

Cabinet Resolution No. (66) of 2020 Regarding Regulating Project Sponsorship in the Federal Government

The Cabinet,

- Having Reviewed the Constitution;
- Federal Law No. (1) of 1972 Concerning the Competences of Ministries and Powers of Ministers, as amended;
- Federal Decree-Law No. (26) of 2019 Concerning the Public Finance; and
- Based on the Minister of Finance’s proposal and the Cabinet’s approval thereof,

Hereby resolves as follows:

Article (1)

Definitions

In implementation of provisions of this Resolution, the following terms and expressions shall bear the meanings ascribed thereto respectively, unless otherwise indicated by the context:

- State** : The United Arab Emirates
- Federal Entities** : Federal Entities governed by the provisions of Federal Decree-Law No. (26) of 2019 Concerning Public Finance
- Head of the Federal Entity** : The Minister, Chairman of the Board or Head of the Entity or the equivalent officers, as applicable.
- Committee** : the Project Sponsorship Committee formed pursuant to the provisions of this Resolution.
- Project Sponsorship** : a financial “cash” and/ or “in-kind” support provided to sponsor an event, activity, occasion, individuals or one or more entities in exchange for benefits for one or all of the parties involved.

Article (2)

Objectives of this Resolution

This Resolution aims to achieve the following:

1. Establish the and standardize the controls and policies according to which grants shall be accepted or sponsorships shall be received or rejected.
2. Ensure that sponsorship objectives are consistent with strategic objectives and main values of the Federal Entity.
3. Raise awareness of the sponsorship concept as a valuable element of the society and establish a mechanism for evaluating the sponsorship chances.

Article (3)

Applicability

The Provisions of this Resolution shall apply to Federal Entities, except for the following:

1. Ministry of Defense.
2. The Supreme Council for National Security.
3. Ministry of Cabinet Affairs.
4. Any Federal Entity which the Law whereunder it has been established prevents from receiving or providing sponsorship.

The Cabinet may exclude any Federal Entity or project from the scope of application of the provisions of this Resolution.

Article (4)

Formation and Functions of the Committee

1. Each Federal Entity shall form a Committee to be called (Project Sponsorship Committee) pursuant to a Resolution by the Head of said entity or the delegate thereof.
2. The Committee shall comprise at least three members and not exceeding five members, including:
 - a. One representative of the Strategy and Future Organizational unit.
 - b. One representative of the Government Communication Organizational unit; and
 - c. One representative of the Financial Affairs Organizational unit.
3. Head of the Federal Entity, or delegate thereof, may propose formation of a committee

comprising representatives of other organizational units included in the organizational structure of the Federal Entity, in the event that the aforementioned organizational units are not included in the organizational structure thereof.

4. The Committee shall perform the following tasks:
 - a. Consider the sponsorship applications, whether submitted by or granted to the Federal Entity; and
 - b. Decide on the sponsorship applications by way of approval or rejection.
5. The Committee may invite whomsoever it deems appropriate from among the specialists and technicians, whether employees or non-employees of the Federal Entity, to assist the Committee perform the tasks thereof.

Article (5)

Operation Mechanism of the Committee

1. Committee meeting shall only be valid if attended by the absolute majority of the members thereof; i.e., more than 50% of the members, provided that either the Chairperson or the Deputy Chairperson, in case of absence of the Chairperson, shall be among attendees.
2. Committee resolutions shall be passed by the majority of votes of members present at the meeting. In case of a tie, the Chairperson, or the Deputy Chairperson in case of absence of the Chairperson, shall have the casting vote.
3. The Committee shall prepare a meeting agenda including all issues to be discussed during the meeting. The agenda shall be distributed to all members sufficiently before the meeting, to enable them to review the agenda and prepare themselves for the meeting.
4. The Committee shall record and write down all the proceedings and discussions thereof on minutes of meeting to be signed by all members present. The minutes shall be approved by the Chairperson or the Deputy thereof in case of absence of the Chairperson.

Article (6)

Project Sponsorship Types

The Federal Entity shall take the following actions based on the type of sponsorship provided:

1. In case the sponsorship is provided in the form of financial “cash” support, the Federal Entity shall record the cash amount in the records prepared for this purpose and shall deposit the

same into a separate bank account pursuant to the procedures set forth in the Appendix hereof.

2. In case the sponsorship is provided in the form of “in-kind” support, the Federal Entity shall receive, value and record the support in addition to the cash value thereof in the record pursuant to the procedures set forth in the Appendix hereof.

Article (7)

Project Sponsorship Categories

Sponsors or sponsored parties shall be classified into the following categories:

1. Sponsors or sponsored parties inside the State:
 - a. Federal Entities.
 - b. Local Entities.
 - c. Private Sector.
 - d. Natural Persons.
 - e. Public Benefit Societies and Foundations.
2. Sponsors or sponsored parties outside the State:
 - a. Government Entities.
 - b. Private Sector.
 - c. Natural Persons.
 - d. Non-profit International Organizations or Foundations

Article (8)

Project Sponsorship Objectives

Upon providing or receiving sponsorship, the following objectives shall be achieved:

1. Promote the Federal Entity’s vision, mission and values.
2. Contribute to achieving the Federal Entity’s objectives that are included in the approved strategic plan thereof.
3. Benefits shall be generated by any of the sponsorship parties.

Article (9)

Controls for Providing or Receiving Sponsorship

Upon providing or receiving sponsorship, the following controls shall be complied with:

1. All sponsorship-related activities shall be carried out formally through approved channels of communication of the Federal Entity.
2. Sponsorship may not be received from nor provided to companies or individuals whose wealth is known to have originated from illegal activities, or when there are indicators of corruption and relevant economic crimes.
3. Sponsorship may not be received from nor provided to companies or individuals who are convicted for a crime of money laundering or terrorism financing.
4. Sponsorship may not be received from nor provided to individuals unless the absence of any and all impediments to receiving or providing sponsorships under the controls mentioned herein is proven.
5. All sponsorship contributions shall be subject to Value-added Tax (VAT) in case that sponsorship is granted in exchange for a benefit.
6. All legislation in force in the State, including tax-related legislation, shall be applied.
7. Federal Entities shall issue a tax invoice in case there is a particular benefit in exchange for sponsorship.
8. Federal Entities may neither receive nor provide sponsorship from or to any entity which conflicts with the Federal Entity's or Federal Government's objectives.
9. Moneys received may not be used for purposes other than those for which they are granted.
10. The Sponsor may not have a direct or indirect interest with the Federal Entity in a manner giving rise to conflict of interests.
11. Ownership of the in-kind contribution provided as a support shall be transferred to the beneficiary entity, provided that all formal procedures in this respect shall be satisfied.
12. All sponsorship amounts shall be recorded in the record intended for this purpose from the commencement to the end of the activity.
13. Periodical reports and explanatory memorandum of the final account shall disclose details of sponsorship projects, sponsors, and the amounts received and provided in order to enhance the governance and transparency principles.
14. In case of approving the receipt of an in-kind or financial "cash" sponsorship and the Federal Entity eventually finds out that there is information, reasons, or changes that necessitate making a decision rejecting the sponsorship, the whole amount or in-kind contributions

received shall be refunded to the sponsor.

Article (10)

Controls for Receiving Sponsorships

All Federal Entities shall observe the following controls upon receiving project sponsorship from any sponsor:

1. Organizational units of the Federal Entity shall prepare an annual plan concerning the projects through which the Federal Entity is desiring to attract sponsors to either finance or get involved in financing. The plan shall be submitted to the Head of the Federal Entity prior to the end of the fiscal year for approval, in preparation for implementation of the plan during the following fiscal year.
2. A study on the project desired to be sponsored shall be prepared. The study shall specify the project objectives and extent of consistency thereof with strategic objectives of the Entity.
3. Sponsorship packages through which more than one partner may take part in sponsoring the project shall be determined. Features, advantages and conditions of each class shall be stated.
4. A Contract or a Memorandum of Understanding shall be concluded with the sponsor. Said contract or memorandum of understanding shall include the following:
 - a. Details of contracting parties (the sponsor and the beneficiary Federal Entity).
 - b. Objectives and deliverables of the project sponsored.
 - c. Tasks and responsibilities of the contracting parties.
 - d. Description of all details pertaining to sponsorship and financing mechanism.
 - e. The contract term.
 - f. details of means and method of usage of the Government Entity's logo by the sponsor.
 - g. The mechanism of use of the surplus of the sponsorship amount, if any; and
 - h. Details of fines to be imposed on both entities in the event of breach by either of them of the contract terms and conditions, or in case that either entity taints the reputation of the other.
5. In coordination with the Ministry of Finance, a bank account shall be opened for the amounts received from the sponsor to be credited into it, provided that said account shall be closed after completion of the project.
6. The Final Account shall include all details pertaining to the sponsor, the cash amounts and

in-kind contributions received, and the projects desired to be sponsored.

7. A detailed report on each project sponsored shall be drawn up, including project name, sponsorship duration, sponsorship value, amounts spent up to the reporting date and project status. The report shall be submitted to the Project Sponsorship Committee and the Head of the Entity.
8. Remaining amounts shall be refunded to the sponsor in case of non-completion of the project amount for any reason after receipt of the sponsorship, unless otherwise required by the contract.
9. Surplus amounts of sponsorship, if any, shall be refunded to the sponsor after completion of the project, unless otherwise required by the contract.
10. Sponsorship shall be refused in any of the following cases:
 - a. If the beneficiary entity's policies and objectives conflict with Federal Government's trends and policies.
 - b. If the beneficiary entity's trends and objectives conflict with Federal Entity's strategic objectives.
 - c. If there is a conflict of interests between the Federal Entity and the sponsor.
 - d. If the sponsor represents political, party-based, religious or sectarian societies.
 - e. If the sponsor is unknown, suspicious or has goals conflicting with the State policy; or
 - f. If the sponsor has previously been convicted for money laundering or terrorism financing crimes.

Article (11)

Procedures of Receiving Sponsorship

1. Before the end of the fiscal year, all organizational units of the Federal Entity shall submit to the Head thereof propositions concerning the projects for which sponsorships are desired to be attracted.
2. The organizational unit responsible for the project shall coordinate with the Committee for preparation of a satisfactory study of the project including the following:
 - a. Detailed explanation of the project;
 - b. Project objectives;
 - c. The correlation of the project objectives with both the Federal Government's objectives

- and policies and the Federal Entity's strategic objectives;
- d. Estimated project cost;
 - e. List of potential sponsors and the benefits they will get in exchange for sponsorship; and
 - f. Value of prospected sponsorship and sponsorship packages (if any).
3. Summary of the projects shall be presented to the Committee for approval;
 4. Projects approved by the Committee shall be listed in an annual plan concerning projects and sponsorship thereof. The plan shall be presented to the Head of the Federal Entity for approval;
 5. In coordination with the Government Communication Organizational unit, the organizational unit responsible for the project shall communicate with the entities desiring to sponsor the project within no less than ninety (90) days from the date of commencing the project. In case of absence of an organizational unit concerned with Government Communication, coordination shall be made with the organizational unit entrusted with Government Communication tasks;
 6. The organizational unit responsible for the project shall coordinate with the organizational unit responsible for contracts preparation in order to prepare the contract and to make both parties sign the same;
 7. In case of receipt of a financial "cash" sponsorship, the Financial Affairs Organizational unit shall coordinate with the Ministry of Finance for opening a bank account for the amount received;
 8. In case of provision of a benefit in exchange for sponsorship provided, the Financial Affairs Organizational unit shall issue a tax invoice in this respect;
 9. In case of receiving an "in-kind" sponsorship, the Committee shall inspect and value the sponsorship contribution received, and shall prepare and send to the Financial Affairs Organizational unit a memorandum on the same;
 10. In the event that the Entity applies the accrual basis accounting, the Financial Affairs Organizational unit shall define the nature of the in-kind sponsorship in the system until dispensing thereof to implement the project. However, in case of application of the modified cash basis of accounting, in-kind sponsorship shall be disclosed in the Entity's financial statements;
 11. The organizational unit responsible for the project shall appoint a representative thereof to follow-up on the project implementation; and
 12. If the sponsor fails to implement the contract, the matter shall be referred to the concerned

organizational unit for necessary action in accordance with applicable legislation.

Article (12)

Controls for Granting Sponsorship

For the purposes of granting sponsorship for any Federal Entity in support of any project, all Federal Entities shall observe the following controls:

1. Granting the sponsorship may only be accepted after the Federal Entity is provided with a study of the project desired to be sponsored indicating the objectives thereof.
2. Ensure that objectives of the project desired to be sponsored are consistent with the State policies and Federal Entity's strategic objectives.
3. Ensure that the budget includes financial appropriations for sponsoring projects.
4. A contract including the following details shall be concluded with the beneficiary entity:
 - a. Details of contracting parties (the sponsor and the beneficiary entity).
 - b. Tasks and responsibilities of each party.
 - c. Project objectives and outputs.
 - d. Sponsorship amount and mechanism of disbursement thereof.
 - e. Mechanism of refunding the surplus of sponsorship amount, if any; and
 - f. Value of fines imposed on the beneficiary entity in case of breach of the contract terms and conditions or harming the reputation of the Federal Entity.
5. Providing sponsorship shall be rejected in any of the following cases:
 - a. If the beneficiary entity's policies and objectives conflict with Federal Government's trends and policies.
 - b. If the beneficiary entity's trends and objectives conflict with Federal Entity's strategic objectives.
 - c. If the beneficiary entity represents political, party-based, religious or sectarian societies;
 - d. If the sponsor is unknown, suspicious, or has goals conflicting with the State policy; or
 - e. If the project conflicts with the State policies concerning environment and sustainability;
 - f. If there is a conflict of interests between the sponsoring Federal Entity and the beneficiary entity; or
 - g. If the entity applying for sponsorship has previously been convicted for money laundering or terrorism financing crimes.

Article (13)

Procedures of Granting Sponsorship

1. The Entity applying for sponsorship shall submit to the Federal Entity a satisfactory study of the project including the following:
 - a. Detailed explanation of the project.
 - b. Project objectives.
 - c. The correlation of the project objectives with both the Federal Government's objectives and policies and the Federal Entity's strategic objectives; and
 - d. Estimated project cost.
2. The application shall be presented to the Committee for consideration thereof and ensuring that the application fulfils all the controls aforementioned in Article (12) hereof.
3. In case that the Committee approves the sponsorship application, the Government Communication Organizational unit shall:
 - a. Communicate with the applicant entity to agree on the sponsorship mechanism. In case of absence of an organizational unit concerned with Government Communication, coordination shall be made with the organizational unit entrusted with Government Communication tasks.
 - b. Coordinate with the organizational unit responsible for contracts preparation in order to prepare the contract and to make both parties sign the same.
 - c. Coordinate with the Financial Affairs Organizational unit in order to transfer the sponsorship amount to the applicant in case that sponsorship is in the form of financial "cash".
 - d. Coordinate with the procurement organizational unit to ensure availability of the materials subject of sponsorship in the warehouses. In case of unavailability of the same, materials shall be purchased and dispensed to the applicant in accordance with applicable procedures; and
 - e. Appoint a representative thereof to provide follow-up on project implementation.
4. If the beneficiary entity fails to implement the contract, the matter shall be referred to the concerned organizational unit for necessary action in accordance with applicable legislation.

Article (14)

Repeals

Resolutions and Circulars issued in respect of Sponsorship of Projects in the Federal Government shall be repealed. In addition, any and all provisions shall be repealed to the extent that they conflict with provisions of this Resolution.

Article (15)

Publication and Entry of this Resolution into Force

This Resolution shall be published in the Official Gazette and shall enter into force from the day following the date of its issuance.

Mohammed bin Rashid Al Maktoum

Prime Minister

21 Safar 1442 A.H.

Corresponding to: 08 October 2020 A.D.

Annex 1

Appendix to Cabinet Resolution No. (66) of 2020 Regulating Project Sponsorship in the Federal Government

I. Procedures for Recording Receipt of Financial “Cash” Sponsorship

1. In case of receipt of a financial “cash” sponsorship, the Financial Affairs Organizational unit at the Federal Entity shall communicate with the Ministry of Finance for opening a new bank account;
2. After obtaining necessary approvals, Financial Affairs Organizational unit shall follow the procedures contained in the Consolidated Financial Procedures Manual concerning opening bank account ; and
3. Financial Affairs Organizational unit shall issue a tax invoice in exchange for the sponsorship value inclusive of VAT in case of provision of a benefit in exchange for the sponsorship. Contents of the Public Clarification issued by the Federal Tax Authority concerning application of VAT to donations, grants, and sponsorship contributions shall be taken into consideration.

In case of application of the modified cash basis of accounting:

1. Financial Affairs Organizational unit shall enter accounting processes upon receipt of sponsorship, endowment or donation as follows:
 - a. In case of non-application of VAT:
 - From: Bank Account (Bank name – Account number)
 - To: Outstanding Accounts Receivable (Project Name)
 - b. In case of application of VAT:
 - From: Bank Account (Bank Name – Account number)
 - To: Account of/ Outstanding Accounts Receivable (Project Name)
 - To: VAT Account - Outputs
2. Financial Affairs Organizational unit shall enter accounting processes upon disbursement from the sponsorship, endowment, or donation amount as follows:
 - From: Outstanding Accounts Receivable (Project Name);
 - From: VAT Account – Inputs, or Irrecoverable VAT Account
 - To: Bank Account (Bank Name – Account number)

Aforementioned VAT accounts pertaining to sponsorship, endowments, or donations shall have separate coding in the Federal Financial System in order to distinguish the same from accounts of Federal Balance Sheet. A new line item “Net VAT” shall be created in order to close the two items; “Input VAT” and “Output VAT”.

3. In case that there is a surplus which should be refunded by the Federal Entity to the Sponsor, the Financial Affairs Organizational unit shall enter accounting processes as follows:
From: Outstanding Accounts Receivable (Project Name)
To: Bank Account (Bank Name – Account number)
4. In case that there is a surplus which should not be refunded by the Federal Entity to the Sponsor, the Financial Affairs Organizational unit shall enter accounting processes as follows:
From: Outstanding Accounts Receivable (Project Name)
To: Revenue from non-exchange transactions (Project Name)
5. Upon completion of the project/ event, the Financial Affairs Organizational unit shall communicate with the Ministry of Finance to close the bank account opened for this purpose.
6. After obtaining necessary approvals, Financial Affairs Organizational unit shall follow the procedures included in the Consolidated Financial Procedures Manual concerning closing bank account.

In case of Application of Accrual Basis Accounting:

1. Financial Affairs Organizational unit shall enter accounting processes upon receipt of sponsorship, endowment or donation as follows:
 - a. In case of non-application of VAT:
From: Bank Account (Bank Name– Account number)
To: Revenue from non-exchange transactions – Deferred (Project Name)
 - b. In case of application of VAT:
From: Bank Account (Bank Name – Account number)
To: Revenue from non-exchange transactions – Deferred (Project Name)
To: VAT Account - Outputs
2. Financial Affairs Organizational unit shall enter accounting processes upon disbursement from the sponsorship, endowment, or donation amount to recognize expenses as follows:
From: Expenses Account (Project Name)

From: VAT Account – Inputs, or Irrecoverable VAT Account

To: Bank Account (Bank Name – Account number)

Aforementioned VAT accounts pertaining to sponsorship, endowments, or donations shall have separate coding in the Federal Financial System in order to distinguish the same from accounts of Federal Balance Sheet. A new line item “Net VAT” shall be created in order to close the two items; “Input VAT” and “Output VAT”.

3. Financial Affairs Organizational unit shall enter accounting processes to recognize revenues upon disbursement from sponsorship, endowment, or donation amount for the amounts actually used as follows:

From: Revenue from non-exchange transactions – Deferred (Project Name)

To: Revenue from non-exchange transactions – (Project Name)

4. In case that there is a surplus which should be refunded by the Federal Entity to the Sponsor, the Financial Affairs Organizational unit shall enter accounting processes as follows:

From: Revenue from non-exchange transactions – Deferred (Project Name)

To: Bank Account (Bank Name – Account Number)

5. In case that there is a surplus which should not be refunded by the Federal Entity to the Sponsor, the Financial Affairs Organizational unit shall enter accounting processes as follows:

From: Revenue from non-exchange transactions – Deferred (Project Name)

To: Miscellaneous Revenue (Project Name) – source thereof should be indicated in the explanation of the entry.

6. Upon completion of the project/ event, the Financial Affairs Organizational unit shall communicate with the Ministry of Finance to close the bank account opened for this purpose.
7. After obtaining necessary approvals, Financial Affairs Organizational unit shall follow the procedures concerning closing bank account contained in the Consolidated Financial Procedures Manual.

II. Procedures of Recording Receipt of In-Kind Sponsorship

In case of Application of Accrual Basis Accounting:

1. In case of receipt of an in-kind sponsorship, Project Sponsorship Committee shall receive the in-kind contribution, value it according to the UAE Accounting Standards Guide, and prepare a memorandum on the same.

2. Project Sponsorship Committee shall send the memorandum to the Financial Affairs Organizational unit for registration of the memorandum in the Federal Entity's accounts.
3. Financial Affairs Organizational unit shall enter accounting processes upon receipt of the in-kind sponsorship as follows:
From: Inventory Account
To: Revenue from non-exchange transactions – Deferred (Project Name)
4. Upon dispensing an in-kind sponsorship, Financial Affairs Organizational unit shall enter accounting processes as follows:
From: Expenses by Nature (Materials) (Project Name)
To: Inventory Account
5. Financial Affairs Organizational unit shall enter accounting processes for recognizing revenue upon dispensing based on the actual value of expenses as follows:
From: Revenue from non-exchange transactions – Deferred
To: Revenue from non-exchange transactions – (Project Name)
6. In case that there is a surplus which should not be refunded by the Federal Entity to the Sponsor, the Financial Affairs Organizational unit shall enter accounting processes at the value of the residual inventory as follows:
From: Revenue from non-exchange transactions – Deferred
To: Revenue from non-exchange transactions – (Project Name)
7. In case that there is a surplus which should be refunded by the Federal Entity to the Sponsor, the Financial Affairs Organizational unit shall enter accounting processes at the value of the residual inventory as follows:
From: Revenue from non-exchange transactions – Deferred
To: Inventory Account

In case of application of the modified cash basis of accounting:

The Federal Entity shall disclose any and all in-kind grants/ donations/endowments received on the Financial Statements thereof.

III. Procedures of Recording Provision of Financial “Cash” Sponsorship

After obtaining all approvals and accreditations for the project desired to be sponsored, the organizational unit responsible for the project shall communicate with the Financial Affairs Organizational unit for disbursement of the sponsorship amount.

In case of Application of Accrual Basis Accounting:

(1) Conditional Grant:

- a. In case of non-application of VAT by the entity receiving the sponsorship pursuant to the contents of the Public Clarification issued by the Federal Tax Authority concerning application of VAT to donations, grants, and sponsorship contributions:
 1. Financial Affairs Organizational unit shall enter the accounting processes as follows:
From: Financial Asset – Grant (Project Name)
To: Bank Account (Bank Name – Account Number)
 2. Upon fulfilment of the requirements, Financial Affairs Organizational unit shall enter the accounting processes as follows:
From: Sponsorship Expenses (Project Name)
To: Financial Asset – Grant (Project Name)
- b. In case of application of VAT by the entity receiving the sponsorship pursuant to the contents of the Public Clarification issued by the Federal Tax Authority concerning application of VAT to donations, grants, and sponsorship contributions and receipt of a tax invoice covering the sponsorship value:
 1. Financial Affairs Organizational unit shall enter the accounting processes as follows:
From: Financial Asset – Grant (Project Name);
From: VAT Account – Inputs, or Irrecoverable VAT Account
To: Bank Account (Bank Name – Account Number)
 2. Upon fulfilment of the requirements, Financial Affairs Organizational unit shall enter the accounting processes as follows:
From: Sponsorship Expenses (Project Name)
To: Financial Asset – Grant (Project Name)
 3. In case that there is a surplus, it should be refunded by the beneficiary entity to the Federal Entity, and the Financial Affairs Organizational unit shall enter accounting processes as follows:

From: Bank Account (Bank Name – Account Number)

To: Financial Asset – Grant (Project Name)

(2) Unconditional Grant:

Financial Affairs Organizational unit shall enter accounting processes as follows:

- a. In case of non-application of VAT by the entity receiving the sponsorship pursuant to the contents of the Public Clarification issued by the Federal Tax Authority concerning application of VAT to donations, grants, and sponsorship contributions:

From: Sponsorship Expenses (Project Name)

To: Bank Account (Bank Name – Account Number)

- b. In case of application of VAT by the entity receiving the sponsorship pursuant to the contents of the Public Clarification issued by the Federal Tax Authority concerning application of VAT to donations, grants, and sponsorship contributions and receipt of a tax invoice covering the sponsorship value:

From: Sponsorship Expenses (Project Name);

From: VAT Account – Inputs, or Irrecoverable VAT Account

To: Bank Account (Bank Name – Account Number)

In case of application of the modified cash basis of accounting for conditional or unconditional grants:

- a. Financial Affairs Organizational unit shall enter accounting processes as follows:

From: Sponsorship Expenses (Project Name)

To: Bank Account (Bank Name – Account Number)

- b. In case that there is a surplus, it should be refunded by the beneficiary entity to the Federal Entity, and the Financial Affairs Organizational unit shall enter accounting processes as follows:

From: Bank Account (Bank Name – Account Number)

To: Sponsorship Expenses (Project Name)

IV. Procedures of Recording Provision of In-Kind Sponsorship

After obtaining all approvals and accreditations for the project desired to be sponsored, the organizational unit responsible for the project shall communicate with the Financial Affairs Organizational unit for disbursement of the sponsorship amount.

In case of Application of Accrual Basis Accounting:

1. Financial Affairs Organizational unit shall enter accounting processes as follows:
From: Inventory Account
To: Bank Account (Bank Name – Account Number)
2. Upon fulfilment of the requirements, Financial Affairs Organizational unit shall enter the accounting processes as follows:
From: Sponsorship Expenses (Project Name)
To: Inventory Account
3. In case that there is a surplus, it should be refunded by the beneficiary entity to the Federal Entity, and the Financial Affairs Organizational unit shall enter accounting processes as follows:
From: Assets/ Inventory Account
To: Sponsorship Expenses (Project Name)

In case of application of the modified cash basis of accounting:

The Federal Entity shall record the Inventory in the warehouses books.