European GNSS Supervisory Authority

7th meeting of the Administrative Board

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Regulation of the European GNSS Supervisory Authority
laying down detailed rules for the implementation of the Financial Regulation of 11 October 2005 applicable to the Budget of the European GNSS Supervisory Authority
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Regulation of the European GNSS Supervisory Authority

laying down detailed rules for the implementation of the Financial Regulation of 11 October 2005 applicable to the Budget of the European GNSS Supervisory Authority

THE ADMINISTRATIVE BOARD OF THE EUROPEAN GNSS SUPERVISORY AUTHORITY

Having regard to COUNCIL REGULATION (EC) No 1321/2004 of 12 July 2004,

Having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 (hereinafter “The General Financial Regulation”) applicable to the general budget of the European Communities, as modified, and in particular Article 185 thereof,

Having regard to COMMISSION REGULATION (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities as modified,

Having regard to the Financial Regulation of 11 October 2005 applicable to the Budget of the European GNSS Supervisory Authority.

Whereas:

(1) The provisions of the Financial Regulation of the Authority of 11 October 2005, lay down the basic principles and definitions relating to the establishment, execution and control of the budget (hereinafter "the budget").

(2) These implementing rules must therefore not only supplement the Financial Regulation in respect of the provisions for which they expressly refer to the implementing rules but also in respect of the provisions whose application requires the implementing measures to be determined in advance.

(3) These implementing rules are mainly inspired of the provisions of the implementing rules of the General Financial Regulation, with minor adaptations taking into account the specificities of the Authority

(4) As for the establishment and presentation of the budget, it is necessary to determine the contents of the general introduction to the budget, the working documents backing up the budget and the budget remarks to ensure that the budgetary authority is fully informed. In the new activity-based budgeting (ABB) presentation, the definition and classification of administrative appropriations are also set out.
As regards the role of the financial actors, the reform of financial management, together with the dropping of centralised *ex ante* controls, increases the responsibilities of the authorising officers in all revenue and expenditure operations, including in terms of internal control systems. The tasks, responsibilities and principles of the procedures to be observed must therefore be laid down. The internalisation of *ex ante* controls requires, in particular, a clear distinction between initiation tasks and the verification of budget implementation and each institution must also adopt a code of professional standards applicable to staff responsible for *ex ante* and *ex post* verifications. Provision must then be made for accounting for the responsibilities assumed in an annual report to the institution covering the results of the *ex post* verifications; arrangements must also be made for keeping the supporting documents relating to the operations carried out. Finally, when they represent derogations, negotiated procedures for the award of public contracts must be covered by a special report to the institution which is to be sent to the discharge authority.

As regards internal control and taking into account the specificities of the Authority, a function of audit capability is created to assist and support the financial actors of the Authority, in the daily management of revenue and expenditure.

In order to clarify responsibilities, a precise definition must also be given of the tasks and responsibilities of the Accounting officer in connection with the accounting systems, treasury management, the management of bank accounts and third-party files. The arrangements for the termination of the Accounting officer's duties are also spelled out.

Once the tasks and responsibilities of each actor are laid down, they may be held liable only under the conditions set out in the Staff Regulations of Officials of the European Communities and the Conditions of Employment of Other Servants. However, a new Financial Irregularities Panel has to be set up in appropriate manner in each institution to determine whether irregularities of a financial nature may have occurred. The procedure by which an authorising officer may seek confirmation of an instruction and thus be release from any liability is also set out.

In the case of procurement, the option taken is to transpose Council Directives 2004/17/EC and 2004/18/EC, relating to the coordination of procedures for the award of public service, supply and works contracts, as amended. This first requires definition of the various types of contract, the advertising and publication measures applicable, appeals and the main features of existing procedures, the specification of selection criteria and the possible award arrangements, rules for access to tender documents, communication with tenderers and candidates and, when the Authority awards contracts on its own account, the various thresholds applicable and the rules for estimating the value of the contracts to be awarded. For the sake of transparency of procedures and equal treatment of candidates, as well as the full responsibility of authorising officers in the final choice, the procedure for opening and then evaluating tenders and requests to participate is then described, from the appointment of a committee up to the substantiated and documented award decision, which ultimately falls to the contracting authority. The financial guarantees needed to protect the Communities' financial interests are also described. Finally, rules are provided for the contracting authorities' powers to impose administrative penalties in order to ensure their proportionate and dissuasive nature and a certain equality of treatment between the various institutions and between departments.
The scope of the title on grants must also be clarified, particularly with regard to the different methods for implementing the budget, but also with regard to the type of action or body of general European interest eligible for a grant. The characteristics of the annual work programme and the calls for proposals are set out. Again with regard to the requirements of transparency, equal treatment for applicants and the liability of authorising officers, the award procedure is described from the application for the grant to its evaluation, by a committee, in the light of previously specified selection and award criteria, before the authorising officer takes his final, appropriately documented decision. Sound financial management then requires that the Authority demands guarantees at the application stage, through the provision of financial audits for the larger amounts, and then on payment of the pre-financing, through the demand for advance financial guarantees, and finally on final payment, through the provision of financial audits for the requests which present most risk. Sound management and control of the no-profit and co-financing principles also require rules to be laid down for the possible use of flat-rate payments. Finally, the sound management of Community funds means that the grant beneficiaries themselves must comply with the principles of transparency and the equal treatment of potential contractors and the award of the contract to the tender offering best value for money when the action is partly sub-contracted. Finally, penalties in this matter are based on what exists for procurement.

As regards the keeping and presentation of the accounts, each of the generally accepted accounting principles on which the financial statements have to be based must be defined, with the exception of the principle of accrual accounting which, in view of its importance and its innovatory nature, is defined in the General Financial Regulation. It is also necessary to specify the conditions for entering a transaction in the accounts and the rules for valuing assets and liabilities and the constitution of provisions. It should be specified that the accounts must be accompanied by a report on budgetary and financial management and details should be given of the content and presentation of the elements making up the financial statements (balance sheet, economic outturn account, cash-flow table) and their annex and the budget implementation statements (budget outturn account plus annex).

On accounting matters, it should be specified that the Authority’s Accounting officer should produce documents describing the organisation of the accounts and the accounting procedures of his institution and set out the conditions to be respected by the computerised accounting systems. As for the keeping of the accounts, it is necessary to specify the principles applicable to the accounting ledgers, the trial balance, the periodical reconciliation of the totals in this balance and the inventory and to specify the components of the chart of accounts adopted by the Commission's Accounting officer. The rules applicable to the registration of operations, in particular the double-entry method, the rules for the conversion of operations which are not denominated in EUR and the supporting documents for accounting entries, must be laid down. The content of the accounting records must also be specified.

Finally, the rules relating to the property inventory are laid down and the respective responsibilities of the Accounting officer and authorising officers in this field are clarified, together with the rules applicable to the resale of property entered in the inventory.
The various thresholds and amounts referred to in this Regulation must be regularly updated by linking them with the inflation recorded in the European Union, with the exception of the thresholds applicable to procurement.

TITLE I
SUBJECT

Article 1
Subject
(Article 1 of the Financial Regulation)

This Regulation sets out the rules for implementing certain provisions of the European GNSS Supervisory Authority Financial Regulation of 11 October 2005 (hereinafter "Financial Regulation") which lays down the rules for the establishment and implementation of the budget of the European GNSS Supervisory Authority, hereinafter "budget".

TITLE II
BUDGETARY PRINCIPLES

CHAPTER 1
PRINCIPLE OF ANNUALITY

Article 2
Appropriations for the year
(Article 8 of the Financial Regulation)

The commitment appropriations and payment appropriations entered in the budget for a financial year and which have to be used during that year shall consist of the appropriations authorised for the year. The appropriations authorised for the year are:

(a) appropriations provided in the budget, including by amending budgets;
(b) appropriations carried over;
(c) appropriations made available again;
(d) appropriations arising from payments on account which are repaid;
(e) appropriations provided following the receipt of assigned revenue.
Article 3
Carryover of appropriations
(Article 10 of the Financial Regulation).

1. The commitment appropriations referred to in Article 10 of the Financial Regulation may be carried over only if the commitments could not be made before 31 December of that financial year for reasons not attributable to the authorising officer and if the preparatory stages are sufficiently advanced to make it reasonable to judge that the commitment may be made before 31 March of the following year.

2. The preparatory stages referred to in Article 10(3) of the Financial Regulation which should be completed by 31 December of the financial year in order to allow a carryover to the following year are in particular:

   (a) for global commitments, the adoption of a financing decision or the closing by that date of the consultation of the departments concerned within each institution for the adoption of the decision;

   (b) for individual commitments, the advanced stage of preparation of the contracts or agreements. This advanced stage of preparation of the contracts or agreements shall mean the completion of the selection of potential contractors or beneficiaries.

3. Appropriations carried over in accordance with Article 10(3) of the Financial Regulation which have not been committed by 31 March of the following year shall be automatically cancelled.

4. Appropriations carried over in accordance with Article 10(3) of the Financial Regulation may be used until 31 December of the following year.

5. The accounts shall identify appropriations carried over in this way.

CHAPTER 2
PRINCIPLE OF UNIT OF ACCOUNT

Article 4
Rate of conversion between the EUR and other currencies
(Article 17 of the Financial Regulation)

1. Without prejudice to specific provisions arising from the application of sectoral regulations, conversion between the EUR and another currency shall be made using the daily EUR rate published in the C series of the Official Journal of the European Communities.

2. If no daily rate is published in the Official Journal of the European Communities for the currency in question, the Authority shall use the accounting rate referred to in paragraph 3.
3. For the purposes of the accounts provided for in Articles 84 to 89 of the Financial Regulation, and subject to Article 201, conversion between the EUR and another currency shall be made using the monthly accounting rate of the EUR. That accounting exchange rate shall be established by the Accounting officer by means of any source of information he regards as reliable, on the basis of the exchange rate on the penultimate working day of the month preceding that for which the rate is established.

Article 5
\textit{Rate to be used for conversion between the EUR and other currencies}
\textit{(Article 17 of the Financial Regulation)}

1. Without prejudice to specific provisions deriving from the application of sectoral regulations, the rate to be used for converting between the Euro and other currencies shall be that of the day when the payment order or recovery order is drawn up by the authorising department.

2. In the case of EUR imprest accounts, the rate to be used shall be determined by the date of the payment by the bank.

Article 6
\textit{Conversion into EUR of expenditure committed at the end of the budget year}
\textit{(Article 17 of the Financial Regulation)}

The December EUR rates shall be used to calculate the obligations outstanding at the end of the financial year.

\textbf{CHAPTER 3}
\textbf{PRINCIPLE OF UNIVERSALITY}

\textit{Article 7}
\textit{(Nihil)}

\textit{Article 8}
\textit{(Nihil)}

\textit{Article 9}
\textit{Passing for payment of the net amount}
\textit{(Article 21(1) of the Financial Regulation)}

Pursuant to Article 21 of the Financial Regulation, the following deductions may be made from payment requests, invoices or statements, which shall then be passed for payment of the net amount:

(a) penalties imposed on a party to a contract;
(b) adjustments of amounts paid unduly, which may be set off against payments of the same type to the same payee under the title, chapter, article and financial year in respect of which the excess payment was made.

CHAPTER 4
PRINCIPLE OF SPECIFICATION

Article 10
Grounds for requests for transfers of appropriations
(Article 23 of the Financial Regulation)

Proposals for transfers and all information for the budgetary authority concerning transfers made under Article 23 of the Financial Regulation shall be accompanied by appropriate and detailed supporting documents showing the implementation of appropriations and estimates of requirements up to the end of the financial year, both for the lines to which the appropriations are to be transferred and for those from which they are taken.

CHAPTER 5
PRINCIPLE OF SOUND FINANCIAL MANAGEMENT

Article 11
Evaluation
(Article 25 of the Financial Regulation)

1. Proposals for all programmes and actions occasioning additional expenditure or a reduction in revenue for the budget shall be the subject of an *ex ante* evaluation, which shall identify:

   (a) the need to be met in the short or long term;
   
   (b) the objectives to be achieved;
   
   (c) the results expected and the indicators needed to measure them;
   
   (d) the added value of Community involvement;
   
   (e) the risks, including fraud, linked with the proposals and the alternative options available;
   
   (f) the lessons learned from similar experiences in the past;
   
   (g) the volume of appropriations, human resources and other administrative expenditure to be allocated with due regard for the cost-effectiveness principle;
(h) the monitoring system to be set up.

2. All programmes or actions shall then be the subject of an interim and/or ex post evaluation in terms of the human and financial resources allocated and the results obtained in order to verify that they were consistent with the objectives set, as follows:

(a) the results obtained in carrying out a multi-annual programme shall be periodically evaluated in accordance with a timetable which will allow the findings of this evaluation to be taken into account for any decision on the continuation, modification or suspension of the programme;

(b) actions financed on an annual basis shall have their results evaluated at least every six years. This requirement may also be met by the final reports sent by the bodies which carried out the action.

Article 12
Financial statement
(Article 25 of the Financial Regulation)

1. Any proposal for an act submitted to the legislative authority which may have an impact on the budget, including changes in the number of posts, shall include a financial statement.

The financial statement shall contain the financial and economic data for the assessment by the legislative authority of the need for Community action. It shall provide appropriate details of coherence and any synergy with other financial instruments.

In the case of multi-annual operations, the financial statement shall contain the foreseeable schedule of annual requirements in appropriations and posts and an evaluation of their medium-term financial impact.

2. In order to prevent any risk of fraud or irregularity which might adversely affect the protection of the Communities' financial interests, the financial statement shall provide information regarding existing and planned fraud prevention and protection measures.

Chapter 6
Principle of Transparency

Article 13
Provisional publication of a summary of the budget
(Article 26 of the Financial Regulation)

Pending official publication, a summary of the budget figures shall be published on the Internet site of the institutions, on the Authority’s initiative, within four weeks of the date of the final adoption of the budget.
TITLE III
ESTABLISHMENT AND STRUCTURE OF THE BUDGET

CHAPTER 1
ESTABLISHMENT OF THE BUDGET

Article 14
General introduction to the preliminary draft budget
(Article 27 of the Financial Regulation)

The Authority shall draw up the general introduction to the preliminary draft budget.

The general introduction shall comprise:

(a) financial tables covering the entire budget;

(b) as regards the titles in the Authority’s section:

(i) a description of the policies and activities for which the appropriations are requested, with due account for the principles and requirements set out in Articles 27 and 33(2)(d) of the General Financial Regulation,

(ii) an explanation of the changes in appropriations from one financial year to the next.

Article 15
Working documents in support of the preliminary draft budget
(Article 27 of the Financial Regulation)

The preliminary draft budget shall be accompanied by working documents containing the following information:

(a) in respect of staff of the Authority:

(i) a statement of the policy for permanent and temporary staff;

(ii) for each category of staff, an organisation chart of budgetary posts and persons in post on the date of the presentation of the preliminary draft budget, indicating their distribution by grade and administrative unit;

(iii) where a change in the number of persons in post is proposed, a statement justifying such change;

(iv) a list of posts broken down by policy area; or/and main objective.

(b) a detailed statement of borrowing and lending policy.
Article 16
Preliminary draft amending budgets
(Article 28 of the Financial Regulation)

Preliminary draft amending budgets shall be accompanied by statements of grounds and the information on the implementation of the budget for the preceding and current financial years available at the time of their establishment.

CHAPTER 2
STRUCTURE AND PRESENTATION OF THE BUDGET

Article 17
Nomenclature for the statement of expenditure
(Art 30 of the Financial Regulation)

1. The Authority may decide to have a presentation of statement of expenditure according to one of the following

   a) Presentation based on the nature of activities:
      1. Staff expenditure
      2. Buildings, equipment and miscellaneous operating expenditure
      3. Operating expenditure

   b) Presentation according to activity based budgeting management:

      This presentation is based on the division of expenditure between main activities of the Authority as described in the Council Regulation (EC) 1321/2004 of 12 July 2004.

2. Where the Authority may decide to change the presentation of statement of expenditure, the budget presentation during the transitional period should follow the two options as mentioned under paragraph 1 a) and b)

Article 18
Administrative appropriations
(Article 31 of the Financial Regulation)

Within the respective chapters, administrative appropriations shall be divided into separate headings by title according to the following classification:

(a) expenditure on staff authorised in the establishment plan: there shall be an amount of appropriations and a number of posts corresponding to this expenditure;

(b) expenditure on external staff (including contractual agents and interim staff) and other management expenditure (including representation expenses and mission expenses);
(c) expenditure on buildings and other related expenditure, including cleaning and maintenance, rental and hiring, telecommunications, water, gas and electricity;

(d) support expenditure.

The Authority’s administrative expenditure of a type common to all titles may also be set out in a separate summary statement classified by type.

**Article 19**

*Actual expenditure in the last financial year for which the accounts have been closed*

*(Article 31 of the Financial Regulation)*

For the purposes of establishing the budget, actual expenditure in the last financial year for which the accounts have been closed shall be determined as follows:

(a) in commitments: commitments entered in the accounts during the financial year against appropriations for that financial year as defined in Article 2.

(b) in payments: payments made during the financial year, i.e. for which a payment order has been sent to the bank, against appropriations for that financial year as defined in the same article.

**Article 20**

*Budget remarks*

*(Article 31 of the Financial Regulation)*

The budget remarks shall include:

(a) the references of the basic act, where one exists, considering that in the community field, a “basic act” may take the form of a regulation, a directive or a decision.

(b) all appropriate explanations concerning the nature and purpose of the appropriations.
TITLE IV
IMPLEMENTATION OF THE BUDGET

CHAPTER 1
GENERAL PROVISIONS

Article 21
Delegation by the Executive Director of his powers as authorising officer (Article 34 of the Financial Regulation)

1. The Executive Director as appointing authority is the only responsible for delegating his powers as authorising officer.

2. Only Heads of Department can receive a delegation for acting as authorising officers of the Authority.

3. All Heads of Department shall sign a declaration on liability and conflicts of interest before they can receive a delegation.

4. Authorising officers by delegation may decide to install among themselves special procedures to ensure best practises in coordination and control of the budget management. If doing so, they shall notify the Executive Director of the detailed description of the procedures and actors involved.

5. The authorising officers by delegation shall act with a view to maintain excellence in the relationship with the internal auditor and the Court of Auditors. They shall take care that files and records are permanently updated and available on request.

Article 22
Definition of a conflict of interests (Article 35 of the Financial Regulation)

1. Acts that may be tainted by a conflict of interests may include one of the following forms:

   (a) granting oneself or others unjustified direct or indirect benefits;

   (b) refusing to grant a beneficiary the rights or benefits to which he is entitled;

   (c) committing undue or wrongful acts or failing to carry out acts that are mandatory.

3. The competent authority referred to in Article 35 of the Financial Regulation shall be the hierarchical superior of the member of staff concerned. He shall confirm in writing
whether or not there is a conflict of interests. If there is, he shall himself take any appropriate decision.

Article 23

(Nihil)

Article 24

Direct centralised management
(Article 36 of the Financial Regulation)

Where the Authority implements the budget on a centralised basis directly in its departments, implementation tasks shall be performed by the financial actors within the meaning of Articles 37 to 44 of the Financial Regulation.

Article 25

(Nihil)

Article 26

Compliance with rules on procurement
(Article 36 of the Financial Regulation)

Where the Authority entrusts tasks to private bodies under Article 36 of the Financial Regulation, it shall conclude a contract in accordance with the provisions of the Financial Regulation.

Article 27

Detailed arrangements for indirect centralised management
(Article 36 of the Financial Regulation)

1. Where the Authority entrusts implementing tasks to agencies, bodies or entities under Article 36 of the Financial Regulation, it shall conclude an agreement with them.

2. Such agreement shall include the following provisions:
   (a) a description of the tasks entrusted;
   (b) the conditions and detailed arrangements for performing the tasks, including the control arrangements;
(c) the rules on reporting to the Authority on how the tasks are performed;
(d) the conditions under which performance of the tasks is terminated;
(e) the detailed arrangements for the Authority’s control;
(f) the conditions governing the use of separate bank accounts, the beneficiary of the interest yielded and the use made of it;
(g) the provisions guaranteeing the visibility of Community action in relation to the other activities of the body;
(h) an undertaking to refrain from any act which may give rise to a conflict of interests within the meaning of Article 22.

3. The agencies, bodies or entities referred to in paragraph 1 shall not have the status of authorising officers by delegation.

Article 28
(Nihil)

Article 29
(Nihil)

CHAPTER 2
FINANCIAL ACTORS

SECTION 1
RIGHTS AND OBLIGATIONS OF THE FINANCIAL ACTORS

Article 30
Rights and obligations of the financial actors
(Article 37 of the Financial Regulation)

The Authority shall provide each financial actor with the resources required to perform his duties and a charter describing in detail his tasks, rights and obligations.
SECTION 2
AUTHORISING OFFICER

Article 31
Assistance for authorising officers by delegation and sub-delegation
(Article 37 of the Financial Regulation)

The authorising officer responsible may be assisted in his duties by members of staff entrusted, under his responsibility, with certain operations required for the implementation of the budget and production of the financial and management information. In order to prevent any conflicts of interests, these members of staff shall be subject to the obligations referred to in Article 35 of the Financial Regulation.

Article 32
Segregation of duties of initiation and verification of an operation
(Articles 37 and 39 of the Financial Regulation)

Initiation of an operation shall be understood to mean all the operations which are normally carried out by the staff referred to in Article 31 and which are preparatory to the adoption of the acts implementing the budget by the competent authorising officer, holder of a delegation or a sub delegation.

Article 33
Management and internal control procedures
(Article 38(4) of the Financial Regulation)

The management and internal control systems and procedures shall be designed to:

(a) achieve the objectives of the policies, programmes and action of the institution in accordance with the principle of sound financial management;

(b) comply with the rules of Community law and minimum control standards established by the institution;

(c) safeguard assets and information;

(d) prevent and detect irregularities, errors and fraud;

(e) identify and prevent management risks;

(f) ensure reliable production of financial and management information;

(g) keep supporting documents relating to and subsequent to budget implementation and to budget implementation measures;

(h) keep documents relating to advance guarantees for the institution and keep a log to provide suitable monitoring of such guarantees.
1. The Authority shall create a function of audit capabilities to assist authorising officers in their duties mentioned in Articles 38 (1) and 38(4) of the Financial Regulation.

2. The functions of audit capabilities consists in the preparation, and follow up of Management and internal control procedures. It includes the setting up and implementation of the Code of professional standards mentioned in article 39 (6) of the Financial Regulation.

3. The official or agent in charge of the function mentioned in paragraph 1 is assisting the Executive Director, as principal authorising officer and delegator for the harmonisation and effectiveness of control systems and procedures of the Authority.

4. The official or agent in charge of the function mentioned in paragraph 1 may be asked to assist and advise authorising officers by delegation for the implementation of best practise in the field of internal control. He shall inform the Executive Director of all such requests and act with diligence for providing assistance.

5. The official or agent in charge of the function mentioned in paragraph 1 may be asked by the Executive Director to undertake controls outside of the Authority as an ex post verification of the activities of implementation of revenue and expenditure of the Authority. He may ask the Executive Director to designate staff members of the Authority to assist him in the verifications, especially for control of beneficiaries.

6. The official or agent in charge of the function mentioned in paragraph 1 may be asked to assist the Executive Director and the authorising officers for the definition and follow up of the evaluation of programmes and activities referred to in article 25(4) of the Financial Regulation.

7. The official or agent in charge of the function mentioned in paragraph 1 shall report on the performance of his duties in the form of an annual activity report, to the Administrative Board and the Executive Director. This annual report may contain recommendations with a view to optimise internal control systems and procedures.

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**Article 35**

*Keeping of supporting documents by authorising officers*

(Article 38(6) of the Financial Regulation)

The management systems and procedures concerning the original supporting documents shall provide for:

(a) such documents to be numbered;

(b) such documents to be dated;

(c) registers to be kept identifying the exact location of such documents;
(d) such documents to be kept for at least five years from the date on which the European Parliament grants discharge for the budgetary year to which the documents relate.

Documents relating to operations not definitively closed shall be kept for longer than provided for in point (d) of the first subparagraph, until the end of the year following that in which the operations are closed.

**Article 36**

*Code of professional standards*

*(Article 39(6) of the Financial Regulation)*

1. The staff designated by the authorising officer responsible to verify financial operations shall be chosen on the grounds of their knowledge, skills and particular qualifications as evidenced by diplomas or by appropriate professional experience.

2. The Authority shall draw up a code of professional standards which shall determine, on matters such as internal control, inspection and audit:

   (a) the level of technical and financial competence required of the staff referred to in paragraph 1;

   (b) the obligation for them to undergo continuing training;

   (c) their missions, role and tasks;

   (d) the rules of conduct, and in particular the standards of ethics and integrity that they must comply with and the rights they enjoy;

   (f) the methods, techniques and control standards that they must apply.

3. The code of professional standards may be amended on an annual basis, depending on experience gained and the needs of the Authority.

**Article 37**

*Failure of the authorising officer by delegation to take action*

*(Article 42 of the Financial Regulation)*

The failure of the authorising officer by delegation to take action as referred to in Article 60(6) of the General Financial Regulation shall mean the absence of any reply within a reasonable time given the circumstances of the case and, at all events, within a month at most.

**Article 38**

*Ex post verification and annual report*

*(Article 39(4) of the Financial Regulation)*

The result of the *ex post* verifications shall, with other matters, be set out in the annual activity report submitted by the authorising officer by delegation to his institution.
Article 39
Transmission of financial and management information to the Accounting officer
(Article 43(2) of the Financial Regulation)

The authorising officer by delegation shall send the Accounting officer, in accordance with the rules adopted by the latter, the financial and management information required for the performance of the Accounting officer's duties.

Article 40
Report on negotiated procedures
(Articles 40 and 42 of the Financial Regulation)

Authorising officers by delegation shall record, for each financial year, contracts concluded by negotiated procedures within the meaning of Articles 124, 125, 240, 242, 244 and 245 of the General Financial Regulation. If the proportion of negotiated procedures in relation to the number of contracts awarded by the same authorising officer by delegation increases appreciably in relation to earlier years or if this proportion is distinctly higher than the average for the Authority, the authorising officer responsible shall report to the Executive Director setting out any measures taken to reverse this trend. The Authority shall send a report to the discharge authority.

SECTION 3
ACCOUNTING OFFICER

Article 41
Appointment of the Accounting officer
(Article 43 of the Financial Regulation)

The Accounting officer shall be appointed from officials subject to the Staff Regulations of Officials and other agents of the European Communities.

The Accounting officer must be chosen by the Authority on the grounds of his particular competence as evidenced by diplomas or by equivalent professional experience.

Article 42
Termination of duties of the Accounting officer
(Article 43 of the Financial Regulation)

1. An interim statement of account shall be drawn up without delay in the event of termination of the duties of the Accounting officer.

2. This statement shall be made up of the accounts provided for in Title VII of the Financial Regulation, closed on the last day of the month in which the Accounting officer terminates his duties.

3. No interim statement of account shall be required where the Accounting officer terminates his duties at the end of a financial year.
4. The interim statement or, in the circumstances referred to in paragraph 3, the provisional accounts referred to in Article 128 of the General Financial Regulation shall be transmitted by the Accounting officer who is terminating his duties or, if this is not possible, by an official or agent in his department to the new Accounting officer, who, within no more than one month from the date of transmission, must sign in acceptance and may make reservations.

Article 43

Opinion on accounting and inventory systems
(Article 43 of the Financial Regulation)

Where financial management systems set up by the authorising officer provide data for the institution's accounts or are used to justify data in these accounts, the Accounting officer must give his agreement to the introduction and modification of such systems.

The Accounting officer shall also be consulted regarding the introduction and modification by the authorising officers responsible of inventory systems and systems for valuing assets and liabilities.

Article 44

Treasury management
(Article 43 of the Financial Regulation)

1. The Accounting officer shall ensure that the Authority has at its disposal sufficient funds to cover the cash requirements arising from budgetary implementation.

2. For the purposes of paragraph 1, the Accounting officer shall set up cash management systems enabling him to draw up cash-flow forecasts.

Article 45

Management of bank accounts
(Article 43 of the Financial Regulation)

1. For the requirements of treasury management, the Accounting officer may open accounts in the name of the institution with financial institutions or national central banks or cause such accounts to be opened. In duly warranted circumstances, he may open accounts in currencies other than the EUR.

2. The Accounting officer shall negotiate the operating terms for accounts with financial institutions, in accordance with the principles of sound financial management, efficiency and competitive tendering.

3. At least every five years the Accounting officer shall re-launch competitive tendering between financial institutions with which accounts are opened.

4. The Accounting officer shall ensure strict compliance with the operating terms for accounts opened with financial institutions.
5. The Commission's Accounting officer shall be responsible for harmonising the operating terms for accounts opened by the various institutions and bodies referred to in Article 185 of the General Financial Regulation after consulting the Accounting officers of the institutions and bodies concerned.

Article 46
Signatures on accounts
(Article 43 of the Financial Regulation)

The terms governing the opening, operation and use of accounts shall stipulate that depending on internal control requirements, cheques, bank credit transfer orders or any other banking operations must be signed by one or more duly authorised members of staff.

To this end the Authority shall communicate to all financial institutions with which it has opened accounts the names and specimen signatures of the authorised officials.

Article 47
Management of accounts
(Article 43 of the Financial Regulation)

1. The Accounting officer shall ensure that the balance on the bank accounts provided for in Article 45 does not deviate significantly from the cash-flow forecasts referred to in Article 44(2) and in any event,

   (a) that none of these accounts is in debit;

   (b) that the balance of accounts held in foreign currencies is periodically converted into EUR.

2. The Accounting officer may not maintain balances in foreign currency accounts which might cause excessive losses to the institution as a result of exchange rate fluctuations.

Article 48
Transfers and conversion operations
(Article 43 of the Financial Regulation)

Without prejudice to Article 55, the Accounting officer shall be authorised to conduct transfers between accounts opened in the name of the Authority with financial institutions and to conduct currency conversion operations.

Article 49
Methods of payment
(Article 43 of the Financial Regulation)

Payments shall be made by bank credit transfer or by cheque.
Article 50
Third-party files
(Article 43 of the Financial Regulation)

1. The Accounting officer may make payments by bank credit transfer only if the bank account details of the payee have first been entered in a common file by institution.

Entry in the file of the payee's bank account details or modification of those details shall be based on a document, in paper or electronic form, certified by the payee's bank.

2. With a view to payment by bank credit transfer, authorising officers may enter into a commitment towards a third party on behalf of their institution only if that third party has provided the documentation required for its entry in the file.

Authorising officers shall check that the bank account details communicated by the payee are still valid when each payment order is drawn up.

In connection with pre-accession aid, individual commitments may be concluded with the public authorities in the countries applying for accession to the European Union without a prior entry in the third-party file. In this event the authorising officer shall do his utmost to ensure that the entry is made as quickly as possible. The agreements shall provide that communication to the Authority of the payee's bank account details is a condition to be fulfilled before the first payment can be made.

Article 51
Keeping of supporting documents by the Accounting officer
(Article 43 of the Financial Regulation)

Supporting documents for the accounting system and for the preparation of the accounts referred to in Title VII of the Financial Regulation shall be kept for at least five years from the date Parliament grants discharge for the budgetary year to which the documents relate.

However, documents relating to operations not definitively closed shall be kept for longer, until the end of the year following that in which the operations are closed.

The authorising officers shall liaise with the Accounting officer before deciding in which department the supporting documents shall be kept.

SECTION 4
IMPREST ADMINISTRATOR

Article 52
Conditions of use of imprest accounts
(Article 44 of the Financial Regulation)

1. Where the small sums involved make it materially impossible or inefficient to carry out payment operations by budgetary procedures, imprest accounts may be set up to pay such expenditure.
2. The imprest administrator shall be authorised to provisionally validate and pay expenditure, on the instructions of the authorising officer responsible.

3. The creation of an imprest account and the appointment of an imprest administrator shall be the subject of a decision by the Accounting officer, on a duly substantiated proposal from the Accounting officer responsible. The decision shall stipulate the responsibilities and obligations of the imprest administrator and the authorising officer.

Changes to the operating terms for an imprest account shall also be the subject of a decision by the Accounting officer on a duly substantiated proposal by the authorising officer responsible.

Article 53
Conditions governing creation and payment
(Article 44 of the Financial Regulation)

1. The decision setting up an imprest account and appointing an imprest administrator and the decision amending the operating terms for an imprest account shall specify in particular:

(a) the maximum amount which can be initially provided as an imprest, and its purpose;

(b) whether a bank account or post office giro account is to be opened in the name of the Authority;

(c) the nature and maximum amount of each item of expenditure which may be paid by the imprest administrator to third parties or collected from them.

(d) the frequency with which supporting documents must be produced, the procedure for producing them and the arrangements for transmitting them to the authorising officer for settlement;

(e) the procedure to be followed if the imprest has to be replenished;

(f) that imprest transactions shall be settled by the authorising officer within the following month, so that the accounting balance and the bank balance can be reconciled;

(g) the period of validity of the authorisation given to the imprest administrator by the Accounting officer;

(h) the identity of the appointed imprest administrator.

The maximum amount referred to in point (c) of this paragraph may not exceed EUR 5000 for each item of expenditure

2. The imprest administrator may make payments to third parties on the basis and within the limits of:
(a) prior budget and legal commitments signed by the authorising officer responsible;

(b) the positive residual balance of the imprest account, in cash or at the bank.

3. Payments from imprest accounts may be made by bank credit transfer, cheque or other means of payment.

4. Payments made shall be followed by formal final validation decisions and/or payment orders signed by the authorising officer responsible

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**Article 54**  
Choice of imprest administrators  
(Article 44 of the Financial Regulation)

Imprest administrators shall be chosen from category A or B officials or other agents subject to the Staff Regulations. They shall be chosen on the grounds of their knowledge, skills and particular qualifications as evidenced by diplomas or by appropriate professional experience.

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**Article 55**  
Endowment of imprest accounts  
(Article 44 of the Financial Regulation)

1. The Accounting officer shall make payments endowing imprest accounts and shall monitor these accounts from the point of view of opening of bank accounts and delegation of signatures and controls on the spot and in the centralised accounts. The Accounting officer shall endow the imprest accounts. Imprests shall be paid to the bank account opened for the imprest.

Imprest accounts may also be endowed directly by miscellaneous local revenue such as that arising from:

(a) sales of equipment,

(b) publications,

(c) miscellaneous repayments,

(d) interest.

The imprest shall be settled, in terms of expenditure or miscellaneous or assigned revenue, in accordance with the decision setting up the imprest account referred to in Article 53 and the provisions of the General Financial Regulation. The amounts in question shall be deducted by the authorising officer when he subsequently replenishes the imprest accounts concerned.

2. In order, in particular, to avoid any exchange losses, the imprest administrator may make transfers between different bank accounts relating to the same imprest.
Article 56
Controls by authorising officers and Accounting officers
(Article 44 of the Financial Regulation)

1. The imprest administrator shall keep an account of the funds he has at his disposal, in cash and at the bank, and of payments made and amounts received, in accordance with the rules and on the instructions given by the Accounting officer. Statements of this account shall be accessible at all times to the authorising officer responsible and a monthly list of transactions together with supporting documents shall be sent in the following month by the imprest administrator to the authorising officer for settlement of the imprest operations.

2. The Accounting officer shall himself, or through an official or other servant in his own department or in the authorising department specially empowered for this purpose, carry out checks, which should normally be effected on the spot and without warning, to verify the existence of the funds allocated to the imprest administrators and the bookkeeping and to check that imprest transactions are settled within the time limit set. The Accounting officer shall communicate the findings of these checks to the authorising officer responsible.

Article 57
Payments made from imprest
(Article 44 of the Financial Regulation)

Payments made from imprest accounts may, within the limits laid down under article 44.2 of the Financial Regulation, consist simply of the payment of costs against invoices, without prior acceptance of a tender.

CHAPTER 3
LIABILITY OF THE FINANCIAL ACTORS

SECTION 1
Rules applicable to authorising officers by delegation and sub-delegation

Article 58
Bodies responsible in matters of fraud
(Article 47 of the Financial Regulation)

The authorities and bodies referred to in Article 60(6) and Article 65(2) of the General Financial Regulation shall be understood to mean the Anti-Fraud Office (OLAF) and bodies designated by the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities (hereinafter "the Staff Regulations") and the decisions of the Community institutions concerning the terms and conditions for internal investigations in relation to the prevention of fraud, corruption and any other illegal activity detrimental to the Communities' interests.
**Article 59**  
*Confirmation of instructions*  
*(Article 47 of the Financial Regulation)*

1. An authorising officer who considers that instructions he is required to act on are irregular or contrary to the principles of sound financial management, in particular because the measure cannot be implemented with the resources provided, must inform in writing the authority from which he received the delegation or sub-delegation. If the instructions are confirmed in writing and this confirmation is received in good time and is sufficiently clear, in that it refers explicitly to the points which the authorising officer by delegation or sub-delegation has challenged, he may not be held liable; he shall carry out the instructions, unless they constitute a breach of criminal law or of the relevant safety standards.

2. The same provisions shall apply where an authorising officer learns, when acting on instructions he has been given, that the circumstances of the case may give rise to an irregular situation.

3. Any instructions that are confirmed under the conditions described in Article 66(2) of the General Financial Regulation must be recorded by the authorising officer by delegation responsible and mentioned in his annual activity report.

**Article 60**  
*Financial irregularities*  
*(Article 47 of the Financial Regulation)*

Without prejudice to the powers of OLAF, the financial irregularities panel shall be competent for any infringement of a provision of the General Financial Regulation or of a provision relating to financial management or the control of operations resulting from an act or omission of an official or other servant.

**Article 61**  
*Financial irregularities panel*  
*(Article 47 and of the Financial Regulation)*

The appointing authority or, where appropriate, the authority authorised to conclude contracts of employment may refer to the panel referred to in Article 48 of the General Financial Regulation for an opinion cases of financial irregularities within the meaning of Article 60.

Where a case is referred to it by the appointing authority or the authority authorised to conclude contracts of employment, the panel shall deliver an opinion evaluating whether irregularities within the meaning of Article 60 have occurred, how serious they are and what their consequences might be. Should the panel's analysis suggest that the case referred to it is a matter for OLAF, it shall without delay refer it back to the appointing authority or the authority authorised to conclude contracts of employment and shall inform OLAF at once.

When the panel referred to in the first subparagraph is informed of a matter by a member of staff in accordance with Article 60(6) of the General Financial
Regulation, it shall transmit the file to the appointing authority or, where appropriate, to the authority authorised to conclude contracts of employment and shall inform the reporting member of staff of that transmittal.

CHAPTER 4
REVENUE OPERATIONS

SECTION 1
ESTIMATE OF AMOUNTS RECEIVABLE

Article 62
Estimate of amounts receivable
(Article 52 of the Financial Regulation)

1. Estimates of amounts receivable shall specify the type of revenue and the budget item to which they are to be booked and, as far as possible, the particulars of the debtor and the estimated amount.

When drawing up an estimate of amounts receivable, the authorising officer responsible shall check in particular that:

(a) the revenue is booked to the correct budget item;

(b) the estimate is in order and conforms to the relevant provisions and to the principles of sound financial management.

2. The authorising officer responsible shall register estimates of amounts receivable in the accounting system. Subject to Article 161(2) of the General Financial Regulation, an estimate of amounts receivable shall not have the effect of creating commitment appropriations. Appropriations may be created only after the sums due have actually been recovered by the Authority.

SECTION 2
ESTABLISHMENT OF AMOUNTS RECEIVABLE

Article 63
Procedure
(Article 53 of the Financial Regulation)

1. In establishing the amount receivable the authorising officer shall acknowledge that the Authority have a claim on the debtor and shall draw up an instrument demanding that the debtor pay the debt.

2. The recovery order is the operation by which the authorising officer responsible instructs the Accounting officer to recover the amount established.
3. The debit note is to inform the debtor that:

(a) the Authority has established the amount receivable;

(b) payment of the debt to the Authority is due on a certain date (hereinafter "due date");

(c) failing payment by the due date the debt shall bear interest at the rate referred to in Article 71, without prejudice to any specific regulations applicable;

(d) wherever possible the institution shall effect recovery by offsetting after the debtor has been informed;

(e) failing payment by the due date the institution shall effect recovery by enforcement of any guarantee lodged in advance;

(f) if, after all the above steps, the amount has not been recovered in full, the institution shall effect recovery by enforcement of a decision secured either in accordance with Article 72(2) of the General Financial Regulation or by legal action.

The authorising officer shall send the debit note to the debtor with a copy to the Accounting officer.

*Article 64*

*Establishment of amounts receivable*

*(Article 53 of the Financial Regulation)*

To establish an amount receivable the authorising officer responsible shall ensure that:

(a) the debt really exists;

(b) the debt is due;

(c) the particulars of the debtor are correct;

(d) the amount to be recovered is correct;

(e) the amount to be recovered is booked to the correct budget item;

(f) the supporting documents are in order; and

(g) the procedure conforms to the principle of sound financial management.

*Article 65*

*Supporting documents for the establishment of amounts receivable*

*(Article 53 of the Financial Regulation)*

1. The establishment of any amount receivable shall be based on supporting documents certifying the Authority’s entitlement.
2. Before establishing an amount receivable the authorising officer responsible shall personally check the supporting documents or shall, on his own responsibility, ascertain that this has been done.

3. The supporting documents shall be kept by the authorising officer in accordance with Articles 33 and 35.

**SECTION 3**

**AUTHORISATION OF RECOVERY**

*Article 66*

_Establishment of the recovery order_  
_(Article 54 of the Financial Regulation)_

1. The recovery order shall specify:
   
   (a) the financial year to which the revenue is to be booked;
   
   (b) the references of the act or legal commitment which is the source of the debt and gives rise to the entitlement to recovery;
   
   (c) the budget article and any other subdivision that may apply, including, where appropriate, the references of the corresponding budget commitment;
   
   (d) the amount to be recovered, expressed in EUR;
   
   (e) the name and address of the debtor;
   
   (f) the due date; and
   
   (g) the possible method of recovery, including in particular recovery by offsetting or enforcement of any guarantee lodged.

2. The recovery order shall be dated and signed by the authorising officer responsible, then sent to the Accounting officer.

**SECTION 4**

**RECOVERY**

*Article 67*

_Collection formalities_  
_(Article 55 of the Financial Regulation)_

1. When the Accounting officer recovers an amount due, an entry shall be made in the accounts and the authorising officer responsible shall be informed.

2. A receipt shall be issued in respect of all cash payments made to the Accounting officer.
Article 68
Recovery by offsetting
(Article 55 of the Financial Regulation)

At any point in the procedure the Accounting officer shall, after informing the authorising officer responsible and the debtor, recover established entitlements by offsetting in cases where the debtor also has a claim on the Authority that is certain, of a fixed amount and due relating to a sum established by a payment order.

Article 69
Recovery procedure failing voluntary payment
(Articles 54 and 55 of the Financial Regulation)

1. Without prejudice to Article 68, if the full amount has not been recovered by the due date stipulated in the debit note, the Accounting officer shall inform the authorising officer responsible and shall without delay launch the procedure for effecting recovery by any means offered by the law, including, where appropriate, by enforcement of any guarantee lodged in advance.

2. Without prejudice to Article 68, where the recovery method referred to in paragraph 1 cannot be used and the debtor has failed to pay in response to the letter of formal notice sent by the Accounting officer, the Accounting officer shall enforce a recovery decision secured either in accordance with Article 72(2) of the General Financial Regulation or by legal action.

Article 70
Additional time for payment
(Article 55 of the Financial Regulation)

The Accounting officer, in collaboration with the authorising officer responsible, may allow additional time for payment only at the written request of the debtor, with due indication of the reasons, provided that:

(a) the debtor undertakes to pay interest at the rate specified in Article 71 for the entire additional period allowed, starting from the date on which the payment was originally due, and

(b) in order to safeguard the Community's rights, the debtor provides a financial guarantee covering the debt outstanding in both the principal sum and the interest, which is accepted by the Accounting officer. This guarantee may be replaced by a joint and several guarantee by a third party approved by the Accounting officer.

Article 71
Default interest
(Article 53(3) of the Financial Regulation)

1. Without prejudice to any specific provisions deriving from the application of sectoral rules, any debt not repaid on the due date shall bear interest in accordance with paragraphs 2 and 3.
2. The interest rate for debts not repaid on the due date shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the *Official Journal of the European Communities* on the first working day of the month in which the debt is due, increased by:

(a) seven percentage points where the source of the debt is the award of public supply and service contracts referred to in Title V;

(b) three and a half percentage points in all other cases;

3. Interest shall be calculated from the day following the due date specified in the debit note up to the date on which the debt is repaid in full;

4. Any partial payments shall first cover the interest determined in accordance with paragraphs 2 and 3.

*Article 72*

*Waiving of recovery of an established debt*

*(Article 55 of the Financial Regulation)*

1. The authorising officer responsible may waive recovery of all or part of an established debt only:

(a) where the foreseeable cost of recovery would exceed the debt to be recovered and the waiver would not harm the image of the Authority;

(b) where the debt cannot be recovered in view of its age or the insolvency of the debtor;

(c) pursuant to the principle of proportionality in accordance with predetermined procedures within the Authority and subject to the following criteria:

(i) compulsory criteria, applicable in all circumstances:

– the facts, in the light of the gravity of the irregularity giving rise to the establishment of the amount receivable (fraud, repeat offence, intent, diligence, good faith, manifest error);

– the impact that waiving recovery of the debt would have on the operation of the Authority and its financial interests (amount involved, risk of setting a precedent, undermining of the authority of the law);

(ii) in addition to the above criteria, which are mandatory in all circumstances, the authorising officer may also have to take the following criteria into account depending on the circumstances of the case:

– any distortion of competition that would be caused by the waiving of recovery of the debt;
the economic and social damage that would be caused were the
debt to be recovered in full.

2. The waiving of recovery referred to in Article 73(2) of the General Financial
Regulation shall be substantiated and reference made to the action taken to secure
recovery and the points of law and fact on which the waiver is based. The authorising
officer responsible shall waive recovery in accordance with the procedure provided
for in Article 66.

3. The waiving of recovery of an established debt may not be delegated where the
amount to be waived:

   (a) is EUR one million or more; or
   (b) is EUR 100 000 or more, where this represents 25% or more of the established
debt.

Beneath the thresholds set out in the first subparagraph, the Authority shall lay down
in its internal rules the conditions and procedure for delegating the power to waive
recovery of an established debt.

\textit{Article 73}
\textit{Cancellation of an established debt}
\textit{(Article 55 of the Financial Regulation)}

1. In the event of a mistake as to a point of law, the authorising officer responsible shall
cancel the established debt in accordance with Articles 77 and 78; cancellation shall
be suitably substantiated.

2. The Authority shall lay down in its internal rules the conditions and procedure for
delegating the power to cancel an established debt.

\textit{Article 74}
\textit{Technical and accounting adjustment of the amount of an established debt}
\textit{(Article 55 of the Financial Regulation)}

1. The authorising officer responsible shall adjust the amount of an established debt
upwards or downwards when the discovery of an error of fact entails the alteration of
the amount of the debt, provided that this correction does not involve the loss of the
Authority’s established entitlement. This adjustment shall be made in accordance
with Articles 65 and 66 and shall be suitably substantiated.

2. The Authority shall lay down in its internal rules the conditions and procedure for
delegating the power to make a technical and accounting adjustment to an
established debt.
CHAPTER 6
EXPENDITURE OPERATIONS

Article 75
Financing decision
(Article 60 of the Financial Regulation)

The financing decision shall determine the essential elements of an action involving expenditure from the budget.

SECTION 1
COMMITMENT OF EXPENDITURE

Article 76
Global and provisional commitments
(Article 61 of the Financial Regulation)

1. The global budget commitment shall be implemented either by the conclusion of a financing agreement – itself providing for the subsequent conclusion of one or more individual legal commitments – or by the conclusion of one or more individual legal commitments.

Financing agreements relating to macro-financial assistance, budgetary support and other specific forms of budgetary aid may give rise to payments without the conclusion of individual legal commitments.

2. The provisional budget commitment shall be implemented either by the conclusion of one or more individual legal commitments giving rise to an entitlement to subsequent payments or, in cases relating to expenditure on staff management, directly by payments.

Article 77
Adoption of a global commitment
(Article 61 of the Financial Regulation)

A global commitment shall be made on the basis of a financing decision. It shall be made at the latest before the decision on the selection of beneficiaries is taken and, where implementation of the appropriations concerned involves the adoption of a work programme, at the earliest after that programme has been adopted.

Article 78
Decommitment failing payment within three years
(Article 62 of the Financial Regulation)

The amount of a budget commitment corresponding to a legal commitment for which no payment within the meaning of Article 68 of the General Financial Regulation has been made
in a period of three years following the signing of the legal commitment shall be
decommitted.

Article 79
Single signature
(Article 61 of the Financial Regulation)

The rule that there be a single signatory for the budget commitment and the corresponding
legal commitment shall not apply in the following cases alone:

(a) where the commitments are provisional;
(b) where global commitments relate to financing agreements with third countries,
(c) where the Authority’s decision constitutes the legal commitment;
(d) where the global commitment is implemented by a number of legal commitments, for
which different authorising officers by delegation are responsible;

Article 80
Registration of individual legal commitments
(Article 62 of the Financial Regulation)

In the case of a global budget commitment followed by several individual legal commitments,
the authorising officer responsible shall register in the central accounts the amounts of these
successive individual legal commitments. The authorising officer responsible shall check that
the aggregate amount does not exceed the amount of the global commitment covering them.

The registration in the accounts shall indicate the references of the global commitment against
which the individual commitments are being booked.

The authorising officer responsible shall register the amounts in the accounts before signing
the corresponding individual legal commitment.

Article 81
Administrative expenditure covered by provisional commitments
(Article 61 of the Financial Regulation)

Items regarded as routine administrative expenditure which may give rise to provisional
commitments shall include the following:

(a) expenditure on staff, whether or not covered by the Staff Regulations, and on other
human resources and pensions;
(b) expenditure relating to Members of the Authority such as Members of the Board;
(c) training expenditure;
(d) expenditure on competitions, selection and recruitment;
(e) mission expenses;
(f) representation expenses;
(g) meeting expenses;
(h) freelance interpreters and/or translators;
(i) exchanges of officials;
(j) recurring rentals of movable and immovable property;
(k) miscellaneous insurance;
(l) cleaning and maintenance;
(m) welfare expenditure;
(n) the use of telecommunications services;
(o) financial charges;
(p) legal expenses;
(q) damages;
(r) working clothes;
(s) water, gas and electricity;
(t) periodical publications on paper or in electronic versions.

SECTION 2
VALIDATION OF EXPENDITURE

Article 82
Validation and "passing for payment"
(Article 65 of the Financial Regulation)

1. Validation of any expenditure shall be based on supporting documents within the meaning of Article 89 attesting the creditor’s entitlement, on the basis of a statement of services actually rendered, supplies actually delivered or work actually carried out, or on the basis of other documents justifying payment.

2. The authorising officer responsible shall personally check the supporting documents or shall, on his own responsibility, ascertain that this has been done, before taking the decision to validate the expenditure.

3. The validation decision shall be expressed by the signing of a "passed for payment" voucher by the authorising officer responsible.
Article 83
Passing for payment of procurement contracts
(Article 65 of the Financial Regulation)

For payments corresponding to procurement contracts, the endorsement "passed for payment" shall certify that:

(a) the institution has received and formally registered an invoice drawn up by the contractor;

(b) the invoice itself, or an internal document accompanying it, has been endorsed "certified correct" and signed by an official or other servant technically competent and duly empowered by the authorising officer responsible;

(c) all aspects of the invoice have been checked by the authorising officer responsible or on his responsibility with a view to determining in particular the amount to be paid and the validity of the payment as discharge of the debt.

The endorsement "certified correct" referred to in point (b) shall certify that the services stipulated in the contract have been properly provided, or that the supplies stipulated in the contract have been properly delivered, or that the work stipulated in the contract has been properly carried out. For supplies and work, the official or other servant technically competent shall draw up a provisional acceptance certificate and then a final acceptance certificate at the end of the guarantee period laid down in the contract. These two certificates shall count as the "certified correct" endorsement.

Article 84
Passing for payment of grants
(Article 65 of the Financial Regulation)

For payments corresponding to grants, the endorsement "passed for payment" shall certify that:

(a) the institution has received and formally registered a payment request drawn up by the beneficiary;

(b) the payment request itself, or an internal document accompanying the payment request received, has been endorsed "certified correct" and signed by an official or other servant technically competent and empowered by the authorising officer responsible, thereby certifying that the action or work programme carried out by the beneficiary is in all respects in compliance with the grant agreement;

(c) all aspects of the payment request have been checked by the authorising officer responsible or on his responsibility with a view to determining in particular the amount to be paid and the validity of the payment as discharge of the debt.
Article 85  
*Passing for payment of staff expenditure*  
*(Article 65 of the Financial Regulation)*

For payments corresponding to staff expenditure, the endorsement "passed for payment" shall certify that the following supporting documents exist:

(a) in respect of monthly salary:
   
   (i) the complete list of staff, giving all the components of remuneration,
   
   (ii) a form (personal information sheet) based on decisions taken in each individual case, showing any change occurring in any component of remuneration,
   
   (iii) in the case of recruitments or appointments, a certified true copy of the recruitment or appointment decision which accompanies the validation of the first salary payment;

(b) in respect of other remunerations (staff paid on an hourly or daily basis): a statement signed by the authorised official or other servant showing the days and hours worked;

(c) in respect of overtime: a statement signed by the authorised official or other servant certifying the amount of overtime worked;

(d) in respect of mission expenses:
   
   (i) the travel order signed by the competent authority,
   
   (ii) the statement of mission expenses, signed by the official on mission and by the administrative superior to whom the appropriate powers have been delegated, and showing, in particular, the place of mission, the dates and times of departure and arrival at the place of mission, travel expenses, subsistence expenses, and other expenses duly authorised on production of supporting documents;

(e) in respect of other staff expenditure: the supporting documents referring to the decision on which the expenditure is based and giving all the components of the calculation.

Article 86  
*Material form of "passed for payment"*  
*(Article 65 of the Financial Regulation)*

In a non-computerised system, "passed for payment" shall take the form of a stamp incorporating the signature of the authorising officer responsible. In a computerised system, "passed for payment" shall take the form of validation using the personal password of the authorising officer responsible.
SECTION 3
AUTHORISATION OF EXPENDITURE

Article 87
Checks on payments by the authorising officer
(Article 66 of the Financial Regulation)

When drawing up the payment order, the authorising officer responsible shall ensure that:

(a) the payment order has been properly issued, meaning that a corresponding validation decision has been taken previously in the form of "passed for payment", the particulars of the payee are correct and the amount is due;

(b) the payment order corresponds to the budget commitment against which it is booked;

(c) the expenditure is charged to the correct item in the budget;

(d) appropriations are available.

Article 88
Mandatory details on payment orders and transmission to the Accounting officer
(Article 66 of the Financial Regulation)

1. The payment order shall state:

(a) the financial year to which the expenditure is to be booked,

(b) the budget article and any other subdivision that may apply,

(c) the references of the legal commitment giving rise to an entitlement to payment,

(d) the references of the budget commitment against which it is to be booked,

(e) the amount to be paid, expressed in EUR,

(f) the name, address and bank account details of the payee,

(g) the object of the expenditure,

(h) the means of payment
(i) the entry of the goods in the inventory in accordance with Article 210.

2. The payment order shall be dated and signed by the authorising officer responsible, then sent to the Accounting officer.

**SECTION 4**

**PAYMENT OF EXPENDITURE**

*Article 89*

**Supporting documents**

*(Article 67 of the Financial Regulation)*

1. Pre-financing and renewed pre-financing shall be paid either on the basis of the contract, the agreement or the basic act, or on the basis of supporting documents which make it possible to check the conformity of the actions financed with the terms of the contract or agreement in question. Interim payments and payments of balances shall be made on production of supporting documents which make it possible to check that the action financed has been carried out in accordance with the terms of the contract or agreement concluded with the beneficiary or the basic act.

2. The authorising officer responsible shall lay down, in compliance with the principle of sound financial management, the nature of the supporting documents referred to in paragraph 1 in accordance with the basic act and the contracts and agreements concluded with the beneficiary. Interim and final technical and financial implementation reports, signed by the beneficiary, shall constitute supporting documents for the purposes of this provision.

3. The supporting documents shall be kept by the authorising officer responsible in accordance with Articles 33 and 35.

*Article 90*

**Booking of pre-financing and interim payments**

*(Article 67 of the Financial Regulation)*

1. Pre-financing is intended to provide the beneficiary with a float. It may be split into a number of payments.

2. An interim payment, which may be repeated, is intended to reimburse expenditure incurred by the beneficiary on the basis of a statement of expenditure when the action is in progress. It may clear pre-financing in whole or in part, without prejudice to the provisions of the basic act.

3. The closure of the expenditure shall take the form of the payment of the balance, which may not be repeated and clears all preceding payments, or a recovery order.
1. Sums due shall be paid within no more than forty-five calendar days from the date on which an admissible payment request is registered by the authorised department of the authorising officer responsible; the date of payment shall be understood to mean the date on which the institution's account is debited.

2. For contracts or agreements where payment depends on approval of a report, the payment request may not be considered admissible until the report has been approved, either explicitly with the beneficiary being informed, or implicitly as the time allowed by the contract for approval has expired without being suspended by means of a formal document sent to the beneficiary.

The time allowed for approval may not exceed:

(a) twenty days for straightforward contracts relating to the supply of goods and services;

(b) forty-five days for other contracts and grant agreements;

(c) sixty days for contracts involving technical services which are particularly complex to evaluate.

3. The authorising officer responsible may suspend the payment period by informing creditors, at any time during the period stipulated in paragraph 1, that the payment request cannot be met, either because the amount is not due or because the appropriate supporting documents have not been produced. If information comes to the notice of the authorising officer responsible which puts in doubt the eligibility of expenditure appearing in a payment request, the authorising officer may suspend the payment period for the purpose of further verification, including an on-the-spot check, in order to ascertain, prior to payment, that the expenditure is indeed eligible. The authorising officer shall inform the beneficiary in question as soon as possible.

The remainder of the payment period shall begin to run again from the date when the properly formulated payment request is first registered.

4. On expiry of the time limit laid down in paragraph 1, the creditor may, within two months of receiving late payment, demand interest in accordance with the following provisions:

(a) the interest rates shall be those referred to in the first subparagraph of Article 71(2),

(b) the interest shall be due for the period elapsing from the day following expiry of the time limit for payment up to the day of payment.
This provision shall not apply to Member States.

CHAPTER 7
IT SYSTEMS

Article 92
Description of IT systems
(Article 70 of the Financial Regulation)

Where computer systems and subsystems are used to process budget implementation operations, a full description of each system or subsystem shall be required.

Each description shall define the content of all data fields and describe how the system treats each individual operation. It shall show in detail how the system guarantees the existence of a complete audit trail for each operation.

Article 93
Periodical save
(Article 70 of the Financial Regulation)

The data in computer systems and subsystems shall be saved periodically and kept in a safe place.

CHAPTER 8
INTERNAL AUDITOR

Article 94
Conduct of audits
(Article 71 of the Financial Regulation)

The internal auditor shall perform his functions in accordance with the relevant international standards. Internal audit activity shall focus on the effectiveness and efficiency of existing and projected management and control systems.

Article 95
Operational resources
(Article 71 of the Financial Regulation)

The Commission shall provide the internal auditor with the resources required for the proper performance of his audit function and a mission charter detailing his tasks, duties and obligations, according to the provisions of article 86 of the General Financial Regulation. The mission Charter is communicated to the Administrative Board, the Executive Director, the authorising and Accounting officer of the Authority.
Article 96

Work programme
(Article 72 of the Financial Regulation)

1. The internal auditor shall adopt his work programme and shall submit it to the Administrative Board and the Executive Director of the Authority.

2. The Authority may ask the internal auditor to carry out audits not included in the work programme referred to in paragraph 1.

Article 97

Reports of the internal auditor
(Article 72(4) of the Financial Regulation)

1. The internal auditor shall submit to the Authority the annual internal audit report provided for in Article 72(4) of the Financial Regulation, indicating the number and type of internal audits carried out, the principal recommendations made and the action taken on those recommendations.

   This annual report shall also mention any systemic problems detected by the specialised panel set up under Article 66(4) of the General Financial Regulation.

2. This report shall be sent to the departments audited to see that action is taken on the recommendations by the Executive Director and the departments responsible.

3. The Authority shall consider, on the basis of the recommendations made in the reports of the internal auditor, whether the recommendations made are suitable for an exchange of best practices with the other institutions and bodies of the Community.

Article 98

Independence
(Article 72 (2) of the Financial Regulation)

The internal auditor shall enjoy complete independence in the conduct of his audits. He may not be given any instructions nor be restricted in any way as regards the performance of the functions which, by virtue of his appointment, are assigned to him under the General Financial Regulation.

Article 99

Liability of the internal auditor
(Article 73 of the Financial Regulation)

The Authority, proceeding in accordance with this Article, may act to have the internal auditor, as an official or other servant subject to the Staff Regulations, declared liable for his actions.

The Administrative Board shall request the Commission to take a reasoned decision to open an investigation. That decision shall be communicated to the interested party. The commission, in close cooperation with the Authority, may put in charge of the investigation,
under its direct responsibility, one or more officials of a grade equal to or higher than that of the member of staff concerned. In the course of the investigation, the views of the interested party must be heard.

The investigation report shall be communicated to the interested party, who shall then be heard by the institution on the subject of that report.

On the basis of the report and the hearing, the Commission after consultation of the Authority, shall adopt either a reasoned decision terminating the proceedings or a reasoned decision in accordance with Articles 22 and 86 to 89 of the Staff Regulations. Decisions imposing disciplinary measures or financial penalties shall be notified to the interested party and communicated, for information purposes, to the other institutions and the Court of Auditors.

The interested party may appeal against such decisions to the Court of Justice of the European Communities, as provided for in the Staff Regulations.

*Article 100*

*Action before the Court of Justice of the European Communities*

*(Article 73 of the Financial Regulation)*

Without prejudice to the remedies allowed by the Staff Regulations, the internal auditor may bring an action directly before the Court of Justice of the European Communities for any act relating to the performance of his duties as internal auditor. Such an action must be lodged within three months of the date of notification of the act in question.

Such actions shall be investigated and heard as provided for in Article 91(5) of the Staff Regulations.

**TITLE V**

**PROCUREMENT**

**CHAPTER 1**

**GENERAL PROVISIONS**

*Article 101*

*Provisions and rules applicable to procurement of the Authority.*

*(Article 74 of the Financial Regulation)*

1. The provisions of Title V of part one of the General Financial Regulation are applicable to procurement of the Authority and form part of the Financial Regulation of the Authority.

2. In accordance with Article 74 of the Financial Regulation, the detailed rules for implementing the provisions referred to in paragraph 1, found under Title V of the General Implementing Rules are also applicable to the Authority.
3. By analogy and for the application of the present Regulation, the term institution, as
used in the General Financial Regulation and the General Implementing Rules
designates the Authority.

Article 102 to 145
(Nihil)

TITLE VI
GRANTS

CHAPTER 1
SCOPE

Article 146
Grants awarded by the Authority
(Article 75 of the General Financial Regulation)

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1. The legal base or basic act for grants award by the Authority is the Council Regulation
(EC) 1321/2004 of 12 July 2004EC establishing the European GNSS Supervisory
Authority, as amended.

2. The Authority may award grants when authorised in the provisions of the above
mentioned Council Regulation.

Article 147
Provisions and rules applicable to grants awarded by the Authority
(Article 75 of the Financial Regulation)

1. The provisions of Title VI of part one of the General Financial Regulation are
applicable to grants awarded by the Authority and form part of the Financial
Regulation of the Authority.

2. According to Article 75 of the Financial Regulation, the detailed rules for
implementing the provisions referred to in paragraph 1, found under Title VI of the
General Implementing Rules, are also applicable to the Authority,

3. By analogy and for the application of the present Regulation, the term institution, as
used in the General Financial Regulation and its General Implementing Rules, is to be
construed as the 'Authority'.

Article 148 to 172
TITLE VII
KEEPING AND PRESENTATION OF THE ACCOUNTS

CHAPTER 1
PRESENTATION OF THE ACCOUNTS

Article 173
Report on budgetary and financial management during the year
(Article 76 of the Financial Regulation)

The report on budgetary and financial management during the year shall give an accurate description of:

(a) the achievement of the objectives for the year, in accordance with the principle of sound financial management;

(b) the financial situation and the events which have had a significant influence on activities during the year.

Article 174
Exception to the accounting principles
(Article 78 of the Financial Regulation)

Where, in a specific case, the Accounting officer consider that an exception should be made to the content of one of the accounting principles defined in Articles 175 to 181, such exception must be duly substantiated and reported in the annex to the financial statements referred to in Article 191.

Article 175
Going-concern principle
(Article 78 of the Financial Regulation)

1. The going-concern principle means that for the purposes of preparing the financial statements, the institutions and the bodies referred to in Article 185 of the General Financial Regulation shall be deemed to be established for an indefinite duration.

2. Where there are objective indications that an institution or a body referred to in Article 185 of the General Financial Regulation is to cease its activities, the Accounting officer shall present this information in the annex, indicating the reasons. He shall apply the accounting rules with a view to determining the liquidation value of the institution or body concerned.
Article 176
Principle of prudence
(Article 78 of the Financial Regulation)

The principle of prudence means that assets and income shall not be overstated and liabilities and charges shall not be understated. However, the principle of prudence does not allow the creation of hidden reserves or undue provisions.

Article 177
Principle of consistent accounting methods
(Article 78 of the Financial Regulation)

1. The principle of consistent accounting methods means that the structure of the components of the financial statements and the accounting methods and valuation rules may not be changed from one year to the next.

2. The Authority’s Accounting officer may not depart from the principle of consistent accounting methods other than in exceptional circumstances, in particular:

(a) in the event of a significant change in the nature of the entity's operations;

(b) where the change made is for the sake of a more appropriate presentation of the accounting operations.

Article 178
Principle of comparability of information
(Article 78 of the Financial Regulation)

1. The principle of comparability of information means that for each item the financial statements shall also show the amount of the corresponding item the previous year.

2. Where, pursuant to paragraph 1, the presentation or the classification of one of the components of the financial statements is changed, the corresponding amounts for the previous year shall be made comparable and reclassified.

Where it is impossible to reclassify items, this shall be explained in the annex.

Article 179
Materiality principle
(Article 78 of the Financial Regulation)

1. The materiality principle means that all operations which are of significance for the information sought shall be taken into account in the financial statements. Materiality shall be assessed in particular by reference to the nature of the transaction or the amount.

2. Transactions may be aggregated where:

(a) the transactions are identical in nature, even if the amounts are large;
(b) the amounts are negligible;

(c) aggregation makes for clarity in the financial statements.

**Article 180**

*No-netting principle*

*(Article 78 of the Financial Regulation)*

The no-netting principle means that receivables and debts may not be offset against each other, nor may charges and income, save where charges and income derive from the same transaction, from similar transactions or from hedging operations and provided that they are not individually material.

**Article 181**

*Principle of reality over appearance*

*(Article 78 of the Financial Regulation)*

The principle of reality over appearance means that accounting events recorded in the financial statements shall be presented by reference to their economic nature.

**Article 182**

*Entry of transactions in the accounts*

*(Article 79 of the Financial Regulation)*

1. Every transaction shall be entered in the accounts where:

   (a) the economic impact is such as to increase or reduce the assets or liabilities of the Authority;

   (b) a reliable estimate can be given of its cost or value.

2. The accounting methods provided for in Article 132 of the General Financial Regulation shall specify the event giving rise to the entry of each transaction in the accounts.

**Article 183**

*Valuation of assets and liabilities*

*(Article 79 of the Financial Regulation)*

1. Assets and liabilities shall be valued at purchase price or production cost. However, the value of non-financial fixed assets shall be written down for depreciation. In addition a write-down may be applied where the value of an asset decreases and an increase in the value of a liability may be covered by a provision.

2. The accounting rules and methods referred to in Article 132 of the General Financial Regulation may lay down that all items or only some of them shall be valued at a value other than their purchase price.
Article 184
Provisions
(Article 79 of the Financial Regulation)

A provision shall be made if, and only if:

(a) a current obligation exists as a result of a past event;
(b) resources representing economic benefits will probably have to be used to extinguish the obligation; and
(c) the amount of the obligation can be reliably estimated.

Article 185
Structure of the balance sheet
(Article 80 of the Financial Regulation)

1. The balance sheet shall be made up of the various items classified by titles and sub-titles.
2. Assets items shall be classified by increasing degree of liquidity, and liability items by increasing degree of callability.

Article 186
Presentation of the balance sheet
(Article 80 of the Financial Regulation)

For the presentation of the balance sheet, the Accounting officer shall use at least the following headings:

Assets
- Formation expenses
- Intangible fixed assets
- Tangible fixed assets
- Financial fixed assets
- Debtors: due in over one year
- Stocks
- Debtors: due in one year or less
- Cash and cash equivalents
- Prepayments and accrued income

Liabilities
Capital (made up of the economic result for the year, the result brought forward from earlier years and reserves)

Provisions

Creditors: due in over one year

Creditors: due in one year or less

Accruals and deferred income

Article 187
Economic outturn account
(Article 80 of the Financial Regulation)

The economic outturn account shall show the income and charges for the year, classified according to their nature.

Article 188
Presentation of the economic outturn account
(Article 80 of the Financial Regulation)

For the presentation of the economic outturn account, the Accounting officer shall apply the following minimum layout:

Operating revenue

- Operating expenditure

= Operating result

+/- Financial result

+/- Result from ordinary activities

+/- Exceptional result

= Result for the year

Article 189
Cash flow table
(Article 80 of the Financial Regulation)

The cash flow table shall show treasury movements.

The treasury shall be made up of the following:

(a) cash in hand,

(b) bank accounts and deposits payable on demand and
(c) other disposable assets which can quickly be converted to cash and whose value is stable.

**Article 190**

*Cash flow classification*
*(Article 80 of the Financial Regulation)*

1. The cash flow table referred to in Article 80 of the Financial Regulation shall show treasury movements broken down into operating flows, investment flows and financial flows.

2. The operating cash flow shall show treasury movements resulting from ordinary activities.

3. The investment cash flow shall show treasury movements resulting from the purchase or sale of fixed assets.

4. The financial cash flow shall show the treasury movements resulting from borrowing and lending and any other financial source.

**Article 191**

*Annex to the financial statements*
*(Article 80 of the Financial Regulation)*

The annex referred to in Article 80 of the Financial Regulation shall form an integral part of the financial statements. It shall contain at least the following information:

(a) accounting principles, rules and methods;

(b) explanatory notes, supplying additional information not contained in the body of the financial statements which is necessary for an accurate picture;

(c) off-balance-sheet commitments showing entitlements and obligations not included in the balance sheet which could have a material impact on the assets and liabilities, the financial situation or the result of the entity concerned.

**Article 192**

*Explanatory notes*
*(Article 80 of the Financial Regulation)*

The explanatory notes shall be presented with cross references to the items in the financial statements to which they relate and in the same order of presentation.

**Article 193**

*Budget outturn account*
*(Article 81 of the Financial Regulation)*

1. The budget outturn account shall contain:
(a) information on revenue comprising:
   (i) changes in the revenue entered in the budget;
   (ii) the revenue outturn;
   (iii) entitlements established;
(b) information showing changes in the total commitment and payment appropriations available;
(c) information showing the use made of the total commitment and payment appropriations available;
(d) information showing commitments outstanding, those carried over from the previous year and those made during the year.

2. As regards information on revenue, a statement shall also be attached showing, for each Member State, the breakdown of amounts of own resources still to be recovered at the end of the financial year and covered by a recovery order.

Article 194
Annex to the budget outturn statements
(Article 81 of the Financial Regulation)

The annex to the budget outturn statements referred to in Article 81 of the Financial Regulation shall contain at least:

(a) information on budget principles, types of appropriation and the structure of the budget;
(b) information on commitments outstanding;
(c) the information required for a proper understanding of the budget outturn.

CHAPTER 2
ACCOUNTING

SECTION 1
COMMON PROVISIONS

Article 195
Organisation of the accounts
(Article 84 of the Financial Regulation)

1. The Accounting officer of the Authority shall draw up documents describing the organisation of the accounts and accounting procedures of his institution.
2. In drawing up the financial statements, as little use as possible shall be made of information from outside the accounts.

3. Budget revenue and expenditure shall be recorded in the computerised system referred to in Article 196, according to the economic nature of the operation, as current revenue or expenditure or as capital.

**Article 196**  
*Computerised systems*  
*(Article 84 of the Financial Regulation)*

1. The accounts shall be kept with the help of one or more computer programs.

2. Where accounts are kept using computerised systems and subsystems, such systems and subsystems shall be described in full.

This description shall define the content of all data fields and specify how the system treats individual operations. It shall state how the system guarantees the existence of a complete audit trail for each operation.

The descriptions of computerised accounting systems and subsystems shall indicate any links between these systems and the central accounting system (particularly as regards the transfer of data and the reconciliation of balances).

**SECTION 2**  
**GENERAL ACCOUNTS**

**Article 197**  
*Accounting ledgers*  
*(Article 86 of the Financial Regulation)*

1. The Authority shall keep a journal, a general ledger and an inventory.

2. The accounting ledgers shall consist of electronic documents which are identified by the Accounting officer and offer full guarantees for use as evidence.

3. Entries in the journal shall be transferred to the general ledger, itemised according to the chart of accounts referred to in Article 200.

4. The journal and the general ledger may be split into as many special journals and special ledgers as are necessary to meet requirements.

5. Entries recorded in special journals and special ledgers shall be centralised at least every month in the journal and in the general ledger.
**Article 198**  
**Trial balance**  
*(Article 86 of the Financial Regulation)*

The Authority shall establish a trial balance covering all asset, liability and outturn accounts, including the accounts cleared during the year, with, in each case:

(a) account number;
(b) description;
(c) total debits;
(d) total credits;
(e) balance.

**Article 199**  
**Inventory**  
*(Article 86 of the Financial Regulation)*

1. The inventory is a statement of all assets and liabilities, indicating for each item the quantity and value on the inventory date.

2. The data in the inventory shall be kept and organised in such a way as to justify the content of each of the accounts included in the trial balance.

3. As regards the inventory of fixed assets, the provisions of Articles 208 to 215 shall apply.

**Article 200**  
**Chart of accounts**  
*(Article 85 of the Financial Regulation)*

1. The chart of accounts shall be adopted by the Commission's Accounting officer.

2. The chart of accounts shall divide the accounts into classes. Each class may be subdivided into groups or subgroups, as required.

3. The chart of accounts must contain at least the following classes:
   (a) for the balance-sheet accounts:
      (i) class 1: accounts for capital, provisions and creditors due in over one year,
      (ii) class 2: accounts for formation expenses, fixed assets and debtors due in over one year,
      (iii) class 3: stock accounts,
(iv) class 4: accounts for debtors and creditors due in one year or less,
(v) class 5: financial accounts,
(b) for the revenue and expenditure accounts:
   (i) class 6: charges accounts,
   (ii) class 7: income accounts,
(c) for the special accounts:
   classes 8 and 9: special accounts,
(d) for off-balance-sheet transactions:
   class 0: off-balance-sheet transactions.

4. The chart of accounts shall be detailed enough to allow operations to be recorded in accordance with accounting standards.

5. The contents of each account and class and its operation shall be laid down in the chart of accounts.

**Article 201**

*Entries in the accounts*

*(Article 87 of the Financial Regulation)*

1. Entries shall be made using the double entry method, whereby any movement or variation recorded in the accounts shall be represented by an entry establishing an equivalence between the amount debited and the amount credited in the various accounts affected by that entry.

2. The EUR counterpart of a transaction denominated in a currency other than the EUR shall be calculated and entered in the accounts.

Transactions in foreign currencies in accounts which can be revaluated shall be revaluated at least each time the accounts are closed.

This revaluation shall be based on the rates laid down in accordance with Article 5.

**Article 202**

*Accounting records*

*(Article 87 of the Financial Regulation)*

All accounting records shall specify the origin, content and booking reference of each data item and the references of the relevant supporting documents.
1. Each entry shall be based on a dated and numbered supporting document, produced on paper or on a medium which guarantees the reliability and safeguarding of its content for the periods laid down in Article 35.

2. Operations of the same type, carried out in the same place and on the same day may be summarised in a single supporting document.

**Article 204**

**Recording in the journal**

(Article 87 of the Financial Regulation)

Accounting operations shall be recorded in the journal by one of the following methods, which are not mutually exclusive:

(a) either day by day, operation by operation,

(b) or in the form of a periodic summary of the total amounts involved in operations, provided that all documents allowing verification of individual operations day by day are kept.

**Article 205**

**Validation of entries**

(Article 87 of the Financial Regulation)

1. Entries in the journal and in an inventory ledger shall be made final by means of a validation procedure prohibiting any change to or deletion of the entry.

2. A closure procedure designed to freeze the chronology of records and guarantee their inviolability shall be implemented before the final financial statements are presented.

**Article 206**

**Reconciliation of accounts**

(Article 87 of the Financial Regulation)

1. The balance shown on each account in the trial balance shall be reconciled periodically, and at least whenever the accounts are closed.

2. Periodically, and at least whenever the accounts are closed, the Accounting officer shall check that the data in the inventory ledger correspond to the actual situation, in particular as regards:

   (a) cash at bank - by reconciliation of the statements of account from financial institutions,

   (b) cash in cash offices - by reconciliation with the data in the cash book.
The fixed assets accounts shall be reviewed in accordance with Article 212.

3. The suspense accounts shall be reviewed periodically by the Accounting officer so that they can be cleared as soon as possible.

SECTION 3
BUDGET ACCOUNTS

Article 207
Content and keeping of budget accounts
(Article 89 of the Financial Regulation)

1. The budget accounts shall show, for each subdivision of the budget:

(a) in the case of expenditure:

   (i) the appropriations authorised in the initial budget, the appropriations entered in amending budgets, the appropriations carried over, the appropriations available in respect of participation by third parties, transfers of appropriations and the total appropriations thus available;

   (ii) the commitments and payments in respect of the financial year;

(b) in the case of revenue:

   (i) the estimates entered in the initial budget, the estimates entered in amending budgets, revenue from contributions by third parties and the total amount of estimates thus determined,

   (ii) the entitlements established and the amounts recovered in respect of the financial year in question;

(c) the commitments still to be paid and revenue still to be recovered carried forward from previous financial years.

The commitment appropriations and payment appropriations referred to in point (a) of the first paragraph shall be entered and shown separately.

2. The budget accounts shall show separately:

(a) the use of appropriations carried over and the appropriations for the year;

(b) the clearance of outstanding commitments.

On the revenue side, amounts still to be recovered from previous financial years shall be shown separately.

3. The budget accounts may be organised in such a way as to develop a cost accounting system.
4. The budget accounts shall be kept using computer systems, in books or on file cards.

CHAPTER 3
PROPERTY INVENTORIES

Article 208
Property inventories
(Article 90 of the Financial Regulation)

The system of property inventories shall be established by the authorising officer with technical assistance from the Accounting officer. This inventory system must supply all the information required for keeping the accounts.

Article 209
Safeguarding property
(Article 90 of the Financial Regulation)

The Authority shall adopt provisions on safeguarding the property included in their respective balance sheets and decide which administrative departments are responsible for the inventory system.

Article 210
Entries in the inventory
(Article 90 of the Financial Regulation)

All items acquired whose purchase price or production cost is EUR 420 or more, with a period of use greater than one year, and which are not consumables shall be entered in the inventory and recorded in the fixed assets accounts.

Article 211
Content of the inventory
(Article 90 of the Financial Regulation)

The inventory shall contain an appropriate description of each item and specify its location, the date of acquisition and its unit cost.

Article 212
Inventory checks
(Article 90 of the Financial Regulation)

Inventory checks carried out by the Authority shall be performed in such a way as to ensure that each item physically exists and matches the relevant entry in the inventory. Such checks shall be carried out under a three-year verification programme.
**Article 213**

**Resale of property**

*(Article 90 of the Financial Regulation)*

Officials and other servants of the Authority may not acquire items that are resold by the Authority or other institutions and bodies, save where those items are resold by public tender procedure.

**Article 214**

**Procedure for sale of fixed assets**

*(Article 90 of the Financial Regulation)*

1. Sales of fixed assets shall be advertised locally in appropriate fashion, if the unit purchase value is EUR 8 100 or more. The period between publication of the last announcement and conclusion of the sales contract shall be no less than fourteen days.

   They shall be the subject of a notice of sale published in the Official Journal of the European Communities, if the unit purchase value is EUR 391 100 or more. Appropriate advertising may also be placed in the Member States' press. The period between publication of the notice in the Official Journal of the European Communities and conclusion of the sales contract shall be no less than one month.

2. The Authority may forgo advertising where the cost of advertising exceeds the expected return from the operation.

3. The Authority shall always endeavour to obtain the best price for sales of fixed assets.

**Article 215**

**Procedure for disposing of fixed assets**

*(Article 90 of the Financial Regulation)*

A statement or record shall be drawn up by the authorising officer whenever any property in the inventory is sold, given away free of charge, scrapped, hired out or missing on account of loss, theft or any other reason.

The statement or record shall indicate in particular whether the item must be replaced at the expense of an official or other servant of the Communities or any other person.

Where immovable property or major installations are made available free of charge, a contract must be drawn up and the case notified in an annual report sent to the European Parliament and the Council when the preliminary draft budget is presented.
Article 216

This Regulation shall enter into force on the date of its signature.

Done at Brussels on     /    /

Ingolf Schaedler

Chairman of the Administrative Board