

COMMISSION OF THE EUROPEAN COMMUNITIES

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PROPOSAL FOR A REGULATION

ON THE FINANCIAL PROVISIONS APPLYING TO THE EUROPEAN CENTER
FOR THE DEVELOPMENT OF VOCATIONAL TRAINING AND TO THE EUROPEAN
FOUNDATION FOR THE IMPROVEMENT OF LIVING AND WORKING CONDITIONS.

(Submitted by the Commission to the Council.)



Explanatory memorandum

The European Centre for the development of vocational training and the European Foundation for the improvement of living and working conditions were established respectively by the Council Regulations (EEC) N° 337/75 of 10 February 1975 (1) and N° 1365/75 of 26 May 1975 (2).

In accordance with articles respectively 12 § 1 and 16 § 1 of these regulations, the financial provisions applying to the Centre and to the Foundation shall be adopted under article 209 of the EEC Treaty. In accordance with this article the Council shall, acting unanimously on a proposal from the Commission, "make financial regulations specifying in particular the procedure to be adopted for establishing and implementing the budget and for presenting and auditing accounts".

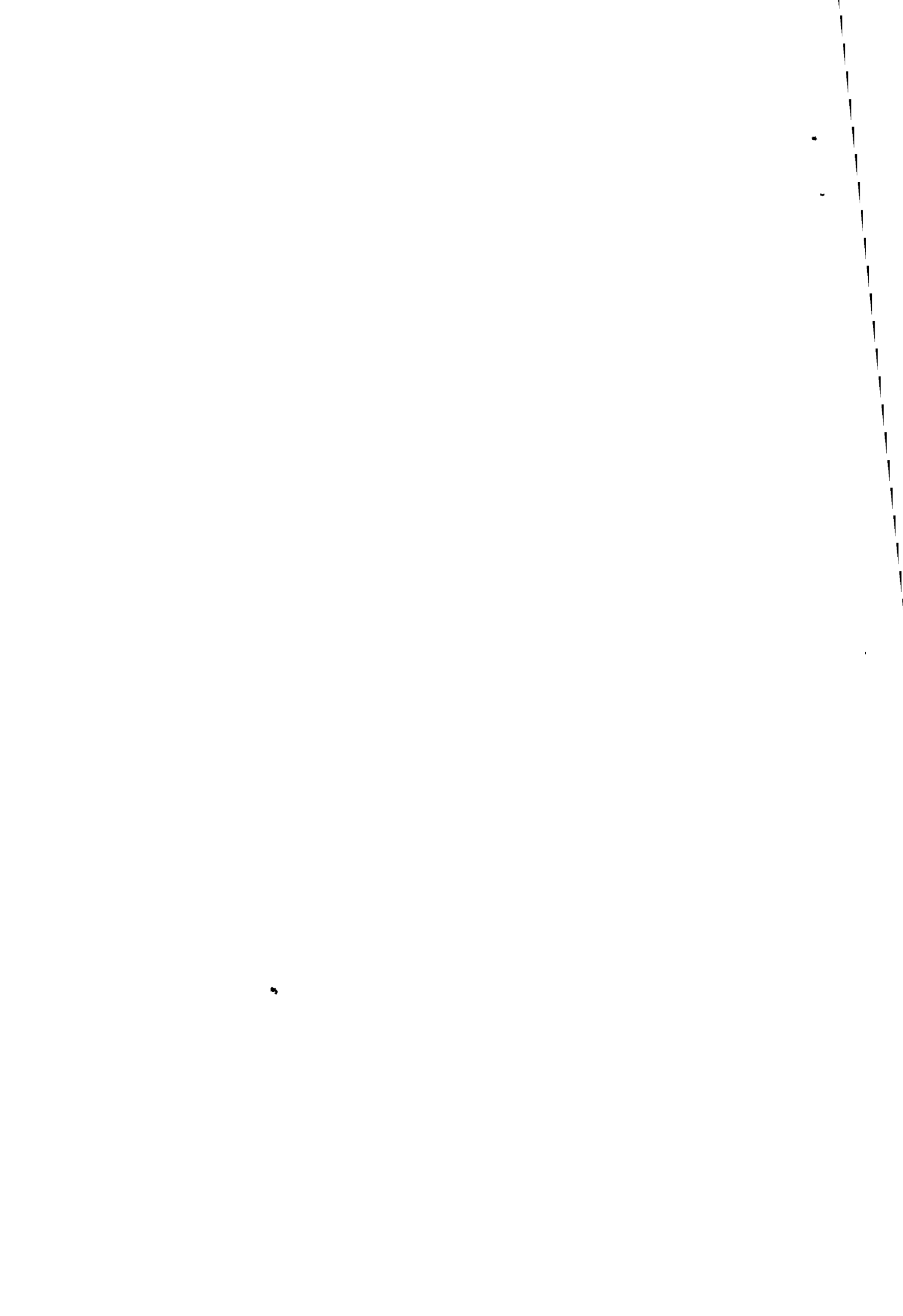
The attached draft regulation on the financial provisions applying to the Centre and the Foundation constitutes the proposal of the Commission to the Council.

In elaborating this draft, account has been taken of the following statement of the Commission, written into the Council Minutes of the Council session of 10.2.1975 during which the Regulation establishing the Centre was adopted :

"In the financial provisions which it will propose for the Centre, the Commission intends departing from the General Financial Regulation only in so far as the Centre's operational needs so dictate".

(1) O.J. L 39 of 13.2.1975

(2) O.J. L 139 of 30.5.1975



PRELIMINARY NOTE

Although this draft Regulation applies to both the Centre and the Foundation, it makes reference only to the Centre, for the following reasons:

- Council Regulation No 1365/75 on the creation of the Foundation was not formally adopted until 26 May 1975.

- The financial provisions of the Regulations establishing the Centre (Articles 10-12) and on the creation of the Foundation (Articles 14-16) are identical.

However, reference is made to the Foundation in the remarks column where a financial provision of the draft is based on a provision of the Regulation on the creation of the Foundation which is not specifically financial.



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DRAFT REGULATION ON THE FINANCIAL PROVISIONS

applying to the European Centre for the
Development of Vocational Training

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the EEC, and in particular Article 209 thereof;

Having regard to Council Regulation (EEC) No 337/75 of 10 February 1975 establishing a European Centre for the Development of Vocational Training;

(Having regard to Council Regulation (EEC) No 1365/75 of 26 May 1975 on the creation of a European Foundation for the improvement of living and working conditions);

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament;

Whereas

HAS ADOPTED THIS REGULATION:

Article 209 EEC

The Council shall, acting unanimously on a proposal from the Commission:

(a) make financial regulations specifying in particular the procedure to be adopted for establishing and implementing the budget and for presenting and auditing accounts.

Regulation (EEC) No 377/75 (hereinafter referred to as the basic Regulation);

Article 12

1. The financial provisions applying to the Centre shall be adopted under Article 209 the Treaty.

Statement written into the Council Minutes:

- Re Article 12(1):

The Commission states that:

In the financial provisions which it will propose for the Centre, the Commission intends departing from the General Financial Regulation only in so far as the Centre's operational needs so dictate.

The Commission will as far as possible take the advice of the Centre's Management Board when drawing up the financial provisions and will in any case do so when they come up for subsequent review.

DRAFT REGULATION
ON THE FINANCIAL PROVISIONS APPLYING TO THE EUROPEAN CENTRE
FOR THE DEVELOPMENT OF VOCATIONAL TRAINING
AND TO THE EUROPEAN FOUNDATION FOR THE
IMPROVEMENT OF LIVING AND WORKING CONDITIONS

FINANCIAL REGULATION
of 25 April 1973 applicable to the
General Budget of the Communities

DRAFT REGULATION ON THE
FINANCIAL PROVISIONS APPLYING
TO THE CENTRE

REMARKS

Article 1

1. The Budget of the European Communities (hereinafter called 'Budget') is the act which forecasts and authorizes annually in advance the expected revenue and expenditure of the Communities. For the purposes of this Financial Regulation, the revenue and expenditure of the Communities shall comprise:

- the administrative expenditure of the European Coal and Steel Community and the revenue relating thereto;
- the revenue and expenditure of the European Economic Community;
- the revenue and expenditure of the European Atomic Energy Community, with the exception of that of the Supply Agency and of the Joint Undertakings.

The abovementioned expenditure shall comprise that arising from the activities of the institutions as set out in the budgetary nomenclature provided for in Article 15(4).

2. For the purposes of this Financial Regulation, research and investment expenditure shall comprise any expenditure which may be allocated to the Budget pursuant to the Treaty establishing the European Atomic Energy Community and to the measures taken in application thereof, and in particular;

- expenditure relating to the implementation of the research and training programmes of the Community;
- any contribution to the capital of the Supply Agency and to its investment expenditure;
- expenditure relating to the equipment of training centres;
- any contribution to the Joint Undertakings and to certain joint enterprises;

TITLE I
GENERAL PRINCIPLES

Article 1

1. Each year a statement of revenue and expenditure shall forecast and authorize the foreseeable revenue and expenditure of the European Centre for the Development of Vocational Training (hereinafter referred to as the Centre).

Basic Regulations

Article 10

The Management Board shall draw up a statement of all revenue and expenditure, which shall be in balance, for each financial year, which shall be the same as the calendar year.

- the Commission's financial support to prospecting programmes in the territories of Member States as envisaged in Article 70 of the Treaty establishing the European Atomic Energy Community and also the financing of emergency stocks which it may be decided to form pursuant to Article 72 of the same Treaty; !

- loans made and charges relating thereto;

- repayment of loans and charges relating thereto; and also all other expenditure relating to the activities decided on by the Council.

3. Without prejudice to Article 95, 104 and 107, expenditure may be authorized for a period subsequent to the financial year only in accordance with the detailed rules provided for in the Budget.

Administrative expenditure arising from contracts which have been concluded in accordance with local usage for periods going beyond the financial year is not subject to the provisions of the preceding subparagraph. Such expenditure shall be charged to the Budget for the financial year in which it is incurred.

Article 2

The budget appropriations shall be used in accordance with the principles of economy and sound financial management.

2. Expenditure may be authorized for a period going beyond the financial year only in accordance with the detailed rules provided for in the statement of revenue and expenditure.

Administrative expenditure arising from contracts which have been concluded in accordance with local usage for periods going beyond the financial year is not subject to the provisions of the preceding subparagraph. Such expenditure shall be charged to the statement of revenue and expenditure for the financial year in which it is incurred.

Article 2

The appropriations entered in the statement of revenue and expenditure shall be used in accordance with the principles of economy and sound financial management.

Articles 95, 104 and 107 of the Financial Regulation of 25 April 1973 applicable to the General Budget of the Communities (hereinafter referred to as the General Financial Regulation) concerning research appropriations, the Social Fund and the EAGGF respectively.

Article 3

1. All revenue and expenditure shall be entered in full in the Budget and in the accounts.

All revenue shall be used to cover all expenditure without prejudice to the implementation of the provisions of Article 3(4) and Article 4(6) of the Decision of 21 April 1970.

2. Notwithstanding the provisions of the second subparagraph of paragraph 1, any revenue allocated to the Communities for a specific purpose, such as income from foundations, subsidies, gifts and bequests, shall not be used for any other purpose.

The Commission may accept any donation made to the Communities, and in particular foundations, subsidies, gifts and bequests.

The Commission shall accept donations which may involve any kind of financial charge only subject to prior authorization from the European Parliament and the Council which shall vote on the matter within two months from the date of receipt of the request from the Commission. If no objection has been made within this period, the Commission may take a final decision on acceptance.

Article 4

No revenue shall be collected and no expenditure effected unless credited to or charged against an Article in the Budget.

Save as otherwise provided in this Financial Regulation, expenditure cannot be incurred in excess of the appropriations authorized for the financial year or of the authorizations granted in respect of subsequent financial years.

No expenditure shall be authorized in excess of the allotted appropriations. The total amount of the proceeds shall be entered in the accounts without any adjustment of revenue against expenditure, save as otherwise provided in Article 22.

Article 3

1. All revenue and all expenditure shall be entered in full in the statement of revenue and expenditure and in the accounts.

All revenue shall cover all expenditure.

2. Notwithstanding the provisions of the second subparagraph of paragraph 1, any revenue intended for a specific purpose, such as income from foundations, subsidies, gifts and bequests, shall not be used for any other purpose.

After informing the Commission the Management Board may accept any donation made to the Centre, and in particular foundations, subsidies, gifts and bequests. The Management Board shall accept donations which may involve any kind of financial charge only subject to prior authorization from the Commission which shall vote on the matter within two months from the date of receipt of the request from the Management Board. If no objection has been made within this period, the Management Board shall take a final decision on acceptance.

Article 4

No revenue shall be collected and no expenditure effected unless credited to or charged against an Article in the statement of revenue and expenditure.

Save as otherwise provided in this Regulation, expenditure may not be committed in excess of the appropriations authorized for the financial year or of the authorizations granted in respect of subsequent financial years.

No expenditure shall be authorized in excess of the allotted appropriations. The total amount of the proceeds shall be entered in the accounts without any adjustment of revenue against expenditure, save as otherwise provided in Article 22.

Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources.

Council Regulation on the creation of a European Foundation for the improvement of living and working conditions; Article 7(3): The Administrative Board "shall decide whether to accept any legacy, donation or subsidy from sources other than the Community".

Article 5

The financial year shall correspond to the calendar year.

The revenue of a financial year shall be entered in the accounts for that financial year on the basis of entitlements recorded up to and including 31 December.

The portion of entitlements for a financial year which has not been collected at that date shall be entered separately Article by Article up to and including 31 December of the next financial year in the accounts for the next financial year as an outstanding amount from the preceding financial year still to be collected.

The allotted appropriations shall be used solely to cover expenditure properly entered into and paid under the Budget for the financial year for which they were granted, save as otherwise provided in Articles 6, 95, 104 and 111, and to cover the debts relating to preceding financial years for which no appropriation was carried forward.

The expenditure of a financial year shall be entered in the accounts for that year on the basis of expenditure, the authorization for which reached the Financial Controller not later than 31 December, and for which the payments were effected not later than the following 15 January.

Article 6

1. (a) The appropriations relating to the remuneration and allowances of the members and the staff of the Institutions may not be carried forward.
- (b) The appropriations in respect of payments still outstanding as at 31 December for commitments entered into after 15 December and which relate to the supply of goods and services, as also that portion of the appropriations still unused as at 31 December, may be carried forward to the next financial year only.
- (c) The appropriations in respect of payments still outstanding for commitments properly entered into between 1 January and 31 December, with the exception of commitments entered into after 15 December and which relate to supply of goods and services, shall be carried forward automatically to the next financial year only.

The financial year shall be the same as the calendar year.

The revenue of a financial year shall be entered in the accounts for the financial year in which it is collected.

The allotted appropriations shall be used solely to cover expenditure properly entered into and paid under the Budget for the financial year for which they were granted, save as otherwise provided in Article 6, and to cover the debts relating to preceding financial years for which no appropriation was carried forward.

The expenditure of a financial year shall be entered in the accounts for that year as long as the relevant authorizations reached the Financial Controller not later than 31 December, and the corresponding payments were effected not later than the following 15 January.

Article 6

1. (a) The appropriations relating to staff may not be carried forward.
- (b) The appropriations not committed as at 31 December may be carried forward to the next financial year only.
- (c) The appropriations in respect of payments still outstanding as at 31 December for commitments properly entered into between 1 January and 31 December shall be carried forward automatically to the next financial year only.

Articles 95, 104 and 111 of the General Financial Regulation. See also the remarks on Article 1(2) of this Regulation.

2. For the appropriations mentioned in paragraph 1(b), the Commission shall submit to the Council and shall forward to the European Parliament, before 1 May, the duly documented requests to carry forward appropriations made by the European Parliament, the Council, the Court of Justice and the Commission itself.

Should the Council, acting by a qualified majority and after consulting the European Parliament, fail to take a contrary decision within a month, the carrying forward of these appropriations shall be deemed to be accepted.

3. Unexpended revenue and appropriations still available on 31 December, arising out of the donations referred to in Article 3, paragraph 2, shall be carried forward automatically.

4. The appropriations referred to in paragraph 1(b) which are not yet committed on 31 December and for which authority to carry forward to the next financial year has been given shall lapse if they are not committed and paid out by the end of the said financial year, with the exception of the appropriations for the Guidance Section of the European Agricultural Guidance and Guarantee Fund.

5. Notwithstanding the provisions of paragraph 1, the appropriations for the Guidance Section of the European Agricultural Guidance and Guarantee Fund in respect of payments still due by reason of commitments entered into between 1 January and 31 December shall be carried forward automatically for a period of five years.

On expiry of that period, the Commission may submit annually to the Council before 1 May a list of the appropriations still committed, with a request, duly documented, for them to be carried forward. The Council shall act by a qualified majority within a month; if it has not acted at the end of that period, the carrying forward of the appropriations shall be deemed to be accepted.

6. The Council and the European Parliament shall be provided, for their information, before 1 April, with a list of the items to be carried forward automatically.

7. When implementing the Budget, details of the utilization of appropriations carried forward shall be entered separately Article by Article in the accounts for the current financial year.

2. For the appropriations mentioned in paragraph 1(b) the duly documented requests to carry forward appropriations must reach the Commission before 1 March.

Should the Commission fail to take a contrary decision within a month, the carrying forward of these appropriations shall be deemed to be accepted.

3. Unexpended revenue and appropriations still available on 31 December, arising out of the donations referred to in Article 3, paragraph 2, shall be carried forward automatically.

4. The appropriations referred to in paragraph 1(b) which are not yet committed on 31 December and for which authority to carry forward to the next financial year has been given shall lapse if they are not committed and paid out by the end of the said financial year.

5. The Commission shall be provided, for its information, before 1 March, with a list of the appropriations to be carried forward automatically.

6. When implementing the statement of revenue and expenditure, details of the utilization of appropriations carried forward shall be entered separately Article by Article in the accounts for the current financial year.

Article 7

Current administrative expenditure chargeable to the next financial year and which, by its nature, arises at the beginning of that financial year may, as from 15 November of each financial year, be charged as an expected commitment against the appropriations provided for in respect of the next financial year up to a maximum of one quarter of the total corresponding appropriations for the current year. However, such commitments shall not apply to new expenditure of a kind not yet approved in principle in the Budget of the then current financial year.

Article 8

If the Budget is not finally adopted at the beginning of the financial year, Article 78b of the Treaty establishing the European Coal and Steel Community, Article 204 of the Treaty establishing the European Economic Community, and Article 178 of the Treaty establishing the European Atomic Energy Community shall apply to commitments and payments of expenditure of a kind already approved in principle in the last Budget duly adopted.

Payments may be made monthly in respect of any Chapter up to one-twelfth of the total appropriations in respect of the relevant Chapter for the preceding financial year; this may not, however, have the effect of placing at the disposal of the Commission monthly appropriations in excess of one-twelfth of the sum provided for in the draft budget or, in the absence thereof, in the preliminary draft budget. Commitments may be entered into up to one-quarter of the total appropriations in respect of the relevant Chapter for the preceding financial year increased by one-twelfth for each completed month; these commitments may not, however, exceed the limit of the appropriations provided for in the draft budget or, in the absence thereof, in the preliminary draft budget.

At the request of the Commission, and notwithstanding the provisions of the second subparagraph, the Council may, acting by a qualified majority, and as dictated by administrative requirements, and after consulting the European Parliament, authorize the simultaneous expenditure of two or more provisional twelfths.

As regards research and investment appropriations, the provisions of Article 101 shall apply.

Article 7

Current administrative expenditure chargeable to the next financial year and which, by its nature, arises at the beginning of that financial year may, as from 15 November of each financial year, be charged as an expected commitment against the appropriations provided for in respect of the next financial year up to a maximum of one quarter of the total corresponding appropriations for the current year. However, such commitments shall not apply to new expenditure of a kind not yet approved in principle in the statement of revenue and expenditure of the then current financial year.

Article 8

If the statement of revenue and expenditure is not finally adopted at the beginning of the financial year, Article 204 of the Treaty establishing the European Economic Community shall apply to commitments and payments of expenditure of a kind already approved in principle in the last statement duly adopted.

Payments may be made monthly in respect of any Chapter up to one-twelfth of the total appropriations entered in the statement for the preceding financial year; this may not, however, have the effect of placing at the disposal of the Centre monthly appropriations in excess of one-twelfth of the sum provided for in the estimate. Commitments may be entered into in respect of the relevant Chapter up to one-quarter of the total appropriations entered in the statement for the preceding financial year increased by one-twelfth for each completed month; these commitments may not, however, exceed the limit of the appropriations provided for in the estimate.

As the basic Regulation is an (EEC) Regulation only the provisions of the EEC Treaty are relevant.

Article 9

The Budget and the supplementary or amending budgets, as finally adopted, shall be published in the Official Journal of the European Communities, at the instance of the President of the institution which established the final adoption of that budget.

Article 10

1. The value of the unit of account in which the Budget shall be drawn up shall be 0:88867088 grammes of fine gold.
2. In case of a change in the parity of the currency of one or more Member States in relation to the unit of account, the Commission may submit to the Council within two months of such change in parity a preliminary draft of an amending budget adjusting the appropriations expressed in units of account and the revenue, so that the volume of services provided for in the Budget remains unchanged. The adjustment of receipts shall be carried out in accordance with the provisions in Title III, Section II.

Article 9

The statement of revenue and expenditure of the Centre and the establishment plan shall be published for information purposes in the Official Journal of the European Communities, at the same time as the Budget of the Communities.

Article 10

1. The value of the unit of account in which the statement of revenue and expenditure shall be drawn up shall be the laid down in the Financial Regulation applicable to the General Budget of the Communities.

Statement to be written into the Council Minutes re Article 11(3) of the basic Regulation. The Council states that:

The estimate of revenue and expenditure of the Centre and the establishment plan shall be published for information purposes in the Official Journal of the European Communities at the same time as the Budget of the Communities.

TITLE II
PRESENTATION AND STRUCTURE OF THE BUDGET

SECTION I
PRESENTATION OF THE BUDGET

Article 11

The European Parliament, the Council and the Court of Justice shall, each year before 1 July, draw up an estimate of their expenditure and their own revenues for the following year.

The Audit Board and the Auditor of the European Coal and Steel Community shall, before this date, forward to the European Parliament and the Council an estimate of their expenditure and their own revenues for the coming year.

The Economic and Social Committee shall, before this date, forward to the Council an estimate of its expenditure and its own revenue for the following year.

Such estimates shall be forwarded to the Commission and - for information, to the Council - not later than 1 July.

Article 1

4. Where necessary, and at the request of the European Parliament, the Council or the Court of Justice, the Commission may submit supplementary or amending budgets in preliminary draft form. Such draft budgets shall be presented, examined, drawn up and finally adopted in the same way and in accordance with the same procedure as the Budget whose forecasts they modify. Such a draft budget must be justified by reference to the said Budget. In discussing it, the competent authorities shall take into account the urgency of the matter. Preliminary drafts of supplementary budgets must, as a general rule, be submitted to the Council not later than the date laid down for tabling the preliminary draft budget for the next financial year.

TITLE II
PRESENTATION AND STRUCTURE OF THE STATEMENT OF
REVENUE AND EXPENDITURE

Article 11

1. The Management Board shall by 31 March each year at the latest, send the Commission an estimate of the Centre's revenue and expenditure for the following year. This estimate shall include an establishment plan.

2. The Management Board of the Centre may send supplementary or amending estimates to the Commission. Such estimates shall be presented and adopted in the same form and following the same procedure as the estimate whose forecasts they modify. They must be justified by reference to the latter.

3. Where necessary, the Commission may make proposals to the budgetary authority concerning appropriate steps to be taken to amend the subsidy entered in the Budget of the Communities under Article 13(1).

In their deliberations the competent authorities shall take into account the urgency of the matter. Supplementary estimates must, as a general rule, be submitted to the Commission not later than the date laid down for submitting the estimate for the next financial year.

Basic Regulation

Article 11

1. The Management Board shall, by 31 March each year at the latest, send the Commission an estimate of revenue and expenditure. This estimate, which shall include an establishment plan, shall be forwarded by the Commission to the Council with the preliminary draft budget of the European Communities.

NB.

Supplementary estimates may also be "examined" and "drawn up" by the budgetary authority following the procedure for transfers between Chapters. (See Article 13).

Article 12

1. The Commission shall consolidate the estimates referred to in Article 11 in the preliminary draft budget of the European Communities and shall place it before the Council each year not later than 1 September.

2. Each section of the preliminary draft budget shall be preceded by an introduction prepared by the institution concerned.

3. In support of the preliminary draft budget, there shall be submitted:

- for each category of staff, a detailed list of budgetary posts and actual numbers of persons in post on the date of the submission of the preliminary draft budget, indicating their distribution to career bracket and administrative unit (or large operational unit as regards the establishments of the Joint Research Centre);

- where a change in the numbers of persons in post is proposed, a statement giving the reason for requesting new posts;

- a monthly estimate of cash payments and receipts;

- a table showing, for the Guidance Section of the European Agricultural Guidance and Guarantee Fund:

- (a) a statement of commitments and payments as at 31 December of the preceding year and at 31 September of the current year;
- (b) a schedule of due dates for foreseeable payments to the end of the current year;
- (c) estimated payments for subsequent financial years.

Article 12

1. In support of the estimate there shall be submitted:

- an establishment plan including, for each category of staff, a detailed list of budgetary posts and actual numbers of persons in post on the date of submission of the estimate of revenue and expenditure.

- where a change in the numbers of persons in post is proposed, a statement giving the reason for requesting new posts;

- a quarterly estimate of cash payments and receipts;

See Article 26 of this draft.

4. As a preface to the preliminary draft budget, the Commission shall submit a general introductory note containing in particular:

- an outline of the policy justifying the request for the appropriations;
- an explanation of the changes in appropriations from one financial year to the next.

Furthermore, the Commission shall attach to the preliminary draft budget an opinion on the estimates in respect of the other institutions; that opinion may contain different estimates duly supported.

5. The Commission may - if appropriate at the request of the European Parliament, the Council or the Court of Justice - file, before the adoption of the Budget, any amendment necessitated by the receipt of additional information.

Article 1

5. The final adoption of the Budget obliges each Member State to place the contributions at the disposal of the Commission, in accordance with the rules laid down in this Financial Regulation.

Article 13

The Council shall establish the draft budget in accordance with the procedure laid down in Articles 78 and 78A of the Treaty establishing the European Coal and Steel Community, Articles 203 and 203a of the Treaty establishing the European Economic Community and Articles 177 and 177a of the Treaty establishing the European Atomic Energy Community.

2. As a preface to the estimate the Management Board shall submit a general introductory note containing in particular:

- an outline of the policy justifying the request for the appropriations;
- an explanation of the changes in appropriations from one financial year to the next.

Furthermore, the Commission shall attach to the estimate an opinion which may contain different estimates duly supported.

3. The Commission may - if appropriate at the request of the Management Board - file, before the adoption of the Communities' Budget any amendment necessitated by the receipt of additional information.

Article 13

1. The subsidy for the Centre shall be made available to it in accordance with the rules laid down in this Regulation.

2. The procedure in force for the transfer of appropriations from one Chapter to another shall apply to the appropriation for this subsidy.

Article 11 of the Basic Regulation:

2. The Budget of the European Communities shall each year, under a specific heading include a subsidy for the Centre.

The procedure in force for the transfer of appropriations from one Chapter to another shall apply to the appropriation for this subsidy.

The draft of the Budget shall be forwarded to the European Parliament and placed before it not later than 5 October. The Council shall attach to that draft budget an explanatory memorandum defining in particular:

- the relationship between the principal objectives of the Communities and the requests for appropriations;
- the changes in appropriations compared with the preceding financial year;
- the Council's reasons for departing, where this may have been necessary, from the preliminary draft budget.

Article 14

The Budget shall be finally adopted in accordance with Articles 78 and 78A of the Treaty establishing the European Coal and Steel Community, Articles 203 and 203a of the Treaty establishing the European Economic Community and Articles 177 and 177a of the Treaty establishing the European Atomic Energy Community.

Article 15

1. The Budget shall consist of separate parts, called sections, dealing with the revenue and expenditure of the European Parliament, the Council, the Commission and the Court of Justice.

The revenue and expenditure of the Economic and Social Committee shall be entered in the section dealing with the Council. The revenue and expenditure of the Audit Board and of the Auditor of the European Coal and Steel Community shall be entered in two halves: one half in the section dealing with the Council and the other half in the section dealing with the European Parliament. The revenue and expenditure of the Economic and Social Committee, the Audit Board and the Auditor of the European Coal and Steel Community shall be presented in the form of a

statement of revenue and expenditure, subdivided in the same way as the sections of the Budget, and subject to the same rules. These statements of their revenue and expenditure shall be annexed to the section dealing with the Council.

See Article 11 of this draft.

Article 14

The Management Board shall adopt the statement of revenue and expenditure before the beginning of the financial year, adjusting it to the subsidy granted by the budget authority. The statement thus adopted shall be forwarded to the Commission forthwith.

Basic Regulation: Article 11

3. The Management Board shall adopt the estimate of revenue and expenditure before the beginning of the financial year, adjusting it to the subsidy granted by the budget authority. The estimate thus adopted shall be forwarded by the Commission to the budget authority.

2. In each section, the items of revenue and expenditure shall be classified according to their nature or the use to which they are assigned under Titles, Chapters, Articles and Items.

3. Each section of the Budget shall include a Chapter in respect of provisional appropriations not allocated and a Chapter in respect of expenditure not specially provided for. The appropriations entered in these Chapters shall be used only by means of transfer in accordance with the procedure laid down in Article 21.

Article 16

The Budget shall show in the section relating to each institution:

- (a) the budget appropriations made available for the financial year in question divided into Titles, Chapters, Articles and Items, following a decimal classification system;
- (b) the budget appropriations made available for the preceding financial year and the actual expenditure for the last financial year for which the accounts have been closed, increased by the items carried forward, using the same decimal classification;
- (c) appropriate comments on each subdivision; such comments may be binding, in which case this fact shall be specifically mentioned;
- (d) in an annex to the Budget, a list of posts fixing the number of posts for each grade in each category and in each service;
- (e) annexed to the Commission section, a list of posts in respect of officials, establishment staff of the Joint Research Centre and temporary staff occupying permanent posts, classified by categories and grades, whose appointment is authorized within the limits of the budget appropriations.

However, as regards scientific and technical staff, the classification may be based on different groups of grades, in accordance with the conditions laid down in each Budget. The list of posts must mention the number of highly-qualified technical or scientific personnel who are accorded special advantages under the Staff Regulations applicable to these officials.

Article 15

The statement of revenue and expenditure shall be subdivided into Titles, Chapters, Articles and Items according to the nature of the revenue or expenditure or the intended purpose thereof.

It shall show:

- (a) the budget appropriations made available for the financial year in question divided into Titles, Chapters, Articles and Items, following a decimal classification system;
- (b) the budget appropriations made available for the preceding financial year and the actual expenditure for the last financial year for which the accounts have been closed, increased by the amounts carried forward, using the same classification;
- (c) appropriate comments on each subdivision; such comments may be binding, in which case this fact shall be specifically mentioned;
- (d) in an annex an establishment plan fixing the number of posts for each grade in each category and in each service.

Article 16

The list of posts shall constitute an absolute limit for each institution; no appointment may be made in excess of the limit set.

The establishment plan drawn up by the budget authority shall constitute a binding limit for the Centre; no appointment may be made in excess of that limit.

Article 11(2) of the Basic Regulation:

The budget authority shall draw up the establishment plan of the Centre.

Council Minutes - re Article 11(2), third subparagraph of the Basic Regulation:

The Council states:

It is understood that the budgetary authority's binding decision on the establishment plan shall not prejudice the Centre's right to conclude contracts with experts in connection with the Centre's activities (see Article 3: study contracts; Article 5: working parties). In such cases, expenditure will of course not be paid from the appropriations for staff expenditure but from those for the Centre's operational expenditure

TITLE III
IMPLEMENTATION OF THE STATEMENT
OF REVENUE AND EXPENDITURE

SECTION I
GENERAL PROVISIONS

Article 17

The execution of the Budget shall be carried out in accordance with the principle that the authorizing officers and accounting officers are different individuals.

The appropriations shall be administered by the authorizing officer who alone is empowered to enter into commitments regarding expenditure, establish the sums due to be collected and issue receivable orders and payment orders. The operations of collection or payment shall be carried out by the accounting officer. No financial controller or accounting officer can exercise the functions of an authorizing officer.

SECTION I
GENERAL PROVISIONS

Article 17

The statement of revenue and expenditure shall be implemented in accordance with the principle that the authorizing officers and accounting officers are different individuals.

The appropriations shall be administered by the authorizing officer who alone is empowered to enter into commitments regarding expenditure establish the sums due to be collected and issue receivable orders and payment orders. The operations of collection or payment shall be carried out by the accounting officer. No financial controller or accounting officer may exercise the functions of an authorizing officer.

Article 18

The Commission shall implement the Budget on its own responsibility in accordance with the provisions of this Financial Regulation and within the limits of the appropriations allotted.

The requisite powers for the implementation of the sections of the Budget relating to the European Parliament, the Council or the Court of Justice are conferred by the Commission upon each of these institutions.

With the exception of the cases provided for in Articles 43, 52 and 55, the Commission and the other institutions may delegate powers in accordance with the conditions laid down by their internal rules of procedure and within the limits which they themselves lay down in the instrument of delegation of powers.

Those delegated may act only within the limits of the powers expressly conferred upon them. The instruments of delegation of powers must be notified to all the parties concerned in accordance with the procedure for implementation referred to in Article 118.

Save as otherwise provided, the Economic and Social Committee, the Audit Board and the Auditor of the European Coal and Steel Community shall, for the purposes of this Financial Regulation, be treated as institutions of the Communities.

Article 18

The Management Board of the Centre shall implement the statement of revenue and expenditure on its own responsibility in accordance with these financial provisions and within the limits of the appropriations allotted.

The Management Board shall delegate its powers under conditions to be laid down by it and within the limits set in the instrument of delegation which shall be communicated to the delegatee, the accounting officer, the Financial Controller and the Audit Board.

Basic Regulation:

Article 4

1. The Centre shall be administered by a Management Board

Article 7

1. The Director shall carry out the decisions of the Management Board and shall be responsible for the day-to-day administration of the Centre. He shall be the legal representative of the Centre.

.....

5. He shall be accountable to the Management Board for his activities.

Regulation on the creation of a Foundation.....

Article 7

1. The Administrative Board shall administer the Foundation

Article 9

1. The Director shall direct the Foundation and shall implement the decisions of the Administrative Board. He shall be the legal representative of the Foundation.

Statement by the Council written into the Minutes re Article 9(1)

"The Director will have sole responsibility for committing expenditure, establishing entitlements to be collected and issuing proof of revenue and payment without prejudice to the powers of the Financial Controller".

Article 19

Each institution shall appoint a financial controller who shall be responsible for monitoring the commitment and authorization of all expenditure, and also for monitoring the receipt of all revenue.

The check shall be carried out by that official by means of inspection of the files relating to expenditure and revenue and, if necessary, on the spot.

The Financial Controller may be assisted in his duties by one or more assistant financial controllers.

The special rules applicable to such officials, which shall be laid down within the framework of the measures of implementation provided for under Article 118, shall be so formulated as to guarantee that they are independent in the discharge of their duties. The measures taken in respect of their appointment and promotion, disciplinary action or transfers, and the various methods of interruption or termination of appointment, shall be covered by decisions which give the grounds therefor to be forwarded, for information, to the European Parliament, the Council and the Commission.

The persons concerned, and the institutions employing them, may institute proceedings before the Court of Justice.

Article 20

In each institution, the collection of revenue and the payment of expenditure shall be carried out by an accounting officer.

This accounting officer shall be appointed by the Institution.

Without prejudice to the system provided for in Articles 4 and 5 of Regulation (EEC) No 729/70 and subject to the provisions of Article 56, second subparagraph, and of Article 57, the accounting officer alone is empowered to manage funds and assets. He shall be responsible for their care.

He may be assisted in his duties by one or more assistant accounting officers, appointed under the same conditions as the accounting officer.

Article 19

The Financial Controller of the Commission shall be responsible for checking the commitment and payment of all expenditure and the establishment and recovery of all revenue of the Centre.

The check shall be carried out by that official by means of inspection of the files relating to expenditure and revenue and, if necessary, on the spot.

The Financial Controller may be assisted in his duties by one or more assistant financial controllers.

The special rules applicable to such officials, which shall be laid down in the measures of implementation provided for under Article 76, shall be so formulated as to guarantee that they are independent in the discharge of their duties.

Article 20

The collection of revenue and the payment of expenditure shall be carried out by an accounting officer designated by the Management Board.

Subject to the provisions of Article 42, second subparagraph, and of Article 43, the accounting officer alone is empowered to manage funds and assets. He shall be responsible for their care.

He may be assisted in his duties by one or more assistant accounting officers, designated under the same conditions as the accounting officer.

Basic Regulation:

4. The Financial Controller of the Commission shall be responsible for checking the commitment and payment of all expenditure and the recording and recovery of all revenue of the Centre.

Basic Regulation:

Article 7(4) - Centre

The Director of the Centre shall be responsible for all staff matters and for engaging and dismissing staff.

Article 9 (Foundation)

2. Under the provisions relating to staff, the Director shall have authority over the staff of the Foundation. He shall be responsible for their recruitment and dismissal and for stipulating the qualifications required of them.

1. The appropriations shall be classified by Chapter and Article.
2. The appropriations entered under each Chapter of expenditure shall not be used for purposes of other Chapters of expenditure.
3. However, the Commission may propose to the Council that appropriations be transferred from one Chapter to another. Proposals made by other institutions for transfers between Chapters, shall be automatically forwarded to the Council; the Commission may when forwarding these, attach its opinion.

The Council shall act by a qualified majority taking into account the urgency of the matter and shall inform the European Parliament of its decision.

If the Council has not acted within six weeks, the transfers of appropriations shall be deemed to be approved.

As regards the transfers of appropriations between Chapters within Title I, the Council shall act by a qualified majority within four weeks. If the Council has not acted within that time limit, the transfers of appropriations shall be deemed to be approved.

With regard for proposals for transfers from Chapter 'Provisional Appropriations not allocated' to other Chapters, the Council shall, except in cases of extreme urgency, consult the European Parliament without delay upon receipt of the proposal. The European Parliament shall give its opinion in good time to allow the Council to take cognisance of it and to act within the period laid down in this Financial Regulation.

4. In each section, transfers between Articles within each Chapter shall be made by the Commission, which shall act taking into account the urgency of the matter. As regards the sections which do not relate to the Commission, such transfers shall be deemed effective if the Commission does not make a decision within six weeks from the date when the proposal is lodged.

Every proposal for a transfer within a Chapter or between Chapters shall be subject to the approval of the Financial Controller who shall attest that the appropriations are available.

5. Unless there exists a decision taken in due and proper form under the budgetary procedure, appropriations can be transferred only to entries in the Budget for which the Budget has authorized appropriations or has made a 'token entry'.

6. This Article shall apply to the appropriations for revenue allotted to a purpose under Article 3(2), only as long as the allotment of such revenue to that specific purpose is maintained.

1. The appropriations shall be classified by Chapter and Article.
2. The appropriations entered under a Chapter of expenditure shall not be used for the purposes of any other Chapter of expenditure.
3. However, the Management Board may propose to the Commission that appropriations be transferred from one Chapter to another.

The Commission shall act within one month. If it has not acted within that time the transfers shall be deemed to be approved.

The Management Board or, by delegation, the Director of the Centre may authorize transfers between Articles on behalf of the Centre.

The Commission shall be informed of such transfers.

Every proposal for a transfer within a Chapter or between Chapters shall be subject to the approval of the Financial Controller who shall attest that the appropriations are available.

5. This Article shall apply to the appropriations for revenue allocated for a specific purpose within the meaning of Article 3(2) only as long as that revenue is not used for any other purpose.

See the remarks on Article 18 of this draft.

Article 22

Notwithstanding Article 4,

- (a) the following deductions may be made from all bills, invoices or statements, which shall then be authorized for the net amount:
- fines imposed on a party to a contract or an accepted tender;
 - adjustments of amounts paid in error which can be achieved by means of deduction beforehand against a payment of the same kind of expenditure out of appropriations under the Chapter, Article and financial year in respect of which the excess payment was made;
 - the value of apparatus and equipment for scientific and technical purposes, and the value of vehicles, equipment and installations taken in part exchange in accordance with commercial usage upon purchase of new apparatus, vehicles, equipment and installations of the same kind.

Discounts, refunds and rebates on creditors' invoices and bills shall not be recorded as separate revenue;

(b) the following sums shall be re-used:

- revenue arising from the refund of amounts paid in error against budget appropriations;
- the proceeds arising from the supply of goods and services to other institutions or bodies, including the refund of detached duty allowances effected on behalf of those institutions or bodies, and reimbursed by them;
- the amount of insurance payments received;
- the revenue arising from the sale of publications and films;

Article 22

Notwithstanding Article 4,

- (a) the following deductions may be made from all bills, invoices or statements, which shall then be passed for payment of the net amount:
- fines imposed on a party to a contract or an accepted tender;
 - adjustments of amounts paid in error which can be achieved by means of deduction beforehand against a payment of the same kind of expenditure out of appropriations under the Chapter, Article and financial year in respect of which the excess payment was made;
 - the value of vehicles, apparatus, equipment and installations taken in part exchange in accordance with commercial usage upon purchase of new apparatus, vehicles, equipment and installations of the same kind.

Discounts, refunds and rebates on invoices and bills shall not be recorded as separate revenue;

(b) the following sums may be re-used:

- revenue arising from the refund of amounts paid in error against budget appropriations;
- the proceeds from the supply of goods and services to other institutions or bodies, including the reimbursement of mission allowances paid for the account of those institutions or bodies;
- the amount of insurance indemnities received;
- the revenue from the sale of publications and films;

- the amount of the refund of fiscal charges incorporated in the price of the products or services provided to the Communities, effected by Member States pursuant to the provisions of the Protocol on the Privileges and Immunities of the European Communities;
- the revenue from the supply of goods and services against payment;
- the proceeds from the sale of vehicles, equipment and installations and also apparatus and equipment for technical and scientific purposes, disposed of when replaced.

The re-use of such sums must take place before the end of the financial year which follows the one in which the revenue was collected;

(c) adjustments may be made in respect of the losses and gains made on the rates of exchange when transferring funds and also on debtor and creditor interest rates relating to cash operations, only the balance being shown as revenue or expenditure.

The accounting plan shall provide for suspense accounts in order to record revenue and expenditure of sums to be used again.

- the amount of the refund of fiscal charges incorporated in the price of the products or services provided to the Centre, effected by Member States pursuant to the provisions of the Protocol on the Privileges and Immunities of the European Communities;
- the revenue from the supply of goods and services against payment;
- the proceeds from the sale of vehicles, equipment and installations and also apparatus and equipment for technical and scientific purposes, when they are replaced.

The re-use of such sums must take place before the end of the financial year which follows the one in which the revenue was collected;

(c) adjustments may be made in respect of the losses and gains made on the rates of exchange when transferring funds and also on debtor and creditor interest rates relating to cash operations, only the balance being shown as revenue or expenditure.

The accounting plan shall provide for suspense accounts in order to record the re-use of such sums in terms of both revenue and expenditure.

Basic Regulation:

Article 16 Centre (20 Foundation)
The Protocol on the Privileges and Immunities of the European Communities shall apply to the Centre. (Foundation).

SECTION II
BUDGETARY REVENUE
MANAGEMENT OF AVAILABLE FUNDS

1. General provisions

Article 23

1. Every measure which is such as to give rise to a debt due to the Communities must be preceded by a proposal from the competent authorizing officer. Such proposals shall be forwarded to the official responsible for financial control in each institution. They shall mention, in particular, the type, the estimated amount and the budget item to which the revenue is booked and also the name and description of the debtor. They shall be recorded, after approval by the official responsible for financial control, in accordance with conditions to be determined within the framework of the measures of implementation laid down in Article 118. The purpose of the approval of the official responsible for financial control shall be to establish that:

- (a) the revenue is booked to the correct budget item;
- (b) the proposal is in order and conforms to the relevant provisions, in particular, of the Budget and of the regulations and also of all acts made in implementation of the Treaties and of the Regulations, and to the principles of sound financial management.

The official responsible for financial control may refuse his approval. The authorizing officer may, by a decision stating the full reasons therefor, and on his sole responsibility, disregard this. The decision of the authorizing officer shall have executory effect; it shall be communicated for information to the Financial Controller. The superior authority of each institution shall periodically inform the Audit Board of each one of these decisions.

2. When the authority responsible for the institution waives the right to draw up a document establishing a debt or to recover sums due, it shall inform the official in charge of financial control thereof.

When the official responsible for financial control finds that a document establishing a debt has not been drawn up, or that a sum due has not been recovered, he shall inform the institution thereof.

SECTION II
BUDGETARY REVENUE
MANAGEMENT OF AVAILABLE FUNDS

1. General provisions

Article 23

1. Every measure which is such as to give rise to a debt due to the Centre must be preceded by a proposal from the authorizing officer. Such proposals shall be forwarded to the Financial Controller. They shall mention, in particular, the type of revenue, the estimated amount thereof and the budget item to which it is to be booked and also the name and description of the debtor. They shall be registered after approval by the Financial Controller. The latter's approval shall have the effect of certifying that:

- (a) the revenue is booked to the correct budget item;
- (b) the proposal is in order and conforms to the relevant provisions, in particular, of the statement of revenue and expenditure applying to the Centre and of all acts made in implementation of those Regulations, and to the principles of sound financial management.

The Financial Controller may withhold his approval.

The authorizing officer may, by a decision stating the full reasons therefor, and on his sole responsibility, overrule this refusal. The decision of the authorizing officer shall be implemented; it shall be communicated for information to the Financial Controller. The Management Board of the Centre shall periodically inform the Audit Board of each one of these decisions.

2. When the Management Board of the Centre waives the right to draw up a document establishing a debt or to recover sums due, it shall inform the Financial Controller thereof.

When the Financial Controller finds that a document establishing a debt has not been drawn up, or that a sum due has not been recovered, he shall inform the Management Board thereof.

Article 24

The accounting officer shall assume responsibility for the receivable orders duly drawn up.

He shall exercise all due diligence to ensure that the resources due to the Communities are recovered at the due dates stipulated in the receivable orders, and he shall see to it that the rights of the Communities are safeguarded.

The accounting officer shall inform the authorizing officer and the Financial Controller of any revenue not recovered within the time limits laid down.

Article 25

A receipt shall be issued in respect of all cash payments made to the accounting officer.

2. Own resources

3. Financial contributions from Member States

4. Financing the cash requirements of the Communities within the framework of the budgetary expenditure

Article 24

The accounting officer shall assume responsibility for the receivable orders duly drawn up.

He shall see to it that the resources due to the Centre are recovered at the due dates stipulated in the receivable orders, and that the rights of the Centre are safeguarded.

The accounting officer shall inform the authorizing officer and the Financial Controller of any revenue not recovered within the time limits laid down.

Article 25

A receipt shall be issued in respect of all cash payments made to the accounting officer.

Article 26

The subsidy entered in the Budget of the Communities shall be paid to the Centre in quarterly instalments, by the fifteenth day of each quarter, in accordance with the estimate referred to in Article 12.

SECTION III

COMMITMENT, CLEARANCE, AUTHORIZATION
AND PAYMENT OF EXPENDITURE

1. Commitment of expenditure

Article 40

1. All measures which may give rise to expenditure chargeable to the Budget must be preceded by a proposal for commitment of expenditure from the relevant authorizing officer. A provisional commitment may be entered into in respect of current expenditure.

2. For the purposes of the appropriations of the Guidance Section of the European Agricultural Guidance and Guarantee Fund, the decisions taken by the Commission in accordance with Article 7 of the Regulation (EEC) No 729/70 shall be deemed to be a commitment of expenditure.

3. The procedure for implementing the provisions of paragraphs 1 and 2 above shall be laid down as provided for in Article 118. This procedure shall ensure that an exact account is kept of commitments and authorizations in terms of the actual needs.

Article 41

Proposals for commitments shall be referred, in each institution, to the Financial Controller and then to the department in charge of accounts: they shall show, in particular, the purpose of the expenditure, the estimated amount involved, showing, where possible, the currency and the budget item to which it is to be charged and also the name and description of the creditor; they shall be registered, as provided for in the measures of implementation taken under Article 118, after approval by the Financial Controller.

SECTION III

COMMITMENT, CLEARANCE, AUTHORIZATION
AND PAYMENT OF EXPENDITURE

1. Commitment of expenditure

Article 27 (40)*

1. All measures which may give rise to expenditure chargeable to the statement of revenue and expenditure must be preceded by a proposal for commitment of expenditure from the authorizing officer. A provisional commitment may be entered into in respect of current expenditure.

2. The procedure for implementing the provisions of paragraph 1 above shall ensure that an exact account is kept of commitments and authorizations in terms of the actual needs.

Article 41

Proposals for commitments shall be referred to the Financial Controller and then to the accounting officer; they shall show in particular, the purpose of the expenditure, the estimated amount involved, if possible the currency of payment, the budget item to which it is to be charged and also the name and description of the creditor; they shall be registered after approval by the Financial Controller.

*The figures in brackets from here onwards refer to the corresponding Articles in the General Financial Regulation.

Article 42

The purpose of the approval of proposals for commitments of expenditure given by the Financial Controller shall be to establish that:

- (a) the expenditure has been charged to the correct item in the Budget;
- (b) the appropriations are available;
- (c) the expenditure is in order and conforms to the relevant provisions, in particular of the Budget and the Regulations, and of all acts made in implementation of the Treaties and of the Regulations;
- (d) the principles of sound financial management have been applied.

The Financial Controller may withhold his approval if it appears from the decision giving discharge that a commitment did not comply with the Regulations.

The measures of implementation of these provisions shall be determined in accordance with Article 118.

Article 43

In case of refusal of his approval, the Financial Controller shall furnish a written statement of his reasons therefor. The authorizing officer shall be notified accordingly.

In case of refusal to approve an item and where the authorizing officer maintains his proposal, this refusal shall be referred for a decision to the superior authority of the competent institution among those listed in the first two subparagraphs of Article 18.

Except where the availability of the appropriations is in doubt, the said superior authority may, by means of a decision stating the full reasons therefor, and on its sole responsibility, ignore such a refusal. This decision shall have executory effect; it shall be communicated for information to the Financial Controller. The superior authority of each institution shall periodically inform the Audit Board of each of these decisions.

Article 29 (42)

The Financial Controller's approval of proposals for commitments of expenditure shall have the effect of certifying that:

- (a) the expenditure has been charged to the correct budget item;
- (b) the appropriations are available;
- (c) the expenditure is in order and conforms to the relevant provisions, in particular of the statement of revenue and expenditure and the Regulations applying to the Centre, and of all acts made in implementation of these Regulations;
- (d) the principles of sound financial management have been applied.

The Financial Controller may withhold his approval if it appears from the decision giving discharge that a commitment did not comply with the Regulations.

Article 30 (43)

Where the Financial Controller withholds his approval he shall furnish a written statement of his reasons therefor. The authorizing officer shall be notified accordingly.

Where approval is withheld and the authorizing officer maintains his proposal, the matter shall be referred for a decision to the Management Board.

Except where the availability of the appropriations is in doubt, the Management Board may, by means of a decision stating the full reasons therefor, and on its sole responsibility, overrule such a refusal. This decision shall be implemented; it shall be communicated for information to the Financial Controller. The Management Board shall periodically inform the Audit Board of each of these decisions.

2. Clearance of expenditure

Article 44

The purpose of clearance of expenditure by the authorizing officer shall be:

- to verify the existence of the rights of the creditor;
- to determine or verify the existence and the amount of the existing debt; and
- to verify the conditions under which payment falls due.

Article 45

Clearance of any expenditure shall be subject to the submission of supporting documents showing the creditor's claim and the service rendered or the existence of a document justifying payment. The measures of implementation envisaged under Article 118 shall lay down the nature and the contents of the supporting documents to be enclosed with the payment order.

The authorizing officer empowered to clear expenditure shall personally check the supporting documents or shall, on his own responsibility, ascertain that this has been done.

Article 46

Remuneration and allowances shall be cleared in accordance with a collective statement drawn up by the department in charge of personnel, except where individual clearance is necessary.

2. Clearance of expenditure

Article 31 (44)

The purpose of clearance of expenditure by the authorizing officer shall be:

- to verify the creditor's claim;
- to determine or verify the existence and the amount of the debt; and
- to verify the conditions under which payment falls due.

Article 32 (45)

Clearance of expenditure shall be subject to the submission of supporting documents attesting the creditor's claim and the service rendered or the existence of a document justifying payment.

The authorizing officer empowered to clear expenditure shall personally check the supporting documents or shall, on his own responsibility, ascertain that this has been done.

3. Authorization of expenditure

Article 47

Authorization shall be the formal step whereby the authorizing officer, by the issue of a payment order, instructs the accounting officer to pay an item of expenditure which he has cleared.

Article 48

The payment order shall state:

- the financial year against which the payment shall be charged;
- the Article in the Budget and any other subdivision that may apply;
- the amount to be paid (in figures and words) showing the currency;
- the name and address of the payee;
- the purpose of the expenditure;
- and the method of payment, wherever possible.

The payment order shall be dated and signed by the authorizing officer.

Article 49

The payment order shall be accompanied by the original supporting documents, as determined by the measures of implementation laid down in Article 118; those documents shall be certified or accompanied by a certificate confirming the correctness of the amounts to be paid, the receipt of the supplies and the performance of the service and, if appropriate, the entry of the goods in the inventories, referred to in Article 67.

It shall show the numbers and dates of the relevant approvals of commitments. Copies of supporting documents, certified as true copies by the authorizing officer, may, in some cases, be accepted in place of the originals.

3. Authorization of expenditure

Article 33 (47)

Authorization shall be the formal step whereby the authorizing officer, by the issue of a payment order, instructs the accounting officer to pay an item of expenditure which he has cleared.

Article 34 (48)

The payment order shall state:

- the financial year against which the payment shall be charged;
- the Article in the statement of revenue and expenditure and any other subdivision that may apply;
- the amount to be paid (in figures and words) and the currency of payment;
- the name and address of the payee;
- the purpose of the expenditure;
- and the method of payment, wherever possible.

The payment order shall be dated and signed by the authorizing officer.

Article 35 (49)

The payment order shall be accompanied by the original supporting documents, which shall bear or be accompanied by a statement certifying the correctness of the amounts to be paid, the receipt of the supplies and the performance of the service and, if appropriate, the entry of the goods in the inventories, referred to in Article 52.

It shall show the numbers and dates of the relevant approvals of commitments. Copies of supporting documents, certified as true copies by the authorizing officer, may, in some cases, be accepted in place of the originals.

Article 50

For payments by instalment, the first payment order shall be accompanied by documents establishing the creditor's right to payment of the instalment in question. Subsequent payment orders shall refer to the supporting documents already furnished, and repeat the reference number of the first payment order.

The authorizing officer may grant advances to personnel if the Staff Regulations or the provisions laid down by regulation specifically provide therefor, or if an official or other servant is forced to make disbursements on behalf of his institution which are chargeable to the Budget.

Apart from the imprests referred to in Article 57, no advance may be granted unless it has been approved beforehand by the Financial Controller.

Article 51

Payment orders shall be sent for prior approval to the Financial Controller.

This prior approval shall confirm that:

- (a) the payment order was properly issued;
- (b) the payment order agrees with the commitment of expenditure and that the amount thereof is correct;
- (c) the expenditure is charged to the correct item of the Budget;
- (d) the appropriations are available;
- (e) the supporting documents are in order;
- (f) the payee is correctly described.

Article 36 (50)

For payments by instalment, the first payment order shall be accompanied by documents establishing the creditor's right to payment of the instalment in question. Subsequent payment orders shall refer to the supporting documents already furnished, and repeat the reference number of the first payment order.

The authorizing officer may grant advances to personnel if a provision laid down by regulation specifically provides therefor, or if a member of the staff has to make disbursements on behalf of the Centre which are chargeable to the statement of revenue and expenditure.

Apart from the imprests referred to in Article 43, no advance may be granted unless it has been approved beforehand by the Financial Controller.

Article 37 (51)

Payment orders shall be sent to the Financial Controller for prior approval.

Prior approval shall confirm that:

- (a) the payment order was properly issued;
- (b) the payment order agrees with the commitment of expenditure and that the amount thereof is correct;
- (c) the expenditure is charged to the correct budget item;
- (d) the appropriations are available;
- (e) the supporting documents are in order;
- (f) the payee is correctly described.

Article 52

Should approval be refused, Article 43 shall apply.

Article 53

After approval the original of the payment order, together with all supporting documents, shall be forwarded to the accounting officer.

4. Payment of expenditure

Article 54

Payment shall be the final action whereby the institution concerned is discharged of its obligations towards its creditors. Payment shall be made by the accounting officer within the limits of the funds available.

In the event of an error or of the validity of the discharge being contested or of failure to observe the formalities prescribed by this Financial Regulation, the accounting officer must suspend payment.

Article 55

If payment is suspended, the accounting officer shall give the reasons for his decision in a written statement which he shall send forthwith to the authorizing officer and, for information, to the Financial Controller.

Except where the validity of the discharge is contested, the authorizing officer may place the matter before the authority appointed by the institution in the manner laid down in the rules of procedure of that institution. The said authority may require in writing, and on its own responsibility, that payment be effected.

Article 38 (52)

Should approval be withheld, Article 30 shall apply.

Article 39 (53)

After approval the original of the payment order, together with all supporting documents, shall be forwarded to the accounting officer.

4. Payment of expenditure

Article 40 (54)

Payment shall be the final action whereby the Centre is discharged of its obligations towards its creditors. Payment shall be made by the accounting officer within the limits of the funds available.

In the event of an error or of the validity of the discharge being contested or of failure to observe the formalities prescribed by this Financial Regulation, the accounting officer must suspend payment.

Article 41 (55)

If payment is suspended, the accounting officer shall give the reasons therefor in a written statement which he shall send forthwith to the authorizing officer and, for information, to the Financial Controller.

Except where the validity of the discharge is contested, the authorizing officer may place the matter before the authority appointed by the Centre in the manner laid down in the rules of procedure of the Centre. The said authority may require in writing, and on its own responsibility, that payment be effected.

Basic Regulation:
Article 5 (Centre)

The Management Board shall adopt its rules of procedure, which shall enter into force when approved by the Council, acting on the Opinion of the Commission.

Article 7(2) Foundation

The Administrative Board shall adopt its rules of procedure which shall enter into force after being approved by the Council, following consultation with the Commission.

Article 56

Payments shall be effected as a general rule through a bank account or post office giro account.

The procedure for opening, administering and use of such accounts shall be in accordance with the measures of implementation referred to in Article 118. These measures shall, in particular, cover expenditure the payment of which must necessarily be effected either by cheque or by post office or bank transfer order, and for the signature on cheques and on post office or bank transfer orders of two duly authorized officials, one signature necessarily being that of the accounting officer, an assistant accounting officer, or a duly-authorized imprest-holder.

5. Imprests

Article 57

For the payment of certain categories of expenditure, imprests may be advanced as provided for in the measures of implementation envisaged under Article 118.

These measures shall contain specific provisions concerning in particular:

- the appointment of imprest-holders;
- the nature and maximum amount of each expenditure to be incurred;
- the maximum amount of the imprest which may be advanced;
- the time within which supporting documents must be produced;
- the responsibility of the imprest-holders.

Article 42 (56)

Payments shall be effected as a general rule through a bank account or post office giro account.

The procedure for opening, administering and using such accounts shall, in particular, indicate expenditure the payment of which must be effected either by cheque or by post office or bank transfer order, and require the signature on cheques and on post office or bank transfer orders of two duly authorized officials, one signature necessarily being that of the accounting officer, an assistant accounting officer, or an imprest-holder.

5. Imprests

Article 43 (57)

For the payment of certain categories of expenditure, imprests may be advanced.

Measures of implementation shall contain specific provisions concerning in particular:

- the appointment of imprest-holders;
- the nature and maximum amount of each item of expenditure to be paid;
- the maximum amount of the imprest which may be advanced;
- the time within which supporting documents must be produced;
- the responsibility of the imprest-holders.

TITLE IV

CONCLUSION OF CONTRACTS, INVENTORIES, ACCOUNTANCY

SECTION I

CONTRACTS FOR THE SUPPLY OF GOODS AND SERVICES, AND HIRE
CONTRACTS

Article 58

1. Contracts for the purchase or hiring of goods, for the provision of services or for building works shall be in writing. They shall be concluded following open tendering or calls for tender.

However, contracts may be entered into by direct agreement in the circumstances referred to in Article 60.

Purchases may be made by way of a bill of costs or invoice in the case provided for in Article 65.

2. Calls to tender shall, as a general rule, be published throughout all the Member States, and, where appropriate, in non-member countries, insofar as this is compatible with the development of the relevant industries in the Communities. However, the distribution of such invitations to tender may be restricted, where the scale or nature of the goods or services is such that they are not appropriate for a general invitation to tender.

Article 59

1. Tendering is an administrative procedure which precedes the conclusion of a contract and follows a call to tender. Its effect is to confer publicly on the tenderer whose tender is the lowest - out of all those which are entered in due and proper form, meet the conditions laid down, and are comparable with each other - the right to the final award of the contract, after the approval of the competent authorizing officer. Tendering is said to be public or open, where it is open to all comers to submit a tender; it is said to be restricted where tenders may be entered only by those whom it has been decided to consult because of their special qualifications.

Article 44 (58)

1. Contracts for the purchase or hiring of goods, for the provision of services or for building works shall be in writing. They shall be concluded following the award of contract or invitation to tender.

However, contracts may be entered into by direct agreement in the circumstances referred to in Article 46.

Purchases may be made by way of a bill of costs or invoice in the case provided for in Article 50.

2. Invitations to competitive tender shall, as a general rule, be published in all the Member States, and, where appropriate, in non-member countries, insofar as this is compatible with the development of the relevant industries in the Communities. However, the distribution of such invitations to tender may be restricted, where the scale or nature of the goods or services is such that they are not appropriate for a general invitation to competitive tender.

Article 45 (59)

1. The award of contracts shall be an administrative procedure prior to the letting of a contract following an invitation to competitive tender. Its effect shall be to confer publicly on the tenderer whose tender is the lowest - out of all those which are entered in due and proper form, meet the conditions laid down, and are comparable with each other - the right to the final award of the contract, after approval by the competent authorizing officer. The award of contract shall be termed public or open, where it is open to all comers to submit a tender; it shall be termed restricted where tenders may be entered only by those whom it has been decided to consult because of their special qualifications.

2. A contract following a call for tender is a contract entered into by the contracting parties following a call to tender. In this case, the offer considered the most attractive may be freely chosen, taking into account the cost of performance, running costs involved, technical merit, the time for performance, together with the financial guarantees and the guarantees of professional competence put forward by each of the tenderers.

A call for tender is said to be public or open where a general invitation to tender is involved; it is said to be restricted where it is addressed only to those whom it has been decided to consult because of their special qualifications.

3. The procedure for issuing a call for tender, both as regards open tendering and calls for tenders, shall be specified in the measures of implementation envisaged in Article 118.

Article 60

Contracts may be made by direct agreement:

- (a) where the contract for the purchase or hiring of goods, for the provision of services or for building works involves an amount not exceeding 5 000 units of account, the institution being bound, however, as far as possible and by all appropriate means, to enable suppliers who are likely to be able to supply the goods and services in question to compete;
- (b) where the purchase or hiring of goods, the provision of services or the building works are so urgently needed that it is not possible to wait for the full tendering

2. A contract following an invitation to tender is a contract entered into by the contracting parties following an invitation to competitive tender. In this case, the offer considered the most attractive may be freely chosen, taking into account the cost of performance, operating costs involved, technical merit, the time for performance, together with the financial guarantees and the guarantees of professional competence put forward by each of the tenderers.

an invitation to tender shall be termed public or open where a general invitation to competitive tender is involved, it shall be termed restricted where it is addressed only to those whom it has been decided to consult because of their special qualifications.

3. The procedure for issuing an invitation to competitive tender, both as regards the award of contract and invitations to tender, shall be specified in the measures of implementation referred to in Article 76.

Article 46 (60)

Contracts may be made by direct agreement:

- (a) where the contract for the purchase or hiring of goods, for the provision of services or for building works involves an amount not exceeding 5 000 units of account, the Centre being bound, however, as far as possible and by all appropriate means, to enable suppliers who are likely to be able to supply the goods and services in question to compete;
- (b) where the purchase or hiring of goods, the provision of services or the building works are so urgently needed that it is not possible to wait for one of the tendering

procedure specified in Article 59 to be carried out;

- (c) where the open tendering or calls for tenders do not give any result or where the prices quoted are not acceptable;
- (d) where for technical, practical or legal reasons, the supply of goods and services can only be carried out by a particular contractor or supplier;
- (e) for contracts for the supply of goods and services or for building works which technically cannot be separated from the main contract.

Article 61

There shall be no discrimination between nationals of Member States on grounds of nationality in respect of contracts entered into by the Communities.

Article 62

In each institution, before the authorizing officer takes a decision, contracts involving amounts exceeding 12 000 units of account shall be submitted for the opinion of an Advisory Committee on Procurements and Contracts whose rules of procedure shall be laid down in the measures of implementation taken under Article 118.

Article 63

The Advisory Committee referred to in Article 62 shall include at least one representative of the department responsible for general administration, one representative of the department responsible for finance and one representative of the department responsible for legal matters; a representative of the Financial Controller shall be present as observer.

The Committee shall deliver an opinion as to whether the procedure followed is in order, on the choice of suppliers and, in general, on the proposed terms of the contract.

Any other problem concerning matters falling under this Title may be referred to the said Committee for an opinion.

procedures specified in Article 45 to be carried out;

- (c) where the award of contract procedure or invitations to tender do not give any result or where the prices quoted are not acceptable;
- (d) where for technical, practical or legal reasons, the supply of goods and services can be carried out only by a particular contractor or supplier;
- (e) for contracts for the supply of additional goods and services or for additional building works which technically cannot be separated from the main contract.

Article 47 (61)

There shall be no discrimination between nationals of Member States on grounds of nationality in respect of contracts entered into by the Centre.

Article 48 (62)

Contracts involving amounts exceeding 12 000 units of account shall be subject to the authorization of the Governing Board.

Article 64

By way of guarantee of the performance of the contracts, it may be required of the suppliers or contractors, by a clause included among the warranty clauses, that they make a preliminary deposit under conditions to be laid down in the measures of implementation taken under Article 118.

The amount of the deposit shall be fixed:

- according to the usual trade terms of contracts for supplies;
- according to the list of special conditions governing building contracts.

For building works involving an amount exceeding 100 000 units of account, a deposit shall be obligatory. A security may be retained until final acceptance of delivery.

Where a contract has not been performed or completion has been late, the institution shall ensure that it is adequately compensated in respect of all damages, interest and equivalent costs by the deduction of the amount from the deposit, whether this has been lodged directly by the supplier or contractor, or by a third party.

Article 65

Contracts may be made against invoice or bill of costs only where the expected value of the goods and services supplied does not exceed 200 units of account. This limit shall be increased to 500 units of account for expenditure to be entered into outside the provisional places of work of the institution.

Article 66

When concluding contracts referred to in this Financial Regulation, each institution shall comply with the measures laid down in respect of public works by the Council in implementation of the Treaty establishing the European Economic Community.

Article 49 (64)

By way of guarantee of the performance of the contracts, it may be required of the suppliers or contractors by a clause included among the warranty clauses, that they make a preliminary deposit.

The amount of the deposit shall be fixed:

- according to the usual trade terms of supply contracts;
- according to the special conditions governing building contracts.

For building works involving an amount exceeding 100 000 units of account, a deposit shall be obligatory. A security may be retained until final acceptance of delivery.

Where a contract has not been performed or completion has been late, the Centre shall ensure that it is adequately compensated in respect of all damages, interest and costs by the deduction of the amount from the deposit, whether this has been lodged directly by the supplier or contractor, or by a third party.

Article 50 (65)

Contracts may be made against invoice or bill of costs only where the expected value of the goods and services supplied does not exceed 200 units of account. This limit shall be increased to 500 units of account for expenditure to be entered into outside the seat of the Centre.

Article 51 (66)

When concluding contracts referred to in this Financial Regulation, the Centre shall comply with the measures laid down in respect of public works by the Council in implementation of the Treaty establishing the European Economic Community.

The Centre shall have its seat in Berlin (West).
(Article 1 of the basic Regulation)

The seat of the Foundation shall be in Ireland.
(Article 4(2) of the basic Regulation)

SECTION II

INVENTORIES OF MOVABLE AND IMMOVABLE PROPERTY

Article 67

Permanent quantitative inventories of all movable and immovable property belonging to the Communities shall be kept in accordance with a model drawn up by the Commission. Only movable property exceeding a specific value provided for in the measures of implementation taken under Article 118 shall be entered in those inventories.

Each institution shall carry out its own inspection to ascertain that the entries in the inventory correspond to the facts.

Article 68

The sale of movable property shall be suitably advertised as laid down in the measures of implementation taken under Article 118.

Apart from sales by public auction, officials and other servants of the institutions may not acquire any movable property sold by the said institutions.

Article 69

A statement or record shall be drawn up by the authorizing officer and authenticated by the Financial Controller whenever any property in the inventory is disposed of, scrapped, hired out, or missing on account of loss, theft or any other reason.

The statement or record shall refer in particular to any obligation that may devolve on an official or other servant of the Communities or any other person to replace the item in question.

If immovable property or large installations are made available free of charge, they must be covered by contracts submitted to the Financial Controller for approval, and shall be the subject of an annual communication to the European Parliament and the Council when the preliminary draft budget is submitted.

SECTION II

INVENTORIES OF MOVABLE AND IMMOVABLE PROPERTY

Article 52 (67)

Permanent quantitative inventories of all movable and immovable property belonging to the Centre shall be kept in accordance with a model drawn up by the Commission. Only movable property exceeding a specific value provided for in the measures of implementation taken under Article 76 shall be entered in those inventories.

The Centre shall instruct its departments to check that the entries in the inventory correspond to the facts.

Article 53 (68)

The sale of movable property shall be suitably advertised as laid down in the measures of implementation taken under Article 76.

Apart from sales by public auction, staff of the Centre may not acquire any movable property sold by the latter.

Article 54 (69)

A statement or record shall be drawn up by the authorizing officer and endorsed by the Financial Controller whenever any property in the inventory is disposed of, scrapped, hired out, or is missing on account of loss, theft or any other reason.

The statement or record shall indicate in particular any obligation that may devolve on a member of the staff of the Centre or any other person to replace the item in question.

If immovable property or large installations are made available free of charge, they must be covered by contracts approved by the Financial Controller, and shall be the subject of an annual communication to the Commission when the estimates are presented.

Article 70

Every purchase of movable or immovable property as defined in Article 67 shall, before payment is made, be entered in the permanent inventories.

That entry shall be recorded in the corresponding invoice or annexed document prepared with a view to paying for the expenditure in question.

SECTION III
ACCOUNTS
Article 71

The accounts shall be kept by the method of double entry, on the basis of the calendar year. They shall show all revenue and expenditure for the financial year: they shall be authenticated by supporting documents. They may be kept in the currency of the country where the seat of the Commission is located or, where appropriate, in the currencies of the countries where the establishments of the Joint Research Centre are located without prejudice to the provisions of Article 10.

The revenue and expenditure account and the balance sheet shall be drawn up in units of account.

Any amount expressed in units of account shall be entered in the accounts in terms of the parity in force on the date of transfer or actual payment.

Article 72

Entries relating to the budget accounts and to commitments and established entitlements accounts shall be made on the basis of an accounting plan comprising a nomenclature of budgetary items which makes a clear distinction between the balance sheet accounts and the accounts of budgetary expenditure and revenue.

These entries shall be recorded in books or on cards. These shall make it possible to draw up a general monthly balance, and a statement by Chapter and Article, of budgetary revenue and expenditure, which shall be forwarded to the Financial Controller.

Article 55 (70)

Every purchase of movable or immovable property as defined in Article 52 shall, before payment is made, be entered in the permanent inventories.

That entry shall be recorded in the corresponding invoice or annexed document prepared with a view to paying the expenditure in question.

SECTION III
ACCOUNTS
Article 56 (72)

The accounts shall be kept by the method of double entry, on the basis of the calendar year. They shall show all revenue and expenditure for the financial year. They may be kept in the currency of the country where the Centre has its seat.

The revenue and expenditure account and the balance sheet shall be drawn up in units of account.

Any amount expressed in units of account shall be entered in the accounts in terms of the parity in force on the date of actual payment or transfer.

Article 57 (72)

Entries relating to the budget accounts and to commitments and established entitlements accounts shall be made on the basis of an accounting plan comprising a nomenclature of budgetary items which makes a clear distinction between the balance sheet accounts and the accounts of budgetary expenditure and revenue.

These entries shall be recorded in books or on cards. These shall make it possible to draw up a general monthly statement of accounts, and a statement by Chapter and Article, of budgetary revenue and expenditure, which shall be forwarded to the Financial Controller.

Article 73

Except for the advances referred to in Article 107, any advance shall be entered in a suspense account and settled at the latest during the financial year which follows the payment of this advance.

Article 74

Details of the method for drawing up and operating the accounting plan shall be laid down in the measures of implementation taken under Article 118.

Article 75

The accounts shall be closed at the end of the financial year to enable a balance sheet of the Communities and the revenue and expenditure account referred to in Title VI to be drawn up. The revenue and expenditure account shall be submitted to the Financial Controller.

Article 58 (73)

All advances shall be entered in a suspense account and settled at the latest during the financial year which follows the payment of this advance.

Article 59 (74)

Details of the method for drawing up and operating the accounting plan shall be laid down in the measures of implementation taken under Article 76.

Article 60 (75)

The accounts shall be closed at the end of the financial year to enable the balance sheet and the revenue and expenditure account referred to in Title VI to be drawn up. The revenue and expenditure account shall be submitted to the Financial Controller.

Article 107 of the General Financial Regulation concerns the EAGGF.

TITLE V

RESPONSIBILITIES OF AUTHORIZING OFFICERS, FINANCIAL CONTROLLERS, ACCOUNTING OFFICERS AND IMPREST-HOLDERS

Article 76

Authorizing officers who, when establishing entitlements to be recovered or issuing receivable orders, entering into commitments of expenditure or signing payment orders do so without complying with this Financial Regulation and the rules for its implementation shall be liable to disciplinary action and, where appropriate, to pay compensation. The same shall apply if they omit to draw up a document establishing a claim or if they neglect to issue receivable orders or are, without justification, late in issuing them.

Article 77

Financial Controllers shall be liable to disciplinary action and, where appropriate, to payment of compensation for any action taken during their term of office, in particular, by granting their approval to transactions in excess of the budgetary appropriations.

Article 78

1. Accounting officers and assistant accounting officers shall be liable to disciplinary action and, where appropriate, to payment of compensation as regards payments made by them in disregard of the third subparagraph of Article 54.

They shall be liable to disciplinary action and to payment of compensation as regards any loss or deterioration of the monies, assets and documents in their charge where such loss or deterioration results from an intentional mistake or serious negligence on their part.

Under the same conditions, they shall be responsible for the correct execution of orders received by them in respect of the use and the administration of bank accounts and post office giro accounts, and in particular:

- (a) where the payments or recoveries made by them do not agree with the amounts on the payment orders or receivable orders;
- (b) where they effect payment to a party other than the entitled payee.

TITLE V

RESPONSIBILITIES OF AUTHORIZING OFFICERS, FINANCIAL CONTROLLERS, ACCOUNTING OFFICERS AND IMPREST-HOLDERS

Article 61 (76)

Authorizing officers who, when establishing entitlements to be recovered or issuing receivable orders, entering into commitments of expenditure or signing payment orders do so without complying with this Financial Regulation and the rules for its implementation shall be liable to disciplinary action and, where appropriate, to pay compensation. The same shall apply if they omit to draw up a document establishing a debt due or if they neglect to issue receivable orders or are, without justification, late in issuing them.

Article 62 (78)

1. Accounting officers and assistant accounting officers shall be liable to disciplinary action and, where appropriate, to payment of compensation in respect of payments made by them in disregard of the third subparagraph of Article 40.

They shall be liable to disciplinary action and to payment of compensation in respect of any loss or deterioration of the monies, assets and documents in their charge where such loss or deterioration results from an intentional mistake or serious negligence on their part.

Under the same conditions, they shall be responsible for the correct execution of orders received by them in respect of the use and the administration of bank accounts and post office giro accounts, and in particular:

- (a) where the payments or recoveries made by them do not agree with the amounts on the payment orders or receivable orders;
- (b) where they effect payment to a party other than the entitled payee.

2. Imprest-holders shall render themselves liable to disciplinary action and, where appropriate, to payment of compensation in the following cases:

- (a) where they cannot show warrant with documents in due and proper form for payments made by them;
- (b) where they effect payment to a party other than the entitled payee.

They shall be liable to disciplinary action and to payment of compensation in respect of any loss or deterioration of the monies, assets and documents in their charge as a result of an intentional mistake or serious negligence on their part.

3. The accounting officer, assistant accounting officers and imprest-holders shall insure themselves against the risks arising under this Article.

The Institution shall cover the insurance costs relating thereto in accordance with the measures taken in implementation of Article 118.

A special indemnity shall be granted in each of the institutions to the accounting officer, assistant accounting officers and imprest-holders. The sums corresponding to this indemnity shall be credited each month to an account opened by the Institution on behalf of each official in order to establish a guarantee fund to cover any cash or bank shortage for which the person concerned might render himself liable, insofar as such shortages have not been covered by refunds from insurance companies.

The credit balance in these guarantee accounts shall be paid over to the persons concerned when they terminate their appointment as accounting officer, assistant accounting officer or imprest-holder.

4. The measures of implementation provided for in Article 118 shall specify the categories of officials or other servants qualified to be appointed accounting officers or imprest-holders.

2. Imprest-holders shall render themselves liable to disciplinary action and, where appropriate to payment of compensation in the following cases:

- (a) where they cannot give satisfactory proof, with documents in due and proper form, of payments made by them;
- (b) where they effect payment to a party other than the entitled payee.

They shall be liable to disciplinary action and to payment of compensation in respect of any loss or deterioration of the monies, assets and documents in their charge as a result of an intentional mistake or serious negligence on their part.

3. The accounting office, assistant accounting officers and imprest-holders shall insure themselves against the risks arising under this Article.

The Centre shall cover the insurance costs relating thereto.

Article 79

The liability to payment of compensation and disciplinary action of authorizing officers, financial controllers, accounting officers, assistant accounting officers and imprest-holders may be determined in accordance with the provisions, respectively, of Articles 22 and 86 to 89 inclusive of the Staff Regulations of Officials of the European Communities.

Article 80

Each institution shall be allowed a period of two years from the date when the revenue and expenditure account is submitted to take a decision on the final discharge to be given to accounting officers for the transactions relating thereto.

Article 63 (79)

Authorizing officers, accounting officers, assistant accounting officers and imprest-holders shall be liable to disciplinary action and, where appropriate, to the payment of compensation in respect of actions relating to their duties.

Article 64 (80)

The Centre shall be allowed a period of two years from the date when the revenue and expenditure account is submitted to take a decision on the final discharge to be given to accounting officers for the transactions relating thereto.

Basic Regulations:

Article 13

The provisions governing the staff of the Centre shall be adopted by the Council, acting on a proposal from the Commission.

TITLE VI

PRESENTING AND AUDITING THE ACCOUNTS

SECTION 1

PRESENTING THE ACCOUNTS

Article 81

The Commission shall draw up not later than 1 June, a revenue and expenditure account for the Communities.

This account shall be preceded by an analysis of the financial management in respect of the year in question. It shall cover all revenue and expenditure transactions relating to the preceding financial year for each institution. It shall be submitted in the same form and following the same subdivisions as the Budget.

Article 82

The revenue and expenditure account shall include the following tables allocated in accordance with the budget nomenclature:

1. The table of revenue shall include:
 - estimated revenue for the financial year;
 - amendments to the revenue estimates as a result of supplementary or amending budgets;

SECTION 1

PRESENTING THE ACCOUNTS

Article 65 (81)

The Management Board shall draw up each year a revenue and expenditure account for the Centre.

This account shall be preceded by an analysis of the financial management in respect of the year in question. It shall cover all revenue and expenditure transactions relating to the preceding financial year. It shall be submitted in the same form and following the same subdivisions as the statement of revenue and expenditure.

Article 66 (82)

The revenue and expenditure account shall include the following tables subdivided in accordance with the budget nomenclature:

1. A table of revenue including:
 - estimated revenue for the financial year;
 - amendments to the revenue estimates as a result of supplementary or amending statements;

Article 12

2. The Management Board shall, by 31 March at the latest send the accounts of all the revenue and expenditure of the Centre for the preceding financial year to the Commission and to the Audit Board. The latter shall examine them in accordance with the second paragraph of Article 206 of the Treaty.

- entitlements still to be collected from the preceding financial year;
- entitlements established in the course of the financial year;
- amounts collected;
- amounts still to be collected at the end of the financial year.

A statement shall be annexed, where appropriate, to this table, showing the balances and gross amounts of the transactions referred to in Article 22.

2. A table showing the trend in appropriations in respect of the financial year, indicating:
 - the initial appropriations;
 - any amendments to appropriations introduced by means of transfers;
 - any amendments introduced by means of supplementary or amending budgets;
 - the final appropriations for the financial year.
3. A table of expenditure showing the trend in appropriations in respect of the financial year, indicating:
 - the total appropriations;
 - the commitments entered into and chargeable to the financial year;
 - the payments made at the end of the period of implementation of the budget;
 - the amounts still to be paid at the close of the financial year;
 - the appropriations carried forward under Article 6(1)(c);
 - the appropriations carried forward under Article 6(1)(b) relating to contracts concluded after 15 December of the financial year;
 - the available appropriations carried forward under Article 6(1)(b);
 - the available appropriations to be cancelled.

A statement shall be annexed to this table, where appropriate, showing the balances and gross amounts of the transactions referred to in Article 22.

- amounts collected;
- amounts still to be collected at the end of the financial year.

A statement shall be annexed, where appropriate, to this table, showing the balances and gross amounts of the transactions referred to in Article 22.

2. A table showing the trend in appropriations in respect of the financial year, indicating:
 - the initial appropriations;
 - any amendments to appropriations introduced by means of transfers;
 - any amendments introduced by means of supplementary or amending statements;
 - the final appropriations for the financial year.
3. A table of expenditure showing the trend in appropriations in respect of the financial year, indicating:
 - the total appropriations;
 - the commitments entered into and chargeable to the financial year;
 - the payments made at the end of the period of implementation of the statement of revenue and expenditure;
 - the amounts still to be paid at the close of the financial year;
 - the appropriations carried forward automatically under Article 6(1)(c);
 - the available appropriations carried forward under Article 6(1)(b);
 - the available appropriations to be cancelled.

A statement shall be annexed to this table, where appropriate, showing the balances and gross amounts of the transactions referred to in Article 22.

4. A table showing the trend in appropriations carried forward from preceding financial years, indicating:
- the amount of appropriations carried forward;
 - the payments shown in the accounts at the end of the period of implementation of the Budget;
 - the unused appropriations to be cancelled;
 - the unused appropriations to be carried forward again to the next financial year.

5. A table showing:

- - (a) the total amount of loans approved by the Communities;
 - (b) the total amount of the repayments made on borrowings contracted and of the charges on such borrowings;

- (a) the amount of loans taken up;
- (b) the total amount of repayments of capital and payments of interest made on loans granted.

A statement shall be annexed to the table showing the state of borrowing and lending by the Community.

Article 83

The Commission shall draw up, within the time-limit provided for in Article 81, a balance sheet of assets and liabilities of the Communities as at 31 December of the preceding financial year. A statement of accounts, showing cash movements and balances, drawn up on the same date, shall be attached thereto.

4. A table showing the trend in appropriations carried forward from preceding financial years, indicating:
- the amount of appropriations carried forward;
 - the payments shown in the accounts at the end of the period of implementation of the Budget;
 - the unused appropriations to be cancelled;
 - the unused appropriations to be carried forward again to the next financial year.

Article 67 (83)

The Management Board shall also draw up a balance sheet of the assets and liabilities of the Centre as at 31 December of the preceding financial year. A statement of accounts, showing cash movements and balances, drawn up as at the same date, shall be attached thereto.

Article 84

Each institution shall, not later than 1 May, forward to the Commission the information required for drawing up the revenue and expenditure account and the balance sheet.

SECTION II

CHECKING THE ACCOUNTS

PROVISIONS RELATING TO THE AUDIT BOARD

Article 85

There shall be collective action and responsibility in the exercise by the members of the Audit Board of the powers conferred upon them.

The Board may authorize one or more of its members to carry out certain tasks or certain audits. Any member or members so authorized may on their initiative seek assistance from officers of the Board.

The tasks delegated to the officers pursuant to the foregoing provisions must be specifically laid down and limited to the time necessary for their completion. The Board itself or one of its members shall notify the authorities in whose organization the officer delegated is to carry out his work of these tasks

Article 86

Each institution shall forward to the Audit Board, on a quarterly basis and at the latest within the month which follows the end of the quarter, the documents supporting the accounts, in particular the documents and certificates in respect of the correct application of the provisions which govern the implementation of the Budget and relating to commitments and payments, to the establishment and collection

Article 68 (84)

The Management Board shall, by 31 March at the latest, send the revenue and expenditure account and the balance sheet of the Centre for the preceding financial year to the Commission and to the Audit Board.

SECTION II

CHECKING THE ACCOUNTS

Article 69 (85)

The Audit Board shall exercise its powers in respect of the Centre in accordance with the Financial Regulation applicable to the General Budget of the Communities.

See the remarks on Article 65

Article 70 (86)

The Centre shall forward to the Audit Board, on a quarterly basis and at the latest within the month which follows the end of the quarter, the documents supporting the accounts, in particular the documents and certificates in respect of the correct application of the provisions which govern the implementation of the statement of revenue and expenditure and relating to the commitment and payment of expenditure and the establishment and collection of revenue.

of revenue, subject to the application of Article 14 of Council Regulation (EEC, Euratom, ECSC) No 2/71 and of Article 87 of this Financial Regulation. The Audit Board may question each institution on the subject of the said supporting documents.

The revenue and expenditure account and the balance sheet shall be forwarded to the Audit Board within the period laid down in Article 81.

Article 87

The audit carried out by the Audit Board shall be based on records, and, if necessary, performed on the spot. Its purpose shall be to establish that all revenue has been received and all expenditure incurred in a lawful and proper manner having regard to the provisions of the Treaties, the Budget, the Financial Regulations and all other measures taken pursuant to the Treaties, and that the financial management has been sound.

For the performance of its task, the Audit Board shall be able to consult, in the manner provided for in Article 89, all documents and information relating to the financial management of the departments or bodies subject to its inspection. It has the power to make enquiries of any official responsible for a revenue and expenditure operation, and to use any of the auditing procedures appropriate to those departments or bodies.

The Audit Board, in order to obtain all the necessary information for the performance of the task entrusted to it by the Treaties and the measures taken to implement them, may be present, at its request, during the operations carried out by the Commission in implementation of Articles 8 and 9 of Regulation (EEC) No 729/70 and Articles 13 and 14 of Regulation (EEC, Euratom, ECSC) No 2/71. This measure shall also apply to the inspection of any fund set up by the Communities.

Article 88

The Audit Board shall see to it that all securities and cash on deposit or in hand are checked against vouchers signed by the depositaries or against official memoranda of cash and securities held. The Board may carry out such checks itself.

The Audit Board may question the Centre on the subject of the said supporting documents.

Regulation No 2/71 implementing the Decision of 21 April 1970 (own resources).

Regulation No 729/70 concerns the EAGGF.

The Commission and the other institutions shall afford the Audit Board all the facilities and give it all the information which the Board may consider necessary for the performance of its task, and shall in particular afford all the information at their disposal as a result of the checks which they have carried out, under the rules laid down by the Community, within the departments responsible for the management of the Communities' finances and for effecting expenditure on their behalf. In particular, they shall place at the disposal of the Audit Board all documents concerning the conclusion of contracts and all accounts of cash or materials, all accounting records or supporting documents, and also administrative documents pertaining thereto, all documents relating to revenue and expenditure, all inventories, all lists of posts in the departments, which the Board may consider necessary for auditing the revenue and expenditure account on the basis of records or on the spot.

To this end, the officials who are liable to be audited by the Audit Board shall in particular:

- (a) make available their cash in hand, any other cash, securities and all types of assets, and also the supporting documents in respect of their stewardship of the funds with which they are entrusted, and also any books, registers and other documents relating thereto;
- (b) present the correspondence and any other document required for the full implementation of the audit referred to in the first subparagraph of Article 87.

The information supplied under (b) may be requested only by the Audit Board or by one of its members, and such request shall be in writing.

The Audit Board shall be empowered to audit the documents in respect of the revenue and expenditure of the Communities which are held by the departments of the institutions and, in particular, by the departments responsible for decisions in respect of such revenue and expenditure.

The task of establishing that the revenue has been received and the expenditure incurred in a lawful and proper manner, and that the financial management has been sound, includes the utilization by bodies outside the institutions of Community funds received by way of aid.

The Centre shall afford the Audit Board all the facilities and give it all the information which the Audit Board may consider necessary for the performance of its task.

In particular, the Centre shall place at the disposal of the Audit Board all documents concerning the conclusion of contracts and all accounts of cash or materials, all accounting records or supporting documents, and also administrative documents pertaining thereto, all documents relating to revenue and expenditure, all inventories, all lists of posts in the departments, which the Audit Board may consider necessary for auditing the revenue and expenditure account on the basis of records or on the spot.

To this end, the officials whose operations are inspected by the Audit Board shall in particular:

- (a) make available their cash in hand, and present any other cash, securities and all types of assets, and the supporting documents in respect of their stewardship, with which they are entrusted, and also any books, registers and other documents relating thereto;
- (b) present the correspondence and any other document required for the full implementation of the audit.

The information supplied under (b) may be requested only by the Audit Board or by one of its members, and such requests shall be in writing.

The Audit Board shall be empowered to audit the documents in respect of the revenue and expenditure which are held by the departments of the Centre and, in particular, by the department responsible for decisions in respect of such revenue and expenditure.

The granting of aid to bodies outside the institutions shall be subject to the acceptance by the recipients of the audit being carried out by the Audit Board on the utilization of the amounts granted as aid.

Article 90

Any comments which are, in the opinion of the Audit Board, of a nature such that they should appear in the report provided for in Article 78d of the Treaty establishing the European Economic Community, and Article 180 of the Treaty establishing the European Atomic Energy Community shall be communicated to the Commission and the institutions concerned.

Each institution shall address its reply to the Audit Board. The replies of the institutions other than the Commission shall be forwarded simultaneously to the Commission. The Audit Board shall attach to the annual report an assessment of the soundness of the financial management.

The European Parliament and the Council may request the Audit Board to forward, in addition to the annual report, reports or analyses in respect of specific problems relating to the accounts of financial years which have been closed. The Audit Board may, on its own initiative, place similar reports or analyses before the European Parliament or the Council.

Article 91

The Audit Board shall conclude its report on the accounts for the preceding financial year not later than 15 July.

The Audit Board shall, not later than that date, make known its observations on the balance sheet.

The revenue and expenditure account, the balance sheet and the report of the Audit Board, together with the replies to the comments, shall be submitted by the Commission to the European Parliament and the Council not later than 31 October.

Article 72 (90)

Any comments relating to the Centre which the Audit Board considers should appear in its report shall be communicated to the Commission and to the Centre.

The Centre shall send its reply to the Audit Board and, at the same time, to the Commission. The Audit Board shall attach to its report an assessment of the soundness of the financial management.

Article 73 (91)

The Audit Board shall conclude its report on the accounts for the preceding financial year not later than 15 July, and shall send it to the Centre and to the Commission.

The Audit Board shall, not later than that date, make known its observations on the balance sheet.

The Commission shall submit the revenue and expenditure account, the balance sheet and the report of the Audit Board, together with its own comments, if any, to the European Parliament and the Council by 31 October at the latest.

See the comments on Article 67.

Article 12 of the basic Regulation:

3. The Commission shall submit the accounts and the report of the Audit Board, together with its own comments, to the Council and to the European Parliament by 31 October at the latest.

Article 92

The Council and the European Parliament shall, before 30 April of the next year, give a discharge to the Commission in respect of the implementation of the Budget. If that date cannot be met, the Council or the European Parliament shall inform the Commission of the reasons for the postponement.

The institutions shall take all appropriate steps to take action on the comments appearing in the decisions giving discharge. At the request of the European Parliament or the Council, the institutions shall report on the measures taken in the light of these comments and, in particular, on the instructions given to their departments which are responsible for the implementation of the Budget. Such reports shall also be forwarded to the Audit Board.

Subject to the provisions of the second sentence of the second subparagraph, the institutions must give an account, in the annex to the revenue and expenditure account for the next financial year, of the measures taken in the light of the comments appearing in the decision giving discharge.

TITLE XI

FINAL PROVISIONS

Article 116

The European Parliament and the Council shall be empowered to require all information or explanations in respect of budgetary matters within their competence.

The Council may be assisted in its task by a Committee set up within the framework of the Committee of Permanent Representatives.

Article 74 (92)

The Council and the European Parliament shall, before 30 April of the next year, give a discharge to the Management Board in respect of the implementation of the statement of revenue and expenditure. If that date cannot be met, the Council or the European Parliament shall inform the Management Board of the reasons for postponing the decision.

The Management Board shall take all appropriate steps to comply with the comments appearing in the decisions giving discharge. At the request of the European Parliament, the Council or the Commission, the Management Board shall report on the measures taken in the light of these comments. This report shall also be forwarded to the Audit Board.

Subject to the provisions of the second sentence of the second subparagraph, the Centre must give an account, in an annex to the revenue and expenditure account for the next financial year, of the measures taken in the light of the comments appearing in the decision giving discharge.

TITLE VII

FINAL PROVISIONS

Second sentence of Article 12(3) of the basic Regulation:

The Council and the European Parliament shall give a discharge to the Management Board of the Centre under the procedure laid down in the fourth paragraph of Article 206 of the Treaty.

Article 117

The European Parliament, the Council and the Commission shall inform the Audit Board, each one according to the matter concerning it, as soon as possible, of all decisions and measures taken in implementation of Articles 3, 6 (subparagraphs 2 and 7), 8, 14 and 21.

The Audit Board shall be informed of the appointment of authorizing officers, financial controllers, accounting officers and imprest-holders, and of the delegations or nominations made in accordance with Articles 18, 19, 20 and 57.

The Commission shall inform the Audit Board of the measures of implementation taken under Article 118. Moreover, the institutions shall forward to the Audit Board any rules of procedure in respect of financial matters.

Article 118

In consultation with the European Parliament and the Council and after the other institutions have delivered their opinions, the Commission shall adopt measures of implementation of this Financial Regulation.

Article 119

The special provisions relating to the Office for Official Publications of the European Communities shall be set out in Annex I and form an integral part of this Financial Regulation.

Article 120

The following instruments shall be repealed:

Article 121

This Financial Regulation shall enter into force on 1 May 1973.

Article 75 (117)

The Management Board of the Centre shall inform the Audit Board, as soon as possible, of all decisions and measures taken in implementation of Articles 3, 6(6), 14 and 21.

The Audit Board and the Financial Controller shall be informed of the appointment of the accounting officer, assistant accounting officers and imprest-holders made in accordance with Articles 20 and 43.

Article 76 (118)

On a proposal by the Director and with the assent of the Financial Controller the Management Board shall establish the procedures required for implementing this Regulation.

Article 77 (121)

This Regulation shall enter into force on the fifth day following that of its publication in the Official Journal of the European Communities.

Article 3: Donations.

Article 6(6): Separate entry of carry-overs in the account for the current financial year.

Article 14: Adoption of the Budget.

Article 21: Transfers of appropriations in the statement of revenue and expenditure.

Articles 6(2) and 8 of the General Financial Regulation concern respectively the appropriations not carried forward automatically and the provisional twelfths in respect of which the Centre has no power to take decisions.

Article 18: Provision is made in the text for the notification of delegation of powers.

Article 19: As the Financial Controller in question is the of the Commission notification is unnecessary.

Article 20: Appointment of the accounting officer and, where appropriate, assistant accounting officer.

Article 43: Appointment of imprest-holders where applicat

