

Law of the General Authority of Endowments



أوقاف

الهيئة العامة للأوقاف
GENERAL AUTHORITY FOR AWQAF



Article 1

In this Law, the following terms shall have the meanings assigned thereto, unless the context requires otherwise:

Authority: General Authority of Endowments.

Board: Authority's Board of Directors.

Chairman: Chairman of the Board.

Governor: Governor of the Authority.

Public endowment: An endowment dedicated for designated or described general charity.

Private (Family) endowment An endowment intended for designated or described descendants and relatives.

Joint endowment: An endowment which combines more than one type of endowment.

Endower:

A person who establishes an endowment.

Endower's conditions:

Conditions set by the endower with respect to the endowment, its revenue, disbursement, trustee, or beneficiary

Beneficiary:

A beneficiary of the endowment in accordance with endower's conditions.

Trustee:

A natural or legal person in charge of an endowment.

Trusteeship:

Actions taken to serve the interest of an endowment and its revenue by means of maintaining, leasing, developing, and repairing the endowment, and legally representing it as well as disbursing its yields, in accordance with the endower's conditions.

Administration:

Powers assigned by the trustee to others –whether natural or legal– regarding the management of the endowment in terms of maintenance, leasing, development, and repair.

Article 2

The General Authority of Endowments shall be a public agency with an independent legal personality as well as financial and administrative independence, reporting to the Prime Minister. It shall undertake duties and powers assigned thereto under this Law. Its headquarters shall be in the city of Riyadh and it may, when necessary, establish branches within the Kingdom.



Article 3

The Authority aims to regulate, maintain, and develop endowments so as to fulfil the conditions of their endowers and promote the role of the endowments in economic and social development and social solidarity in accordance with the intents of Sharia and law.


Article 4



- 1.** The Authority shall oversee all public, private (family), and joint endowments pursuant to the provisions of paragraph 5 of Article of this Law 5.
- 2.** The Authority shall oversee the work of trustees appointed by endowers within the limits of the law and without violating the endowers' conditions or interfering with trusteeship.

Article 5

The Authority shall assume the following:


- 1.** registering all endowments in the Kingdom following documentation;
- 2.** creating an inventory of all endowments and setting up a database thereof;
- 3.** assuming trusteeship of the following endowments:
 - a) public, private (family), and joint endowments, unless the endower stipulates that a person or an entity other than the Authority shall assume trusteeship;
 - b) endowments of Hajj and Umrah Miqats;
- 4.** managing endowments overseen by a trustee other than the Authority at the request of the endower or trustee;
- 5.** overseeing the work of trustees and taking legal measures to achieve the endowments' objectives without interfering with trusteeship duties by taking the following actions:
 - a) reviewing the annual accounting reports on endowments;
 - b) providing trustees with technical support and information;
 - c) providing financial and administrative consultation without violating the endower's conditions;

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- d) assigning a representative to attend general assembly meetings, or meetings of the boards of directors of endowments that do not have general assemblies, when reviewing the annual financial report of the endowment;
 - e) requesting the change of the external auditor;
 - f) filing a motion – if necessary – to dismiss the trustees who fail to achieve the objectives of the endowment or fail to meet the trusteeship conditions;
- 6.** approving applications for the establishment of public and joint endowments financed through fundraising, donations, or contributions, and issuing necessary permits;
 - 7.** collecting revenues of endowments under the trusteeship of the Authority and expending said revenues on designated purposes in line with the endower's conditions, and in coordination with the competent authorities, if necessary;
 - 8.** collecting revenues of endowments under the management of the Authority and expending said revenues on designated purposes in accordance with the management contract and in line with the endower's conditions, and in coordination with the competent authorities, if necessary;

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- 9.** taking necessary measures to use immovable and movable property endowed outside the Kingdom for general charities within the Kingdom – in coordination with the Ministry of Foreign Affairs – and expending revenues thereof on designated purposes;
 - 10.** taking necessary measures to promote the culture of endowment through the following:
 - a) promoting and facilitating the establishment of endowments and providing information, advice, and support for endowers, trustees, and potential endowers;
 - b) developing existing types of endowments and seeking to introduce new types in coordination with relevant authorities;
 - c) contributing to the establishment of endowment projects and academic and research activities to promote social development and fulfil endowers' conditions and endowment purposes, in coordination with government and non-government agencies;
 - d) raising awareness about the importance of endowments and their economic and social roles; organizing seminars, conferences, and other awareness-raising activities; and conducting studies and research in the field of endowments.
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Article 6


- 1.** The Authority shall have a board of directors chaired by the Minister of Human Resources and Social Development and comprising the following 15 members:
 - a) Governor, Member and Vice-Chairman
 - b) a representative from the Ministry of Islamic Affairs, Endowments, Dawah and Guidance, Member
 - c) a representative from the Ministry of Justice, Member
 - d) a representative from the General Presidency for the Affairs of the Grand Mosque and the Prophet's Mosque, Member
 - e) a representative from the Ministry of Finance, Member
 - f) a representative from the Ministry of Social Affairs, Member
 - g) a representative from the Ministry of Education, Member
 - h) a representative from the Saudi Commission for Tourism and National Heritage, Member
 - i) a representative from the General Commission for Guardianship over Property of Minors and the Like, Member
 - j) a representative from the charitable societies and institutions involved in endowments, Member
 - k) a businessman having endowments, Member


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- l) two prominent specialists in the fields of economy and investment, Members
 - m) a Sharia specialist in financial and economic transactions, Member.
 - n) a representative from a private endowment, Member.
- 2.** Representatives of the agencies referred to in paragraphs (b), (c), (d), (e), (f), (g), (h), and (i) shall be of a rank not lower than grade 14 or equivalent
 - 3.** Members referred to in paragraphs (j), (k), (l), (m), and (n) shall be appointed pursuant to a resolution by the Council of Ministers, upon nomination by the Chairman, for a term of three years, renewable once
 - 4.** Remuneration of the Chairman and members of the Board of Directors for attending Board meetings shall be determined pursuant to a .resolution by the Council of Ministers

Article 7

The Board shall be the highest authority overseeing the management of the Authority and may make decisions necessary to achieve the purposes of the Authority within the limits of this Law, and it may in particular:

- 1.** propose regulations relating to endowments and submit said regulations to the competent authorities for approval in accordance with applicable statutory procedures
- 2.** set, review, evaluate, improve, and update strategies, plans, and policies relating to endowments;
- 3.** approve the Authority's organizational structure as well as its administrative, financial, and investment regulations and other internal regulations;
- 4.** approve the budget, final accounts, and auditor's report of endowments under the trusteeship of the Authority
- 5.** approve the Authority's budget, final accounts, auditor's report, and annual report to be submitted in accordance with applicable procedures;
- 6.** approve disposition of assets of endowments under the trusteeship of the Authority for the purpose of increasing the value of said assets in a manner that fulfills the endower's conditions, whether by the sale of said assets and purchase of alternative ones, the use of said assets to acquire a share in a company, or other forms of exchange. This shall be done in accordance with the powers of the Board as well as Sharia rules and the procedures provided for in the Investment Regulations;


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- 7.** approve the creation of endowment investment funds and portfolios and the establishment or participation in the establishment of endowment institutions and companies or the acquisition of shares in existing companies in accordance with applicable statutory procedures;
 - 8.** approve projects financed by endowments under the trusteeship or management of the Authority in accordance with Board powers as specified in the Investment Regulations;
 - 9.** approve the obtaining of loans to finance endowment projects under the trusteeship or management of the Authority, or for the maintenance and development of existing endowments in a manner that fulfils the endower's conditions and in accordance with Board powers as specified in the Investment Regulations;
 - 10.** accept funds endowed to the Authority as well as grants, donations, bequests, and aids allocated thereto; with Board powers as specified in the Investment Regulations;
 - 11.** approve a method for the listing, registration, and documentation of endowments and the protection thereof against any transgressions;
 - 12.** approve awareness campaigns on the importance of endowments and their economic and social roles;
 - 13.** approve the establishment of branches for the Authority in the Kingdom as needed;

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- 14.** form specialized standing and ad hoc committees from among its members or others, adopt work procedures of said committees, and specify duties and remuneration of their members, without prejudice to the provisions of Articles 11 and 12 of this Law; or
 - 15.** seek the assistance of experts and consultants as deemed necessary, and hire others as needed, in accordance with the rules set by the Board, and determine their remuneration;

The Board may, at its own discretion, delegate certain powers to any Authority official or committee as necessary;

Article 8


- 1.** The Board shall convene at least once every two months upon an invitation by the Chairman and whenever the need arises as determined by the Chairman. The invitation shall be accompanied by the agenda of the meeting. The Chairman shall call for a Board meeting if requested by four members.
- 2.** A meeting shall be valid if attended by the majority of members, including the Chairman or Vice-Chairman. Board resolutions shall be passed by majority vote. In case of a tie, the meeting chairman shall have the casting vote.
- 3.** The Board shall hold its meetings at the Authority's headquarters, and it may, when necessary, convene elsewhere in the Kingdom.
- 4.** Board deliberations and resolutions shall be recorded in minutes to be signed by the meeting chairman and attending members.
- 5.** The Board may invite specialists and consultants as it deems appropriate to attend Board meetings without having the right to vote.
- 6.** A member may not vote by proxy. An attending member may record his objection and grounds therefor in the meeting minutes.
- 7.** A member may not disclose any of the Authority's confidential information he becomes privy to by virtue of his membership in the Board.

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- 8.** The Board shall have a secretary general appointed pursuant to a Board resolution.
 - 9.** The Board shall adopt its own internal regulation in accordance with the provisions of this Law.

Article 9

The Authority shall have a governor appointed and relieved from office pursuant to a Board decision. The decision shall determine his remuneration and other financial benefits. The Governor shall be in charge of managing the affairs of the Authority, and his responsibilities shall be in accordance with the provisions set forth in this Law and Board decisions. He shall have the following powers;

- 1.** following up on Board decisions and overseeing implementation thereof, and informing the Board of actions taken thereon.
- 2.** proposing the Authority's plans and programs and overseeing implementation thereof upon approval by the Board.
- 3.** proposing the Authority's organizational structure.
- 4.** overseeing the drafting of the Authority's administrative, financial, and investment regulations as well as other internal regulations and proposing amendments thereto.
- 5.** overseeing the Authority's operations in accordance with applicable regulations.
- 6.** overseeing the drafting and amendment of laws relating to endowments, and presenting said laws to the Board for approval, in preparation for approval by the relevant agencies, in accordance with applicable procedures.

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- 7.** overseeing the drafting of strategies, plans, and policies relating to endowments and submitting the same to the Board for approval.
 - 8.** overseeing the drafting of the annual budget, financial allocations, and final accounts of endowments under the trusteeship of the Authority and submitting the same to the Board.
 - 9.** overseeing the drafting of the Authority's annual budget, financial allocations, final accounts, and annual report and submitting the same to the Board.
 - 10.** submitting periodic reports to the Board on the Authority's activities and achievements.
 - 11.** overseeing the Authority's employees in accordance with his powers and the regulations.
 - 12.** overseeing the Authority's payment orders in accordance with the approved annual budget.
 - 13.** representing the Authority before the court and other agencies.
 - 14.** assuming powers conferred upon him by Board decisions and the laws and regulations pertaining to the Authority.

The Governor may, at his own discretion, delegate certain powers to any Authority official or committee as necessary.



Article 10

The Authority aims to regulate, maintain, and develop endowments so as to fulfil the conditions of their endowers and promote the role of the endowments in economic and social development and social solidarity in accordance with the intents of Sharia and law

Article 11

A standing advisory committee named the “Advisory Committee” shall be formed and shall comprise members other than Board members and the Authority’s employees pursuant to a Board decision, and shall be located at the Authority’s headquarters. Said Committee shall report to the Board and shall provide Sharia, legal, financial, economic, investment, and social consultation. This shall be as follows;

- 1.** The Committee shall comprise the following:
 - a) two specialists in the field of economy and investment;
 - b) two Sharia specialists in financial and economic transactions having knowledge and expertise in the field of endowments;
 - c) a legal specialist;
 - d) a financial specialist;
 - e) a specialist in social work;
- 2.** The formation decision shall specify the chairman and vice-chairman of the Committee from among its members;
- 3.** Membership of the Committee shall be for a term of three years, renewable once;
- 4.** The Committee shall have a secretariat with sufficient staff.
- 5.** The Committee shall draft the regulations that govern monitoring and auditing as well as the rights and duties of its members and staff, to be approved by the Board.

Article 12

A standing committee named the “Monitoring and Internal Auditing Committee” shall be formed and shall comprise members other than Board members and the Authority’s employees pursuant to a Board decision, and shall be located at the Authority's headquarters. Said committee shall report to the Board. This shall be as follows;

- 1.** The Committee shall comprise the following;
 - a) a representative from the Ministry of Interior with a rank not lower than grade 13;
 - b) two specialists in accounting;
 - c) two specialists in management and performance measurement;
 - d) a legal specialist.
- 2.** The formation decision shall specify the chairman and vice-chairman of the Committee from among its members.
- 3.** Membership of the Committee shall be for a term of three years, renewable once.
- 4.** The Committee shall have a secretariat with sufficient staff.
- 5.** The Committee shall draft the regulations that govern monitoring and auditing as well as the rights and duties of its members and staff, to be approved by the Board.

Article 13

The Monitoring and Internal Auditing Committee aims to protect the Authority's funds and assets; ensure the integrity and effectiveness of internal control as well as the provision of accurate and complete financial statements and accounting records; ensure the effectiveness and adequacy of administrative and financial operations in a manner that achieves optimal utilization of available resources; and verify compliance with laws, regulations, instructions, policies, and plans. The Monitoring and Auditing Regulations shall detail the powers entrusted by the Board to the Committee.



Article 14

The Authority shall charge a fee for managing endowments not under its trusteeship. The Board shall determine said fee in agreement with the endower or trustee, provided that the fee does not exceed 10% of the annual net income of said endowments.

Article 15

Subject to the endower's conditions and without prejudice to beneficiaries of the endowment, the Authority may:

- 1.** invest the assets of endowments under its trusteeship and the surpluses of their revenues upon conducting the necessary feasibility studies;
- 2.** invest a percentage not exceeding 25% of the annual net income of the endowment under its trusteeship for the benefit of the endowment; and
- 3.** deduct a percentage not exceeding 20% of the surpluses of the annual revenues of endowments under its trusteeship for the development of other endowments under its trusteeship, provided that such amount is returned to the endowment within a maximum period of five years from the date of deduction.

Article 16

- 1.** The Authority shall maintain separate accounts and budgets for endowments under its trusteeship or management, independent from the Authority's accounts and budget.
- 2.** The Authority shall maintain separate accounts for the endowments of the Two Holy Mosques.
- 3.** Funds of endowments under the trusteeship or management of the Authority shall be deposited in separate accounts with the Saudi Arabian Monetary Agency or any licensed Saudi bank.



Article 17

The fiscal year of the Authority shall be the State's fiscal year, with the exception of the first fiscal year which shall commence on the date this Law comes into force.

Article 18

- 1.** The Authority shall establish a financial accounting system for endowments under its trusteeship or management that is compatible with their nature and that ensures the protection of their funds and investments, as provided for in this Law.
- 2.** The Authority shall establish a model financial accounting system for endowments not under its trusteeship or management, to help trustees protect endowment funds and investments.
- 3.** The Authority's financial regulations shall govern all financial matters, including the following:
 - a) accounts;
 - b) revenues and expenditures;
 - c) collection of revenues of endowments under the Authority's trusteeship or management and expenditure thereof on designated purposes in accordance with endowers' conditions;
 - d) budget and final accounts.

Article 19

- 1.** The Authority shall have an independent annual budget whose revenues consist of the following:
 - a) a percentage determined by the Board that does not exceed 10% of the annual net income of endowments under the trusteeship of the Authority;
 - b) revenues received in return for the management of endowments by the Authority, in accordance with the provisions of Article 14 of this Law;
 - c) revenues from activities falling within its scope of business;
 - d) annual government subsidy allocated to the Authority in the State's budget;
 - e) endowments, grants, donations, bequests, and aid allocated to it.
- 2.** The Authority's funds shall be deposited in separate accounts with the Saudi Arabian Monetary Agency or any licensed Saudi bank and shall be used for expenditure on the Authority and its employees in accordance with the financial regulations approved by the Board.

Article 20

Without prejudice to the power of the General Auditing Bureau to monitor the accounts of the Authority, the Board shall appoint one (or more) auditors, with a natural or legal personality, licensed to practice in the Kingdom, to audit the accounts of the endowments and the Authority. In case of multiple auditors, they shall be jointly liable for their work before the Board. The report of the auditor(s) shall be submitted to the Board, and a copy thereof shall be submitted to the General Audit Bureau. The Board shall determine the fees of the auditor (s).



Article 21

The Authority shall be treated in the same manner as public authorities and organizations in terms of fees and charges.



Article 22

- 1.** The Board shall issue the Authority's regulations for employment, ,stating employment requirements, employee rights and duties discipline procedures, and procedures for termination of employment.
- 2.** The Labor Law and Social Insurance Law shall apply to all employees of the Authority.



Article 23

The Authority shall, in all its actions and investments, comply with endowers' conditions, provisions of Sharia, and applicable laws.



Article 24

No Board member, nor any of the Authority's employees or relatives up to the fourth degree, or any person connected with its management may have a direct or indirect interest in any project or agreement concluded with the Authority, nor shall they be engaged in buying, selling, or otherwise for their own benefit or for the benefit of third parties using the funds of the endowments under the trusteeship or management of the Authority. Any act in violation of the provisions of this Article shall be null and void.

Article 25

- 1.** This Law shall supersede the Law of the Supreme Council for Endowments issued by Royal Decree No. (M/35) dated 18/07/1386 H, and shall enter into force 90 days following the date of its publication in the Official Gazette.
- 2.** In exception to Article 223 of the Law of Civil Procedures issued by Royal Decree No. 22/01/1435 H, provisions set forth in this Law shall apply to endowments under the Authority's trusteeship.
- 3.** This Law shall repeal all other provisions conflicting therewith, including the provisions set forth in the Law of the General Commission for Guardianship over Property of Minors and the Like issued by Royal Decree No. (M/17) dated 13/03/1427 H.



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