shall deposit the received amount in the Bank, and make the necessary settlement to recover the amount for the account of the expenditures of the concerned ministry.

Use of Private Telephones in Official International Calls

25.2.18 Prior approval of the director of the concerned directorate must be obtained for making official international calls from private telephones.

25.2.19 Approved international calls done by an employee from his private telephone for official purposes should be paid, after attaching the telephone bill paid by him to Form No. MF 2304-International Telephone Call Approval Form, approved by the concerned director.

25.2.20 Government authority shall send the claim for paying an official international calls made through private telephone to Civil Service Bureau, in order to be paid to the concerned employee with his salary, and the government authority may pay it through petty cash if the amount does not exceed BD 25.

Fourth: Local Calls

25.2.21 The Directorate of Human & Financial Resources at government authorities must lay the guidelines and the necessary procedures to limit the use of telephones for local calls.

25.2.22 Government authorities must use electronic equipment to control the local calls and minimise the abuse of using the telephone equipment for personal calls by programming them in a manner to serve the purposes of internal control in terms of time and costs.

25.2.23 Telecommunication equipment must be used for official purposes only. The employee whose personal calls exceed the ordinary average must be served a warning and the necessary measures taken against him, including charging him the personal calls if he continues to exceed the averages.

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	IMPLEMENTATION DATE	25/12/2004

- 25.3.1 Introduction:
Being a member of both the Arab and International Communities, the Kingdom of Bahrain has joined several regional and international organisations and bodies which promote and support the development of cultural economic and political relations amongst its member countries for the joint benefit of its member countries on both regional and international levels.
- 25.3.2 General provisions:
Participation of Kingdom of Bahrain in any regional & international bodies and organisations, and the increase of its subscription with such bodies, and execution of projects & programs through such bodies shall be subject to the prior approval of the Cabinet.
- 25.3.3 Directorate of Economic Relations at Ministry of Finance is the sole authority for authorising payment of all subscription to regional & international organisations and execution of projects & programs through such bodies, once such approval of the participation from the Cabinet has been obtained by the concerned Government authority.
- 25.3.4 All payment requests for such subscriptions shall be sent to Directorate of Economic Relations at Ministry of Finance for approval of payment.
- 25.3.5 Subscription payment procedures are subject to overseas payments regulations (subsection 7.5 of the Standard Finance Manual) if the subscriptions are to be paid overseas.
- 25.3.6 Directorate of Economic Relations at Ministry of Finance should be informed of any financial or in kind subsidy provided by any organisation.
- 25.3.7 Provisions of Payment of subscriptions with Arab League & its organisations & bodies:
Participation of Kingdom of Bahrain in the Arab League budget and its organisations & bodies shall not exceed 1% of such budget according to Order No. 3759 issued by the League in its regular Seventh session.

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25.3.8 Ensure that at least 50% of the members paid their shares of such league & its organisations & bodies budget, according to the directions of his highness the Prime Minister in cabinet meeting No. 1036 at 19th November 1989.

Procedures for paying subscriptions to regional & international organisations and bodies:

25.3.9 Government authority shall prepare Form No. MF 1601 - Request for Prior Approval of Purchases after make sure that there is sufficient budget, and signed by Director of Human resources & Finance or his equivalent.

25.3.10 Government authority shall fill Form No. MF 0711 - Request for Overseas Payment - containing all details relating to the payment required in foreign currency according to procedures prescribed in subsection 7.5 of the Standard Finance Manual for overseas payments.

25.3.11 Concerned Government authority shall send Form No. LMF1601 - Request for Prior Approval of Purchases - in addition Form No. MF0711 - Request for Overseas Payment - with all supporting documents to the Directorate of Economic Relations at the Ministry of Finance.

25.3.12 When receiving the request the Directorate of Economic Relations has to check and verify:

- a) That the concerned Government authority has obtained the Cabinet approval for the Kingdom of Bahrain participation in the Organisation or Body to which the subscription is payable.
- b) The correctness of the period for which the subscription is paid.

On approval of Director of Economic Relations, an approval number will be allocated, All documents are to be stamped to show the Directorate approval of paying the subscription, Request details have to be recorded in the regional and international organisations and bodies subscription register held in the Directorate. If the request is rejected. it will be returned to the requesting authority with all supporting documents stating the reason for rejection.

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25.3.13 If the request has been approved, Directorate of Economic Relations shall send Form No. MF1601 Request for Prior Approval of Purchases - and Form No. MF0711 Request for Overseas Payment and all attached supporting documents to Directorate of Treasury at Ministry of Finance to complete payment procedures.

25.3.14 Directorate of Treasury at Ministry of Finance will check the request for overseas payment on the approval of Directorate of Economic Relation, and if it is complete and supported by all the payment documents, and submit means of payment to concerned government authority.

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25.4.1 Introduction:
This sub-section of the Standard Finance Manual covers the general provisions and procedures for the financial transactions take place abroad by governmental attachés, other than those related to Ministry of Foreign Affairs.

25.4.2 General Provisions:
Financial transactions at governmental attachés shall be supervised by the related government authority, and shall follow for administrative the head of the diplomatic mission in the country in which the Governmental attaché based.

25.4.3 Governmental Attaché shall comply with laws, procedures provisions, and Standard Finance Manual systems, unless this sub-section indicates special provisions and procedures, or if its not possible or practical to comply to those measures, where in such cases the Attaché shall apply instructions as specified by concerned government authority.

25.4.4 Head of Governmental attaché shall be responsible to ensure that attachés staff are comply with provisions and procedures of this sub-section.

25.4.5 Budget Control:
Directorate of Human & Financial Resources at concerned government authority shall coordinate with Governmental attaché to estimate the annual budget, and inform the Governmental attaché at the beginning of each financial year of its budget.

25.4.6 Governmental attaché shall control expenditure out of its allocated budget, and shall implement procedures which ensure the following:

- a. Complying with provisions and procedures in this sub-section.
- b. Spending within the allocated budget.
- c. Using the budget for its intended purposes.
- d. Charging the expenditure to the appropriate budget codes.

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- e. Maintaining necessary records to follow up expenditure and available budget.
- f. Preparing monthly report for budget, actual expenditures, unpaid commitments, cash flows and bank & cash balances.

- 25.4.7 Directorate of Human & Financial Resources at concerned government authority shall, after the approval of Ministry of Finance, allocate a permanent financial imprest, which shall not exceed a quarter of attaché annual budget.
- 25.4.8 Governmental attaché shall use the financial imprest to pay expenditures allocated at the budget. Governmental attaché may not use the allocated budget for unauthorised expenditures or for the payments of unrelated activities or responsibilities.
- 25.4.9 On request of Governmental attaché, concerned government authority may, after coordinate with Directorate of Treasury at Ministry of Finance, pay directly to a supplier, or transfer money to the attaché to pay specific expenses or commitments outside of the financial imprest.
- 25.4.10 Governmental attaché shall get approval of Directorate of Human & Financial Resources at concerned government authority to increase its budget or to transfer budget, such action shall be according to procedures of subsection 4-5 of the Standard Finance Manual.
- 25.4.11 Control Over Bank Accounts:
Governmental attaché shall, on approval of Directorate of Human & Financial Resources at concerned government authority, open bank account(s) as needed, which shall be utilised for payments and deposit of revenues and amounts transferred from budget.
- 25.4.12 Revenues and amounts transferred from budget shall be deposits immediately at attaché bank account.

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- 25.4.13 Cheques shall be jointly signed by head of Governmental attaché or his deputy & the Head of the Diplomatic Mission or his deputy.
- 25.4.14 Unused cheques shall be at custody of head of Governmental attaché or his deputy.
- 25.4.15 Governmental attaché shall prepare monthly bank reconciliation and send it to Directorate of Human & Financial Resources at government authority.
- 25.4.16 Recruitment or Delegation in the Attachés:
Recruitment or delegation of Bahrainis employees, their salaries and allowances shall be in accordance to civil service rules issued by CSB.
- The recruitment of local employees shall be subject to the approval of the concerned government authority, and in accordance with the salary scales and conditions of employment determined by the diplomatic mission in the country in which the Governmental attaché based, as well as other local labour laws and regulations..
- 25.4.17
- 25.4.18 Cash float:
In countries where cheques are not accepted, attaché may establish a cash float to pay its expenses and petty cash, and it should coordination with Directorate of Human & Financial Resources at government authority to determine the amount of amount of the cash float, provided that it shall not exceed 25% of attaché's monthly budget.
- 25.4.19 Cash float shall be kept at the custody of a cashier or any other employee designated by Head of attaché, whom shall be responsible for the safeguard of the cash and maintaining proper records.

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- 25.4.20 Cash float shall be kept in a safe with proper specifications to safeguard cash from theft, lost or any other contingencies. Safe shall be placed in a secured place.
- 25.4.21 Surprise cash count for the cash float shall be carried out at least every three months by accountant with, the result of the cash count shall be documented in the Form No. MF0803 – Cash Count Statement.
- 25.4.22 Spending out of the cash float shall approved by the Head of attaché or his deputy, by using Expense Voucher specimen no. 2.
- 25.4.23 Attaché may pay petty cash expenses out of the cash float based on supporting invoices or cash memos, Which shall be grouped at the end of each month or when reimburse is required.
- 25.4.24 Cash float may be reimbursed when the total payments reaches 75% or more of the amount.
- 25.4.25 Purchasing Procedures of Goods & Services:
Government authority shall coordinate with Tender Board regarding purchases procedures that should be followed by Attaché, for purchases limits that requires public tender.
- 25.4.26 Directorate of Human & Financial Resources at government authority shall determine the purchasing methods which may be used by Attaché. Including the limits of purchasing out of cash float, direct purchase or through bids.
- 25.4.27 Standard agreement & contract issued by related Diplomatic Mission shall be used wherever possible, and approval of Directorate of Human & Financial Resources at concerned government authority shall be obtained prior to sign non standard agreement & contract forms. Contracts shall be signed by head of Attaché or his deputy & the Head of the Diplomatic Mission or his deputy.
- 25.4.28 Attaché shall purchase goods & services through contracts or issue of purchase order wherever possible, and if is not possible,

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it may issue a cheque direct to supplier, or by cash from the cash float, supported by invoice or cash receipt.

Payment Procedures:

25.4.29 Accountant in charge Shall prepares payment Voucher (specimen no. 2) for each issued cheque , or amount paid out of cash float, except petty cash expenses where one payment voucher for total expenses may be prepared.

25.4.30 Accountant in charge shall record promptly details of cheque, cash payments & issued payments vouchers, in the payment/receipts statement (specimen no. 3).

25.4.31 In order to replenish the permanent financial imp rest, Attaché shall prepare and send Request for advance replenishment (specimen no. 4) attached with payment/receipts statement (specimen no. 3) and supported payment documents, to Directorate of Human & Financial Resources at concerned government authority not later than the second week of the month following that replenish request.

Local Employees' Salaries & Wages Payment Procedures:

25.4.32 Attaché shall prepare specimen No. (5) Statement of salaries & wages of local employees on a monthly basis, filled with the required data.

25.4.33 **Salaries paid through cheques:** one cheque shall be prepared for each employee's net salary. A payment Voucher shall be prepared for each cheque, the beneficiary signature shall be obtained at the payment voucher.

25.4.34 **Transfer of salaries to bank accounts:** a Payment Voucher shall be prepared for the total amount of employees' net salaries. Cheque or payment order of the salaries amount shall be prepared and sent to the bank with statement showing employees net salary and their accounts.

25.4.35 **Cash salaries:** a Payment Voucher shall be prepared for total amount of employees' net salaries, with one cheque for same

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amount. Each employee shall receive his net salary after signing in the Statement of Salaries.

25.4.36 Attaché shall pay any due deductions through cheque or payment order.

25.4.37 Attaché shall attach and send a copy of the salaries statement with the Payment Vouchers after recording it in the Payment/receipt Statement, to Directorate of Human & Financial Resources at government authority.

Processing of Revenues:

25.4.38 Receipt Voucher shall be prepared for revenue amounts received by the Attaché, and shall be recorded promptly at Payment/receipt Statement.

25.4.39 Received cash and cheques shall be deposited at bank not later than the following working day.

25.4.40 Attaché's revenue shall be treated as public revenue and deposited to Consolidated Fund and not be added to attaché allocated budget.

25.4.41 Attaché may retain amounts received and not transfer it to Directorate of Human & Financial Resources at government authority. However, such amounts shall be deducted from first money transfer from Directorate of Human & Financial Resources to replenishment advance money.

25.4.42 Directorate of Human & Financial Resources at government authority shall record revenue received by Attaché as public revenue according to Section 6 of the Standard Finance Manual. .

Control Over Fixed Assets:

25.4.43 Section 19 of the Standard Finance Manual shall be followed to control over fixed assets.

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- 25.4.44 Directorate of Human & Financial Resources at concerned government authority and attaché shall maintain a register of Attaché fixed assets. Attaché shall carry out an annual stock count for its fixed asses, and send copy of Fixed Assets Inventory Statement to Directorate of Human & Financial Resources at government authority not later than the following month of stock count.
- 25.4.45 Disposed fixed assets shall be sold through auction and sale amount shall be treated as public revenue. If it is unfeasible to sell the disposed fixed assets through an auction, it may be disposed through any other appropriate procedure after obtaining the approval of Directorate of Human & Financial Resources at government authority.
- 25.4.46 Control Over Motor Vehicles:
Section 16 of the Standard Finance Manual shall be followed to control over motor vehicles as appropriate.
- 25.4.47 The Attaché is responsible for the insurance and registration of its motor vehicles to local laws and regulations of the hostess country.
- 25.4.48 Government authority shall apply appropriate procedures to control the use of motor vehicles and consumption of fuel.
- 25.4.49 The Attaché shall maintain a register of its motor vehicles and maintenance and repairs details.
- 25.4.50 Provisions & Procedures for Students Entitlements:
At the beginning of each academic year, Directorate of Cultural Relations & Scholarship at Ministry of Education shall prepare a statement of entitlements & fees due to its students abroad for each Cultural Attaché, indicating the amounts allocated to each student (university fees, monthly allowances, books etc.). This statement shall be sent to Directorate of Financial recourses at the Ministry of Education and a copy to the concerned Cultural Attaché .

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25.4.51 Directorate of Financial recourses at the Ministry of Education shall determine the frequency of transfer of student entitlements to the allocated bank account and advise the Cultural Attaché concerned accordingly.

25.4.52 Separate bank account shall be established for the transfer of entitlements due to students of Ministry of Education. Other government authorities students entitlements which are transferred to the Cultural Attaché shall be transferred to the same bank account. Such government authorities shall notify Directorate of Financial recourses at the Ministry of Education of their student entitlements transferred directly to the Cultural Attaché.

25.4.53 Each Cultural attaché shall prepare & authorise on a monthly basis or at entitlements payment dates, a Statement of Student entitlements payable through Specimen No. (6) -Statement of Student Allowances- . Student entitlements may be paid through any of the following methods:

- a. **Transfer to bank accounts:** One payment voucher shall be prepared for total student's entitlements. Cheque or payment order of total entitlements shall be prepared and sent to the bank with statement showing students allowances and their accounts.
- b. **Cheques Payments:** One cheque shall be prepared for each student. Separate payment voucher is prepared for each cheque. the beneficiary signature shall be obtained at the payment voucher.
- c. **Cash payments:** One payment voucher shall be prepared for total amount of students' entitlements, with one cheque for same amount. Each student shall receive his entitlements after signing in the Statement of Salaries.

25.4.54 Forms & Documents Preparation & Authorisation:
Summary of the Prepare & Authorize of Forms & Specimens Used:

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No	Form/ Specimens	Preparation		Review./ Approve
		Frequency	Employee	
-	Cheques	On payment	accountant	Head of Diplomatic Mission & head attaché
1	Notification of budget allocation	Annually	accountant	Director of human & financial resources or his equivalence
2	Expense Voucher	Daily	accountant	Attaché head
3	Payment/Receipts Statement	On payment or receive	accountant	Accountant
4	Request for advance Replenishment	Monthly	accountant	Attaché head
5	Statement of salaries & wages of local employees	Monthly	accountant	Attaché head
6	Statement of Student Allowances	Monthly	accountant	Attaché head
-	Receipt Voucher	On receives	Cashier	Accountant
0803	Cash Count Statement		Cashier	Attaché head & Accountant
0902	Bank Reconciliation Statement	Monthly	accountant	Attaché head
Spec	Purchase Order	On purchase	accountant	Attaché head
1903	Fixed Assets Inventory Statement	Annually	Inventory officer	Attaché head & Accountant

25.4.55 Deputy of Head of Diplomatic Mission & Deputy of Head of attaché or their equivalent may approve documents specified at this subsection, if they act in place of Diplomatic Mission Head or attaché Head.

25.4.56 Directorate of Human & Financial Resources at government authority may amend Forms & Specimens specified in this subsection as needed, providing that it should include required data that insure completeness and correctness of payment, receipt, and bank & cash balances details.

25.4.57 PCs software may be used to prepare or save records or documents specified in this subsection, taking into account availability of security procedures that insure the completeness and correctness of data and that computer data is not amended by an authorized person. Backup of documents and records should be maintained.

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- 25.5.1 Introduction:
This subsection of the Standard Finance Manual section includes general provisions for contracts and procedures for the conclusion, implementation, amendment and renewal of contracts in ministries and government establishments. Also provisions relating to contracts for the supply of goods or materials, services, jobs, employment of consultative bodies, employment of manpower and hire of estates.
- 25.5.2 Definitions:
For the purposes of this section of The Standard Finance Manual the following definitions relating to the under mentioned terminology are applicable:-
- Goods and materials supply contract:
Is the contract concluded of the procurement of the goods and materials needed by the contracting government authority - with or without fitting.
- Services contract:
Is the contract for the performance of the services needed by the contracting government authority e.g. maintenance or hire of vehicles and machinery.
- Works contract:
Is the contract concluded for the execution of jobs such as civilian, constructive, mechanical or electric.
- Term contract:
The contract concluded for the procurement of goods or materials, performance of services or execution of jobs at defined and agreed rates, which should be fixed and valid for a specific period in the contract, without specifying quantities or contract total value. Unit rates and the validity period of the contract should only be taken into consideration. Only actual quantities received or jobs executed as per measurements defined in the executive orders issued during the contract period shall be accepted.
- Consultative bodies employment contract:
Contract to engage professional and experienced individuals and organisations to do the following:
- To give technical opinion on financial and professional matters.
 - To conduct research, feasibility or statistical studies or gather data.
 - To organise training seminars, lecture in training seminars or

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provide training.

- To prepare designs for construction works, e.g. civilian, mechanical, electrical etc.
- Quantity surveying works.
- To prepare tender documents and supervise tender execution.

Manpower employment contract:

Is the contract for the supply of professional and non-professional laborers to do physical or technical works for the contracting government authority, or engagement of advisors or Estates rent contract:

Is to rent estates for use as staff accommodation and ministry offices.

Standard contract:

Is the contract concluded as per the standard formula issued by Ministry of Finance for use by ministries and government establishments to be used by them in according to the nature and type of the deal.

Contract renewal:

Is the agreement to keep contract valid after its expiry for another agreed period at the same terms and rates or at lower rates for an agreed period of time. The contract should be renewed at the end of its period by the use of Ministry of Finance standard formula.

Contract amendment:

Is the agreement between contracting government authority and contracting party to amend, add or delete same terms, increase or decrease quantities or amounts, amend specifications or measurements or amend the implementation of the contract terms under an appendix signed by the two parties as per the terms of this section.

Contract termination:

Is the agreement to end the contractual relationship or the termination of the contract by the contracting government authority as per contract terms.

General provisions:

25.5.3

Contracting government authority should ensure the availability of adequate budgetary provisions before starting contracting procedures.

255.4

Government. party should obtain prior approval from relevant authority if required by this Subsection and other sections of the Standard Finance Manual before starting contracting procedures.

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25.5.5 Contracting government authority should check with Central Stores to ensure the non-availability of the required goods or materials before embarking upon contracting.

25.5.6 The provisions and procedures stipulated in Section 16 of Standard Finance Manual should be followed before embarking upon contracting. The same procedures should be complied with in the case of the additional works uncovered by the original contract such as fitting and supply charges.

25.5.7 The contracting government authority should conclude a contract for each of the following transactions:

a) goods or materials supply, services performance or works execution for BD 10,000 and above. Exemption will be granted provided prior approval has been given by the Ministry of Finance for certain type of materials or goods supply transactions, if the nature of that transaction does not necessitate a contract e.g. purchase of a motor vehicle.

b) The following services and jobs regardless of their value:

- split transactions which take 3 months and more to complete.
- training services rendered by private organisations, whether local or foreign.
- all types of rentals
- risk insurance
- all types of cleaning
- news agencies subscriptions
- radio and TV programs
- publicity and advertising programs
- design and installation of computer software and related training
- .
- regular maintenance
- supply of manpower
- consultative bodies' engagement

Ministry or government establishment concerned should conclude a contract when conditions warrant this in other transactions unmentioned above.

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- 25.5.8 Standard forms of contracts should be used for the transactions specified by Ministry of Finance only.
- 25.5.9 Contracting government authority which operate special transactions should use the standard contracts issued or approved by Ministry of Finance for these transactions.
- 25.5.10 The most significant contractual terms and commitments outlined in the standard contract should be included in the tender documents to bind the winning bidder to comply with them at the time of contract signing.
- 25.5.11 Contracting government authority should seek Ministry of Finance approval for non-standard contract at least two weeks before signing it.
- 25.5.12 The terms stipulated in standard contracts represent the minimum acceptable legal formula. However, other relevant terms may be added to standard contract, subject to Ministry of Finance approval, if the amended or added terms produce financial or legal commitments..
- 25.5.13 Non-standard contracts should be referred to Ministry of Finance Legal Advisor or the Ministry of Finance Legal Advisor resident at the contracting Ministry to review its legal aspects and issue his legal opinion in writing. All parties concerned should honour the legal opinion before the final signing of contract. All contract pages in its final form and supporting documents should be stamped by Legal Advisor to evidence his review and approval.
- 25.5.14 Where contracts are made with private companies and individuals, it should be ensured that they are registered with Ministry of Industry & Commerce and have Commercial Register that warrant them to exercise the contracted work. In case of contracting with foreign corporations, it should be ensured that the corporation is represented by a registered branch at the Ministry of Industry & Commerce, or sponsored by Bahraini individual or corporation.

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- 25.5.15 Contracts should incorporate the following basic data, which should be clearly and precisely defined in the contract so as to prevent any doubt or disagreement in their interpretation.
- contract number
 - contract subject and purpose
 - contract parties (name, capacity and address). Contracting government authority should be the first party in all contracts.
 - contracting party's name should be in agreement with that of Commercial Register. In the case of individuals, the first, middle and family name should be stated.
 - Commercial Registration Number or personal number for the individual.
 - contract witnesses (name and identity document number).
 - definition of terms used in the contract and their meanings.
 - suitable transaction terms (e.g. measurements, specifications and delivery conditions).
 - contract value.
 - dates and manner of payment of entitlements to contracting party.
 - signing date and validity period.
 - Contract commencement date, period of execution and date of contract completion.
 - the responsibility of the contracting party in insuring the subject of contract against risks during the execution of the contract.
 - performance bond value, form and terms.
 - fines and penalties that shall be imposed on the contractor in the event of failure to comply with any of the contract terms.
 - Guarantee period and terms after the completion of the contract.
- 25.5.16 The contract value should not be set in any other currency than Bahraini dinar except after Ministry of Finance prior approval.
- 25.5.17 The payments made to contracting party should not exceed the value of jobs done or goods/materials supplied.
- 25.5.18 It is forbidden to conclude a contract which produces a financial commitment that goes beyond the current year to the following year, unless the Budget law provides for the allocation of funds to cover more than one year. However, contracts for periodical services

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- relating to employment, rent, maintenance, supplies and works execution may cover a period exceeding the financial year. Ministry of Finance approval should be obtained for contract period exceeding three years.
- 25.5.19 The contract should stipulate that all supporting documents and attachment, if any, supplement it. Supplementary documents and attachments should be stated in the contract if possible.
- 25.5.20 The contract should be issued in Arabic - if possible.
- 25.5.21 All contract papers and copies should be issued on relevant government papers.
- 25.5.22 The contract should be issued in three copies at least; one copy to the contracting party, one copy to contracting government authority and the original copy to Ministry of Finance & National Economy relevant directorate, which should retain a photocopy of the contract copy and send the original to Directorate of Treasury in Ministry of Finance. As for contracts to employ manpower or hire consultative firms, a photocopy of the contract should be sent to the Civil Service Bureau.
- 25.5.23 The contract and subsequent amendments thereto should be signed in the contracting ministry/government establishment according to Standard Finance Manual authority levels (Section 15).
- 25.5.24 The contract should be signed in the presence of the two contract parties and two witnesses, one for each party. The names and details of identity documents of the witnesses should be mentioned.
- 25.5.25 The contract should be signed by the two parties in the specified place in contract, and all pages initialed by them.
- 25.5.26 Contracting government authority shall stamp all the contract's pages and supplementary documents, if any, with a rubber stamp bearing its name.

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- 25.5.27 The contracting government authority may take an advance payment to the contracted party after contract signing subject to a maximum of 10% of the contracted value. This advance payment may be increased to 20% of the contracted value in the case of supply and installation contracts. In both cases the prior approval of the Ministry of Finance must be obtained. However, a Bank Guarantee from a recognised local bank equal in value to the advance payment must be submitted by the contractor. The advance payment shall be recovered in installments according to the value of work completed which shall be agreed to and specified in the contract.
- 25.5.28 Contracts concluded by government parties should include the general provisions stipulated in this section that suit the nature of the contracted transaction.
- 25.5.29 The contract should stipulate that it is subject to the laws of Kingdom of Bahrain and that any dispute arising from its execution shall be considered by Bahraini courts or referred to arbitration as per Kingdom of Bahrain laws.
- 25.5.30 The procedures and provisions contained in this section should be complied with. The disciplinary provisions stipulated in the Civil Service regulations shall be applicable to violations thereof.
- 25.5.31 Procedures for the implementation of contract:
It is forbidden to pay all or part of the contract value to a third party. The contract should include an undertaking by the contracting party that it would execute the contract personally and not assign the contract or any part thereof to a third party without the written consent of the contracting government authority. The contracting party shall remain jointly responsible with the assignee for the implementation of the contract and no financial or legal responsibility will be borne by the contracting government authority as a result of this consent. However, Should the contracting government authority before giving assigning be sure that it will not result in an increase in the cost or loss of the financial rights.

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- 25.5.32 Contracting government authority should use Form No. MF2503 - Contract Execution Order -to request the supply of goods, perform of services or execute the contracted works.
- 25.5.33 In the case of works contracts, contracting government authority shall issue a payment certificate for the exulted part paid to the contracting party using Form No MF2504, and attach it with voucher batch input form when dispatched to Ministry of Finance & National Economy.
- 25.5.34 Contracting government authority should keep a register to record all details relating to contract execution follow up (Specimen MF 25/01 - Contract Record).
- 25.5.35 The of Directorate of Treasury at Ministry of Finance & National Economy should keep Form No. MF 25/01 to follow up the execution of contracts.
- 25.5.36 The contracting government authority should monitor the execution of the signed contract to ensure contracting party's compliance with terms and specifications stated in the contract.
- 25.5.37 The performance bond should not be refunded or retentions paid to the contracting party except after the execution of contract and issue of completion certificate. Directorate of Treasury shall control final payments and ensure the issue of completion certificate before authorising payment.
- 25.5.38 The contracting government authority should apply the fines and penalties stipulated in contract or laws applicable to the contracting party once it has satisfied itself as to his non-compliance with the contract terms. The fines and penalties due on the contracting party may not be waived fully or partly under the contract and the laws in force.
- 25.5.39 Procedures for the renewal of contract :
The contract renewal period shall not exceed one financial year. The contracting government authority may not continue to renew the contract with the same contractor unless he was the sole source of the transaction covered by the contract or there were strong economic or technical justifications supporting this.

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- 25.5.40 The contracting government authority shall negotiate the reduction of contract prices and value if the current prices warrant this before the request of contract renewal.
- 25.5.41 The CSB's prior approval should be obtained for renewing contracts with consultancy establishments whose costs are charged to the budget of recurrent expenditure. The same applies to the contracts of manpower supply and services basically dependent on the employment of manpower, whether those whose are charged to the budget of recurrent expenditure or to the projects budget. Form No. MF2502 - Request For Renewal And Amendment Of Contracts - should be used in all these cases. The CSB should coordinate with Ministry of Finance over the contracts with total value of BD 10,000 and above before giving approval for renewal.
- 25.5.42 The contracting government authority may renew the contract upon its expiry if its total value was lower than BD 10,000, and use Form No. MF2502 -Request For Contract Renewal And Amendment, and inform Ministry of Finance of this.
- 25.5.43 The contracting government authority may not renew the contract upon its expiry if its value was BD 10,000 and above, unless the other contracting party was the only source of the transaction covered by the contract or there were strong economic or technical justifications supporting this. However, the prior approval of Ministry of Finance should be obtained through the use of Form No. MF2502 -Request For Contract Renewal And Amendment.
- 25.5.44 To renew a contract, the standard renewal formula issued by Ministry of Finance should be attached to the original contract, showing the commencing and last dates of the contract period and the contract value. The signing and approval procedurs defined for signing the original contract shall be applied to the renewed contract and the renewal appendix.
- 25.5.45 The contracting government authority should submit the request of contract renewal for approval no less than two weeks before the expiry date of the relevant contract or the date of its automatic renewal.

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- 25.5.46 Procedures for the amendment of contract:
The signed contract may be amended by agreement between the contracting government authority and the contractor if there were strong and acceptable justifications warranting amendment. The contracting government authority shall advice the contractor in writing of its desire to amend the contract or receive a written request from the contract, advising it of his desire to amend the contract and giving justifications for his request.
- 25.5.47 Form No. MF2502 - Request For Renewal And Amendment Of Contract - should be used for obtaining the prior approval of the CSB for amending the contract with consultancy establishments, whose costs are charged to the recurrent expenditure budget. It should also be used for obtaining CSB's prior approval for amending supply of manpower and services contracts basically dependent on the use of manpower, whether those whose costs charged to the recurrent expenditure budget or the project budget. The CSB shall coordinate with Ministry of Finance over the amendments resulting in financial commitments before giving approval for them.
- 25.5.48 The contracting government authority shall use Form No. MF2502 - Request For Renewal And Amendment Of Contracts (for recurrent expenditure) or Form No. MF1803 - Request For Awarding/Amendment Of Contract (for projects expenditure) - to obtain Ministry of Finance approval for amending contract terms should they result in financial or legal commitments or lead to the assignment of financial or legal rights. However, Ministry of Finance should be advised of any amendments to the contract conditions which do not create financial or legal commitments through the use of Form No. MF2502 - Request For Renewal And Amendment of Contracts.
- 25.5.49 The contracting government authority shall specify the required amendment the contract conditions, its justifications and its effect on the contract value, the performance bond value and the completion date.

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25.5.50 No value increase resulting from contract amendment may be approved if the amendment has been caused by the contractor, unless there were acceptable justifications for this.

25.5.51 The contract conditions may not be amendment in retroaction to avoid imposing fines or possible penalties on the contractor.

25.5.52 The contract should be free of any deletions, and the use of letter removal fluids such as Blanco is not permitted.

25.5.53 For amending contract conditions, an appendix including the required amendment should be added to the original contract. No amendment may be made by removing pages from the original contract and replacing them with other amended pages. The amendment appendix should undergo the same procedures established for approving and signing the original contract.

25. 5.54 Procedures for the extension of contract:
The contracting government authority may extend the contract's execution period upon the approval of an authority level higher than that who signed the original contract if the delay resulted from one of the following reasons:

- a) Where additional works are assigned to the contractor by the contracting government authority such that the remaining contract period is considered insufficient for the completion of the additional work.
- b) The suspension of the contracted work by the contracting government authority for reasons outside the contractors responsibility.
- c) Circumstances out of the control of the contractor or caused by the contracting government authority. The extension must be requested by the contractor and supported by testimonies acceptable to the government authority concerned.

The contracting government authority shall use Form No. MF2502 - Request For Renewal And Amendment Of Contracts to advise Ministry of Finance of the extension.

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- 25.5.55 The final delay fine may not be waived if the delay has resulted from reasons other than those indicated in paragraph 25.5.54, except by agreement with Ministry of Finance.
- 25.5.56 Procedures to terminate the contract:
The contract may be terminated either by agreement between the two parties involved or by revocation by the contracting government authority according to the following procedures.
- 25.5.57 First: the termination of contract by agreement.
In the event of the desire of the contracting government authority to terminate the contract, it shall advise the contractor in writing.
- 25.5.58 Should the contractor wish to terminate the contract, he should advise the contracting government authority in writing, clarifying the reasons for his request. The contracting government authority shall inform the contractor of its decision to accept or reject the termination of the signed contract within one month from its receipt of the contractor's letter, if possible. The contractor may not stop executing the contract until his request has been decided on by the contracting government authority.
- 25.5.59 The contract shall be terminated by a written agreement signed by the two parties, including the conditions for contract termination, the date of contract termination and the results of contract termination. The contracting government authority shall preserve the contractual financial and legal rights arising from the contract termination.
- 25.5.60 The contracting government authority shall complete and send Form No. MFISO2 -Request For Renewal And Amendment Of Contracts - to Ministry of Finance together with the letter of contract termination to advise it of its agreement with the contractor on the termination of the contract
- 25.5.61 Second: the termination of contract by revocation on the part of the contracting government authority.
Once satisfied that the contractor has delayed the execution of the contract or failed to comply with the contract conditions, the contracting government authority shall serve the contractor with a

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- notice, stating that it would exercise its rights stipulated in the contract unless he responded to the notice letter by rectifying the situation within no more than two months from the notice date. The contracting government authority shall also send a copy of the notice letter to Ministry of Finance.
- 25.5.62 Should the contractor fail to respond to the notice letter, the contracting government authority shall send a warning letter to him, warning that it would revoke the contract unless he rectified the situation within no more than one month from the date of the warning letter. The contracting government authority should also stress its rights provided for by the contract and the laws in force and send a copy of the warning letter to Ministry of Finance.
- 25.5.63 The contracting government authority shall advise the contractor in writing of its decision to revoke the contract once the period defined in the warning letter has expired without him rectifying the situation. It shall also advise Ministry of Finance of its decision to revoke the contract by use Form No. MF2502 - Request For The Renewal And Amendment Of Contractors.
- 25.5.64 The contracting government authority shall preserve the contractual financial and legal rights arising from the contract revocation.
- 25.5.65 Were the contracting government authority is to withdraw the work assigned to the contractor, it may complete the remaining contracted work in any way it might decide suitable for satisfying its requirements. Also claim the difference of costs and compensations against the damage and loss caused by him. The contracting government authority shall coordinate with Ministry of Finance over the appropriate way to complete the execution of the contract.
- The provisions for the contracts for the supply of goods or materials:
- 25.5.66 The contracts to supply goods or materials shall include the provisions related to all types of purchases.

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- 25.5.67 The contracts for the supply of goods or materials should provide for giving preference to locally produced goods and materials, followed by goods and materials produced in the GCC, provided they meet the required quality standards, where possible.
- 25.5.68 Contracts for the supply of goods or materials should stipulate that the goods or the materials must satisfy the specifications and measurements specified in the contract or those applied locally and internationally, if any.
- 25.5.69 It should be stipulated in contracts for the supply of goods or materials that the remaining validity period of the goods should not be less than two thirds of the original validity period on their receipt as appropriate. Otherwise, they shall be rejected and the contractor shall bear all expenses to be incurred by the contracting government authority as a result, to preserve government interest.
- 25.5.70 It should be stipulated in contracts for the supply of goods or materials that the original inspection certificate issued by the producer or any other independent authority, if any, and the original guarantee certificate issued by the producer should be sent with the supplied goods or services materials.
- 25.5.71 It should be stipulated in contracts for the supply of goods or materials that the goods or materials should be properly packaged and wrapped for protection from spoilage and loss, where appropriate. Each parcel should bear distinguishing marks to facilitate the immediate identification of the supplied goods or materials. The contractor shall be held responsible for the spoilage, loss or damage that may be caused to the goods or materials as a result of lack for bad packaging.
- 25.5.72 Contracts for the supply of goods or materials shall stipulate that the contractor shall be responsible for transporting the contracted goods or materials to the place to be defined by the contracting government authority, at no extra charges. The contractor shall also be held liable for the damage that may be caused to the goods or materials during transport and before their delivery to the contracting government authority.

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- 25.5.73 It should be stipulated in the contracts for the supply of goods or materials that the contracting government authority should be entitled to examine the goods or materials to accept or reject them, should they fail to meet the required specifications, within the agreed test period, and shall bear no extra expenses as a result.
- 25.5.74 The contract shall stipulate for the right of the contracting government authority to increase or decrease the original quantities shown on the contract by a maximum of 20% at the same contracted prices, which would be valid for a period of at least three months from the date of contracts without any liability to compensate the contractor for any increase in the quoted prices of the items. The contracting government authority must ensure that the contracted prices remain reasonable in comparison to the ruling price in the market at the time, and must obtain the prior approval of the Ministry of Finance for any such increased goods or materials.
- 25.5.75 It should be stipulated in the term contracts for the supply of goods or materials that the contractor is responsible for supplying the contracted goods or materials upon request. If the contractor fails to fulfil his obligations under the contract, a fine of 1% of the undelivered values will be imposed on the defaulting contractor for every week or part of week he fails to supply the total value of the contract. The maximum fine should not exceed 5% of the total value of the requested goods or materials. The contracting government authority can purchase the undelivered quantities of the contracted goods or materials from another supplier and the additional cost arising from price differences plus 10% of those additional expenses as administration charges recovered from the defaulting contractor.
- 25.5.76 Provisions for services contracts:
The services contracts shall stipulate that the contractor should give preference to Bahrainis when employing manpower to perform the contracted services.
- 25.5.77 The transactions involving the supply of goods or materials indirectly linked to the required services or works shall not be included in services contracts.

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- 25.5.78 The contracting government authority shall have the right to terminate the contract after notifying the contractor of its desire thereof within a period of no more than two months.
- 25.5.79 Provisions relating the contracts for the hire of consultants:
Contracts for the employment of consultancy firms shall not include the transactions involving the supply of goods or materials or the performance of services or non-technical works indirectly linked to the required consultancy services.
- 25.5.80 The ministries and government establishments shall coordinate with the CSB and the Ministry of Finance to establish standard rates or prices for each type of consultancy service, to be used on contracting consultancy firms.
- 25.5.81 The contracting government authority shall obtain the prior approval of the CSB for the consultancy firm contracts, whose costs are charged to the recurrent expenditure budget to ensure the non-availability of technical efficiencies within the approved organisation charts or within the personnel of the contracting government authority to perform the required consultative works, and to review the contracted prices or charges. The CSB shall also coordinate with the Directorate of Budget at the Ministry of Finance over consultancy contracts valued at BD 10,000 and above to ascertain the availability of adequate budgetary funds.
- 25.5.82 The approval of the Directorate of Projects at the Ministry of Finance shall be obtained for consultancy contracts, whose costs are charged to the projects budget if their actual or estimated value reached BD 10,000 and above.
- 25.5.83 The Directorate of Projects shall coordinate with the CSB on the manpower relating to consultancy contracts, whose costs are charged to the projects budget.
- 25.5.84 The ministry or government establishment concerned shall obtain the prior approval of the Directorate of Projects at the Ministry of Finance for the contracts for employing consultancy firms to conduct feasibility and evaluation research and studies necessary for the

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- execution of new programs or projects. The Directorate of Projects at the Ministry of Finance shall coordinate the CSB.
- 25.5.85 Consultancy contracts shall specify the number of consultants required to be available at the work site and the time of their presence there, where possible.
- 25.5.86 Consultancy contracts shall specify the contracted fees. Actual fees may not exceed the contracted value.
- 25.5.87 Contracts for employing consultancy firms may not link cost elements to local or international price variations or fluctuations such as living costs indicators or currency exchange rates.
- 25.5.88 The prior approval of the Projects at the Ministry of Finance shall be obtained for fixing the value of consultancy works and linking them to a percentage of construction works if the contract involves subsequent and continuous projects, such as consultancy works for building a power distribution network, for example.
- 25.5.89 Where consultancy firms are to be engaged to supervise the execution of public works, the contracting government authority shall prepare an acceptance certificate for the executed consultancy works, showing their total value and attach it to voucher batch input form at the time of sending it to the Ministry of Finance.
- 25.5.90 Provisions for the contracts for recruiting manpower:
The prior approval of the CSB shall be obtained for concluding manpower employment contracts or the services contracts basically dependent on employing manpower, whether those whose costs are charged to the budget of recurrent expenditure or to the projects budget. The CSB shall set a ceiling for the number of manpower who may be employed. It may not be exceeded except upon the consent of the CSB, who shall also coordinate with the Ministry of Finance over the contracts with total value of BD 10,000 and above.
- 25.5.91 Contracts for employing manpower shall bind the contractor to give preference to Bahrainis when employing manpower to perform the contracted services or works.

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- 25.5.92 The required number of laborers and the profession and agreed wage for each one of them shall be specified in the contract.
- 25.5.93 The contract shall specify the number of laborers when the contracting government authority may request increasing or decreasing at the same contracted conditions and rates. The contracting government authority shall also be entitled to request the replacement of any laborer without giving reasons.
- 25.5.94 The contractor shall be made liable for all commitments due under the manpower laws in force.
- 25.5.95 The contracting government authority shall have the right to terminate the contract after notifying the contractor of this in writing within no more than two months.
- Provisions for the lease of estates:
- 25.5.96 The contracting government authority shall comply with the provisions and procedures stated in Subsection 24.7 of The Standard Finance Manual concerning concluding contracts for lease of estates from the private sector.
- 25.5.97 The contracting government authority shall seek the prior approval of the Government Property Section at the Ministry of Finance before embarking upon contracting procedures to lease estates.
- 25.5.98 The contracting government shall seek the prior approval of the Government Property Section at the Ministry of Finance to amend, renew, extend or terminate contracts for the lease of estates from the private sector.
- 25.5.99 Signature of contracts for the lease of estates from the private sector, lease renewal contracts and amendments in lease contracts, should be made by the Government Property Section at Ministry of Finance.

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25.7.1

Introduction:

This sub-section of the Standard Finance Manual covers the general provisions and procedures and responsibilities of Insurance-related assets and governmental responsibilities.

25.7.2

Definitions:

The following definitions are used to denote some of the terms contained in this system:

- **Insurance:** is a contract between the insurance company and the insured, in which the first party undertakes to compensate the other party for damages and losses covered under a contract or insurance policy, against payment of the second party to the insurance premium.
- **Insurance Policy:** It is the bond or the legal evidence of the existence of the insurance contract; it includes the limits of insurance coverage, the conditions, and exceptions. endorsement, the reports, and the information which are supplied to the insurance company as well as written correspondence exchanged between the parties all are considered as an integral part of the insurance contract.
- **Endorsement:** Is a document issued by the insurance company, which recognizes the renewal of the insurance policy, it also identifies the values of assets insured, and the period of insurance, or it can refer to the modifications applied to the insurance policy during the period of insurance.
- **Subject of insurance:** are assets, or liabilities, or persons insured against the risks associated with them.
- **Deductible:** Is an amount or percentage specified in the insurance policy to be borne by the insured at the time of loss. The insurance company liability is limited to compensate for the loss in excess of this amount or the specified percentage in the policy.

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- **Average condition:** it is a condition where it states to compensate the insured for a proportion of the total loss as a result of sum insured is less than the subject matter of insurance (under insurance).
- **Replacement value:** it is the actual cost of replacing the damaged property with new ones after deducting the amount of deductible, without putting into consideration the depreciation.
- **Public liability insurance:** it is an insurance covering government liabilities to third parties, for causing bodily injury or property damage arising from operating or using the covered assets in the government facilities.
- **Risk survey:** is a field visit to check and inspect the subject matter of insurance in order to assess the risks associated with it, or assess the losses in case of a compensation claim.
- **Claim:** is a formal request to the insurance company to compensate for the loss or damage to the subject of insurance, as a result of insured peril covered under the insurance policy.
- **Discharge receipt:** a written declaration of the insured party to vacate the insurance company from liability for current and future incidents subject of the claim, after agreeing on the amount of compensation due, according to the limits of insurance coverage specified in the insurance policy.
- **Financial System Development Directorate:** it's the directorate at Ministry of Finance responsible for managing the government insurance policies.
- **Law:** Legislative Decree No. (36) For the year 2002, this organizes the bids, purchases, and sales of the government, as well as the amendments, and regulations.

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25.7.3

Insurance companies and other concerned companies prepare various reports as it is one of the Insurance procedures. Those reports include the information of the inspection, evaluation, and the risk related to the insurance subject. And they can be incorporating in a single report, such as the following :

- **Survey Report:** a report prepared by a specialist according to field inspection to the risk, and the related information collected. The report can be prepared before the contract in order to prepare data underwriting designed to characterize and assess the risk, or after the contract in order to determine the extent of precedent recommendations implemented by the insured, , or in order to assess the assets to be insured, or to analyze the nature of the claim in the case of claim notification, and to check if the insurance policy covers the risk, in addition to determining the compensation amount payable to the insured.
- **Underwriting Report:** It includes all the information on the subject of insurance, as well as a description of the risks related to it.
- **Risk Management/ Loss Prevention Report:** The procedures and precautionary measures adopted to manage the risks associated with the subject of insurance, as well as recommendations by the expert on improving the risk by reducing the possibility and severity of the loss.
- **Asset Valuation Report:** It defines the true values of the assets to be insured after placing all relevant factors into consideration, and on the basis adopted by the insured.

25.7.4

General Policy

Provide a unified insurance policies which covers all government entities that Ministry of Finance oversees on their budget, and integrating similar risk related policies, in order to provide maximum protection at the lowest possible financial costs.

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25.7.5 **The main goal of insurance**

Insurance is designed to provide financial protection for government entities through compensation of losses and damages to government assets, and fulfill the financial compensation due to public liability, injuries or damages resulting from the operation or use of government property or any other insured peril.

25.7.6 **Coverage**

The unified insurance covers administered by the Ministry of Finance include, government entities associated with its budget in the central financial system which is supervised by the Ministry of Finance, and the government entities that are not linked to the central budget in the financial system to deal directly with insurance companies as per rules and regulations to provide suitable insurance covers for their risks.

25.7.7 The insurance is limited to the assets inside the property of the government only, and can include the leased assets or used by the government or under its custody and control, if the responsibility for compensation in case of damage to the leased asset or the user, according to what was agreed upon in the lease or use.

25.7.8 The requests for insurance to cover any benefit are subject to the approval of the Civil Service Bureau, according to its laws and regulations.

25.7.9 When the allocation or transfer of ownership of any facility to others, the government entity must convert the responsibility of the insurance to the new owner and advise the Financial System Development Directorate to terminate the contract of insurance from the date of transfer of ownership or conversion.

25.7.10 Assets and liabilities that have insurance coverage on the market should be covered. for example:

- Buildings, government facilities and their contents.
- Warehouse and its contents.
- Operating plants and plants.
- Funds and financial trusts cash.

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- Transportation such as vehicles and government ships and boats.
- Third-party liability.
- Personal injuries to students of technical and vocational education and training at the Ministry of Education.

25.7.11 Excluding assets and liabilities of the government if the cost and terms of insurance exceeds the expected financial benefits.

25.7.12 **General Provisions**

The purchase of insurance covers and its renewal, are subject to the provisions and procedures stipulated by the law and the decisions and circulars of the Tender Board.

25.7.13 The Financial Systems Development Directorate is responsible to contract with insurance companies to provide the appropriate insurance covers for government entities that are related to the central budget of the financial system which is supervised by the Ministry of Finance, and those entities cannot deal directly with insurance companies to provide insurance covers them.

25.7.14 The total values to the subject of insurance is determined by the government entities concerned, in coordination with the Financial Systems Development Directorate prior to the purchase of insurance covers for the first time, and re-evaluated by government entities whenever necessary.

25.7.15 Government entities bear the cost of repairs for the damages to government properties and assets that are not insured, also bear responsibility to compensate third parties for the damages arising from its liabilities.

25.7.16 **Responsibilities**

First, the responsibilities of the Ministry of Finance

The responsibility for the Financial Systems Development Directorate is to insure the government bodies, by carrying out the following tasks and responsibilities:

- A. Study requests from government entities regarding insurance and decides upon them.

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- B. Supervise the implementation of all provisions and procedures specified in this system, in coordination with government entities.
- C. Monitor the funds necessary for the insurance budget, and permit financial obligations to buy the insurance and pay the cost of conducting field inspections necessary to process insurance.
- D. Adopt appropriate options to cover the cost of losses.
- E. Arrange contracts with insurers and surveyors, to insure its commitment to the tasks and responsibilities assigned.
- F. Coordinate with government entities and follow-up of all parties concerned when conducting field inspections.
- G. Review reports of evaluation of assets, underwriting and risk management, and compensation limits of losses indicated in insurance policies, in the light of information provided by government entities, and to provide the insurance company with any comments received.
- H. Store all related insurance documents and reports and provide government entities to with soft .
- I. Prepare the specifications of insurance covers, and negotiate with insurance companies on the terms of insurance contracts, to get the best insurance coverage possible and at the lowest possible cost.
- J. Arrange insurance contracts, its renewal or cancelation, on behalf of government entities.
- K. Inform government entities of any information or modifications may occur to the insurance covers.
- L. Deposit outstanding claims returns for the government to the specified bank account.
- M. Keep a record of incidents and claims including all relevant data..

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N. Analyze and evaluate the nature of the claims and accidents, and to identify the necessary recommendations on amendments to the insurance covers.

O. Follow-up matters relating to the claims of accidents and losses that are covered under insurance policies, and to complete the procedures for the settlement of those claims in coordination with government entities and related parties.

25.7.17

Second, the responsibilities of government entities

The government entities must follow some procedures to cover their own assets and liabilities. By doing the following tasks and responsibilities:

- A. Take all precautionary measures to avoid accidents and protect government assets, users, and beneficiaries of the loss or damage associated with their use or operation.
- B. Implement the recommendations of the inspection reports related to the development of risk management procedures, and provide the Financial Systems Development Directorate with the appraises
- C. Provide data in a timely manner when requested by the Financial Systems Development Directorate or the insurance company or surveyors or other stakeholders.
- D. Provide the Financial Systems Development Directorate with the observations on technical reports related to the insurance process, upon tir request.
- E. Keep a detailed record of covered assets data, update the information regularly, as well as informing the Financial Systems Development Directorate of the changes on those assets values, along with the new assets that have been acquired.

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- F. Keep a copy of the insurance policies and all relevant documents
- G. Observe and monitor the changes in the prices of assets insured during the period of insurance due to inflation and changes in prices, and provide the Financial Systems Development Directorate with the updates, to modify insurance policies in order to avoid the application of the average condition whereby government compensated values is less than the replacement value or the cost of repairs.
- H. Pay the costs of repairing the damage or loss and the amount of deductible mentioned in the insurance policy from their budget, and the completion of related procedures.
- I. Allow for field inspections and provide stakeholders with the required data as demanded by procedures or insurance claim or compensation.
- J. View and realize requirements, obligations and compensation limits and exceptions, and deductible amounts stipulated by the insurance policies, and communicate with the Financial Systems Development Directorate for clarification on any inquiries related.
- K. Inform the Financial Systems Development Directorate of any additions occur on sites or assets insured during the period of validity of the insurance policy, in order to be attached to the policyholder.
- L. Inform the Financial Systems Development Directorate of any cancellation occurs on some assets, such as demolitions and the exclusion of machinery, equipment and content, ships and boats during the period of validity of the insurance policy, to delete them from the insurance policy.

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M. Monitor the implementation of the recommendations which have been indicated in the survey reports, and inform the Financial Systems Development Directorate with the followed procedures, in order to notify the insurance company on the amendments that may arise on the issue of insurance

N. Review assets valuation and underwriting and risk management reports, and the limits of compensation losses included in insurance policies, and inform the Financial Systems Development Directorate of any observations.

25.7.18

Insurance Procedures

To add any of the insurance covers within the insurance umbrella run by the Ministry of Finance, the government entity should provide insurance application by the following procedures:

1. The government entity send the insurance application to the Financial Systems Development Directorate, the application must include all data related to the insurance requirements.
2. The government entity should provide the Financial Systems Development Directorate, with any additional data required in order to take the appropriate decision on the request.
3. In the case of denying the request, the government entity will be addressed with a rationale rejection in writing together with the recommendations.
4. In the case of approving the request of the insurance, the Financial Systems Development Directorate coordinate with the insurance company to conduct field inspection to the subject of insurance - if it is needed depending on the nature of the subject of insurance - to learn about the development of related risks, and reporting the necessary inspection, and may assign a specialized company to accomplish those tasks.
5. The Financial Systems Development Directorate sends the inspection and evaluation reports after reviewing them to the government entity, to state their opinion upon the observations and recommendations given, to be issued after the completion of the final reporting procedures..

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6. If an existing unified insurance policy commensurate with the nature of a required insurance subject, the Financial Systems Directorate notifies the insurance company for inclusion within the insurance policy, according to the rates applied in the insurance policy, and to provide the government with a copy of the insurance policy and the supporting documents.
7. In the absence of a unified insurance policy commensurate with the nature of the required subject of insurance the Financial Systems Development Directorate purchases an appropriate insurance cover.
8. The Financial systems development department keeps the original copy of the insurance policy as well as related documents, and provides the government entity with a soft copy of those documents, in order to provide their comments, if any, and keep a copy of the documents in their records.

25.7.19

Insurance renewal

The renewal process of the annual insurance policies which has been contracted for more than a year, is according to the following procedures:

1. In advance before the expiry of the insurance policy, the Financial Systems Development Directorate prepares the renewal process, through coordination with the relevant government entity to provide the necessary data for the renewal of the insurance policy, and in particular, do the following:
 - A. Identify any changes required on the subject of insurance such as deletion, addition or re-evaluation.
 - B. Make sure that there are no claims owed to governmental entities that were not reported or did not complete the settlement procedures.
2. The Financial Systems Development Directorate sends the insurance policy renewal request to the insurance company, including any changes required.

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3. The insurance company prepares the endorsement and sends it to Financial Systems Development Directorate.
4. The financial systems development department review endorsement to make sure of the price and along with the insurance capacity coverage with the original contract signed with the insurance company.
5. The Financial Systems Development Directorate sends the supporting documents for the renewal process to the government entity concerned, along with any relevant observations.

25.7.20

Modification of the insurance contract

The Financial Systems Development Directorate can modify the contract within the limits contained, and does not contradict with the law.

25.7.21

The increase in the value of the annual premium adjustment does not considered a modification on the price, if it was a result from an addition of assets through the duration of the insurance contract, or due to re-evaluation of cost replacement of assets, provided that it is calculated according to the same price rate applied.

25.7.22

If there was a reason to modify the annual measurement price (Rate) for the premium contribution specified in the contract, the Financial Systems Development Directorate should negotiate with the insurance company, in order to get the best price, to take into account the contract amendment provisions contained in the law.

25.7.23

The government entity should notify the Financial Systems Development Directorate through the duration of the insurance contract, of any changes in the subject of insurance, which include deletions and additions, demolition and change in values, etc., in order to take the necessary measures to coordinate with the insurance company to modify the insurance policy.

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25.7.24

Vehicle insurance

The Ministry of Finance provides insurance cover for vehicles owned by government entities, through a unified insurance policy issued by a local insurance company.

25.7.25

The Financial Systems Development Directorate keeps a record for insured government vehicles and it is being adjusted according to the additions and deletions notifications sent by government entities.

25.7.26

Government vehicles are being covered according to the following procedures:

1. When possession of the vehicle, the government entity sends a request to the Financial Systems Development Directorate, with an aim of arranging for an insurance cover for it, the request should include data that identifies the type and specifications of the vehicle.
2. The Financial Systems Development Directorate notifies the insurance company to include the vehicle to be insured to the consolidated insurance policy which has been purchased previously, and insure it according to the rates listed in the insurance policy, and informs the government entity to collect the required certificate of insurance from the insurance company.

25.7.27

The following procedures to renew the government vehicles:

1. In advance before the expiry of the insurance policy, the Financial Systems Development Directorate sends a circular to government entities to report on any additions or deletions on vehicles, and make sure that there are no claims owed to governmental entities that were not reported or did not complete the settlement procedures .
2. Financial System Development Directorate updates the consolidated record of government vehicles based on the government entities statement; afterward the directorate sends a request to to the insurance company renew the

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insurance policy, together with the updated list of vehicles.

3. Financial systems development department receives the certificates of insurance, after that the department notifies the government entities to pick them up to review, verify the data, and preserve them.

25.7.28 The government entity should notify the Financial Systems Development Directorate in writing of any deletion operations performed on their vehicles , in order to cancel their insurance and to recover the premium for the remaining period.

25.7.29 **Claim compensation provisions**
Government entity must notify Financial Systems Development Directorate in writing immediately upon the occurrence of loss or damage to insured assets require financial compensation, as well as relevant facts, taking into account that the delay in reporting the claim may lead to rejection of compensation by the insurance company.

25.7.30 For the accident of insured government vehicles, it's not required to refer to the Ministry of Finance, and the concerned government entity to end proceedings for compensation directly with the insurance company. However, in the case of objection from the insurance company about compensation, The Financial Systems Development Directorate must be notified to verify the conditions of coverage set forth in the insurance policy and related document..

25.7.31 Insurance company has a limited liability to compensate the value specified in the insurance policy, and the government entity is not entitled to claim additional improvements beyond that value.

25.7.32 Contracting procedures for repair or replacement of damaged assets are subject to the laws, decisions and circulars issued by the Tender Board.

25.7.33 The government must take all necessary measures and actions to reduce the size of the losses and damages as possible.

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- 25.7.34 Governmental entity may take action to immediately repair the damage after coordinating with the Financial Systems Development Directorate and obtaining the approval from the insurance company or the appointed loss adjuster.
- 25.7.35 Compensations must be returned to Ministry of Finance under the specified bank account, and the government entity bears the costs of repairs and replacement of insured assets from their own budget.
- 25.7.36 When a damage or a loss occurs to an insured asset the government entity, should cooperate with the insurance company and provide supporting documents, in order to assist recovering the compensation amount from the party who caused the damage or loss.
- 25.7.37 The government entity should claim the party who cause a damage or loss to the property of the government which has not been insured, in order to use the compensation amount in retrieving the affected facilities to its previous state before the accident, and to take legal action against him if necessary, according to the laws and regulations.
- 25.7.38 No financial claims should be paid before signing a final discharge receipt from the beneficiaries' admitting to release the government entity from any future liability or claim, after receiving the compensation amount agreed upon.
- 25.7.39 The government entity must analyze and study the causes of claims, and to take appropriate action to improve the procedures followed by them for the risk management of its facilities, in order to avoid exposure to losses in the future.
- 25.7.40 Government entities abide to notify the Financial Systems Development Directorate about all procedures carried out by the compensation claim, and copies of correspondence with related parties.

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25.7.41 Claims on insurance policies purchased by the government to cover personal accident to students of technical and vocational education and training are being compensated, based on medical reports that determine the type of injury and the percentage of disability.

25.7.42 In the event of a dispute between the affected party and the government entity or an insurance company, either to admit responsibility or determine the amount of compensation due to the affected side, where the demanding party raised the case to the court, the government entity must consult with the Legislation and Legal Opinion Commission about the required legal procedures.

25.7.43 **Procedures to claim compensation**
Claim compensation in the case of damages and losses, is performed according to the following procedures:

1. The government entity must notify the Financial Systems Development Directorate in writing upon the occurrence of loss or damage requiring financial compensation, and providing the circumstances associated with the incident, immediately after the occurrence of loss or damage.
2. The Financial Systems Development Directorate, review the notice of the government entity, to verify the eligibility for the financial compensation to government entity according to the insurance policy.
3. In the case of entitlement to the government entity for compensation, the Financial Systems Development Directorate notifies the insurance company of the damages or losses caused to the insured assets.
4. Financial system development Directorate coordinates with the government entity and the insurance company, to inspect and review the incident to determine the causes of the losses and damages resulting from it.

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5. The government entity coordinates with the insurance company to prepare technical specifications and determine the size of the work required for repair or replacement.
6. The government entity take the necessary actions to get quotations from providers to replace or repair damaged assets, in accordance with procurement procedures specified by law and in accordance with the conditions specified in the insurance policy, in order to obtain an impartial assessment of the damage.
7. The government entity shall submit to the Financial Systems Development Directorate with all the documents related to the estimated value of the compensation.
8. The compensation amount to be claimed by the Financial System Development Directorate from the insurance company , based on the documents and reports received from the government entity.
9. Upon approval of the compensation amount, the concerned parties as required by the nature of the claim must signed a discharge notice .
10. Returns of claims must be deposited to the government bank account.

25.7.44

Special provisions for compensation of damages related to the public liability insurance

When any person or entity claims for a financial compensation for damages or losses as a result of using or operating the assets of government, the government entity should consider the following:

1. Claims to be received only by an authorized employee.
2. Not to acknowledge or accept to pay the compensation, before consulting the Legal Adviser in order to study

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and verify the responsibility of the government entity in compensation.

3. Notify the Financial Systems Development Directorate about the claim, to study the possibility of paying through a public liability insurance policy, if any.