

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

GENERAL INSTRUCTION MANUAL

GI NUMBER Approved

20.151

ISSUING ORG. FINANCIAL ANALYSIS & PERFORMANCE ADVISORY
DEPARTMENT
SUBJECT HOME OWNERSHIP & COMMUNITY DEVELOPMENT PROGRAM &
BUDGET

ISSUE DATE 06/01/2010
REPLACES 01/31/2005

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CONTENT

This Instruction outlines procedures for the development, processing, approval and distribution of the Home Ownership & Community Development (HO&CD) Program and Budget. The text includes:

1. Objectives
2. Scope
3. Responsibilities and Procedures
4. Forecasting Guidelines
5. Revisions to the Program
6. Release of Budgeted Funds
7. Accountability Reporting
8. Related Instructions

1.0 OBJECTIVES

Saudi Aramco administers the HO&CD Program to plan and estimate requirements for HO&CD Projects. The Home Ownership Program provides home loans to eligible Saudi employees for the acquisition or improvement of single family dwellings. The HO&CD Program also provides Community Development free lots with utilities infrastructure for eligible employees as well as Home Ownership community operations and maintenance expenses including the purchase and rental of lots from the Royal Commission.

- 1.1 The HO&CD Program, comprising the Home Ownership and Community Development Projects, is documented in the five-year Business Plan and the annual Non-Capital Budget.

2.0 SCOPE

The HO&CD Program and Budget include all costs associated with Employee Home Loans, operation and maintenance of Home Ownership utility systems, including power and general preventive maintenance work. This also includes operating and maintaining sanitary sewage treatment plants and effluent disposal systems in Home Ownership communities until such time as these activities are assumed by the appropriate Government and non-Government entities. Additionally, there are miscellaneous Community Development projects including assistance to Home Ownership communities in the form of surveying, grading, sand fill and/or removal, fencing, relocation of water meters, and other miscellaneous projects. Also included are payments to the Royal Commission for both the purchase and rental of lots in Jubail and Yanbu'.

- 2.1 Projects costing \$4 million or more are listed individually.
- 2.2 Projects costing less than \$4 million are programmed collectively under a single miscellaneous heading BI-29, Home Ownership: Miscellaneous Community Development Items, Operating and Maintenance Expenses.
- 2.3 The HO&CD Program covers a five-year period and consists of an expenditure timing schedule and a narrative of the program. Future commitments and expenditures are planned and justified on a Program basis.

* CHANGE

** ADDITION

NEW INSTRUCTION ☐COMPLETE REVISION ☐

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2.3.1 The expenditure timing schedule is prepared in accordance with instructions issued by the Project Management Office Department.

2.4 The annual HO&CD Budget includes all projects which require ER approval in the first fiscal year of the five-year Program.

3.0 RESPONSIBILITIES AND PROCEDURES

The Executive Head – Employee Relations & Training and the Executive Head – Community Services coordinate the preparation of the Home Ownership & Community Development Program & Budget.

3.1 Facilities Planning Department in conjunction with Project Management Office Department and the construction agency will provide staff assistance in engineering review, development of project schedules, cost estimates and timing of expenditures.

3.2 The Home Ownership & Community Development Division within the Employee Relations Services Department will prepare a draft of BI-27 and forward it to the Facilities Planning Department.

3.3 The Utilities Department will prepare the Expenditure Request for BI-29 (see paragraph 2.2 above) and forward it to the Facilities Planning Department. Budget Items and Expenditure Requests are prepared in accordance with General Instructions 20.110 and 20.500 respectively.

3.4 Facilities Planning Department develops Budget Items for new HO&CD Projects costing in excess of \$4 million and Capital Programs, Forecast & Analysis Division (CPF&AD) reviews the briefs for adherence to Saudi Aramco strategies and applicable policies and procedures.

3.5 The five-year HO&CD Program is submitted to the Executive Advisory Committee and the Management Committee for review and recommendations during the Spring Business Plan cycle.

3.6 The HO&CD Program is endorsed by the Board of Directors at their Spring meeting and continually reviewed and updated. The HO&CD Budget is approved at the Board's Fall meeting.

4.0 FORECASTING GUIDELINES

4.1 Forecasts for Home Loan disbursements will be prepared in current dollars and provided to the Project Management Office Department.

4.2 The expenditure timing schedule of the HO&CD Program will be prepared in current dollars and provided to the Project Management Office Department.

5.0 REVISIONS TO THE PROGRAM

Changes to the HO&CD Program and Budget may be made as part of the Business Plan or annual Non-Capital Budget review process.

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6.0 RELEASE OF BUDGETED FUNDS

- 6.1 For Miscellaneous Community Development Projects funded under BI-29, releases will be submitted in accordance with procedures outlined in GI 20.500.
- 6.2 Employee Housing Loan releases are made in accordance with approved Home Loan Agreements and processed for review and approval as provided in the Home Ownership Manual.

7.0 ACCOUNTABILITY

Using accounting records, CPF&AD issues the following two reports that present HO&CD budget and expenditure status:

AR-197 Programs and Budgets Status Report
AR-190-2 Capital and Non-Capital Expenditures

On a monthly basis, CPF&AD also prepares the "Capital" section of the Management Information System (MIS) report for Management Committee review. Both accounting records and Home Ownership & Community Development Division input serve as source data. The MIS report shows the current month and year-to-date release and expenditure status for HO&CD expenditure requests as well as commitments, disbursements, and repayments associated with the Home Loan Program.

On a quarterly basis, CPF&AD presents to Corporate Management the Capital Budgets Accountability that specifically addresses HO&CD expenditures and activity.

8.0 RELATED INSTRUCTIONS

20.110 Non-Capital Program and Budget
20.500 Expenditure Requests
21.201 Approval Authority

Approved:

Manager – Financial Analysis & Performance Advisory Department