

COMMISSION OF THE EUROPEAN COMMUNITIES

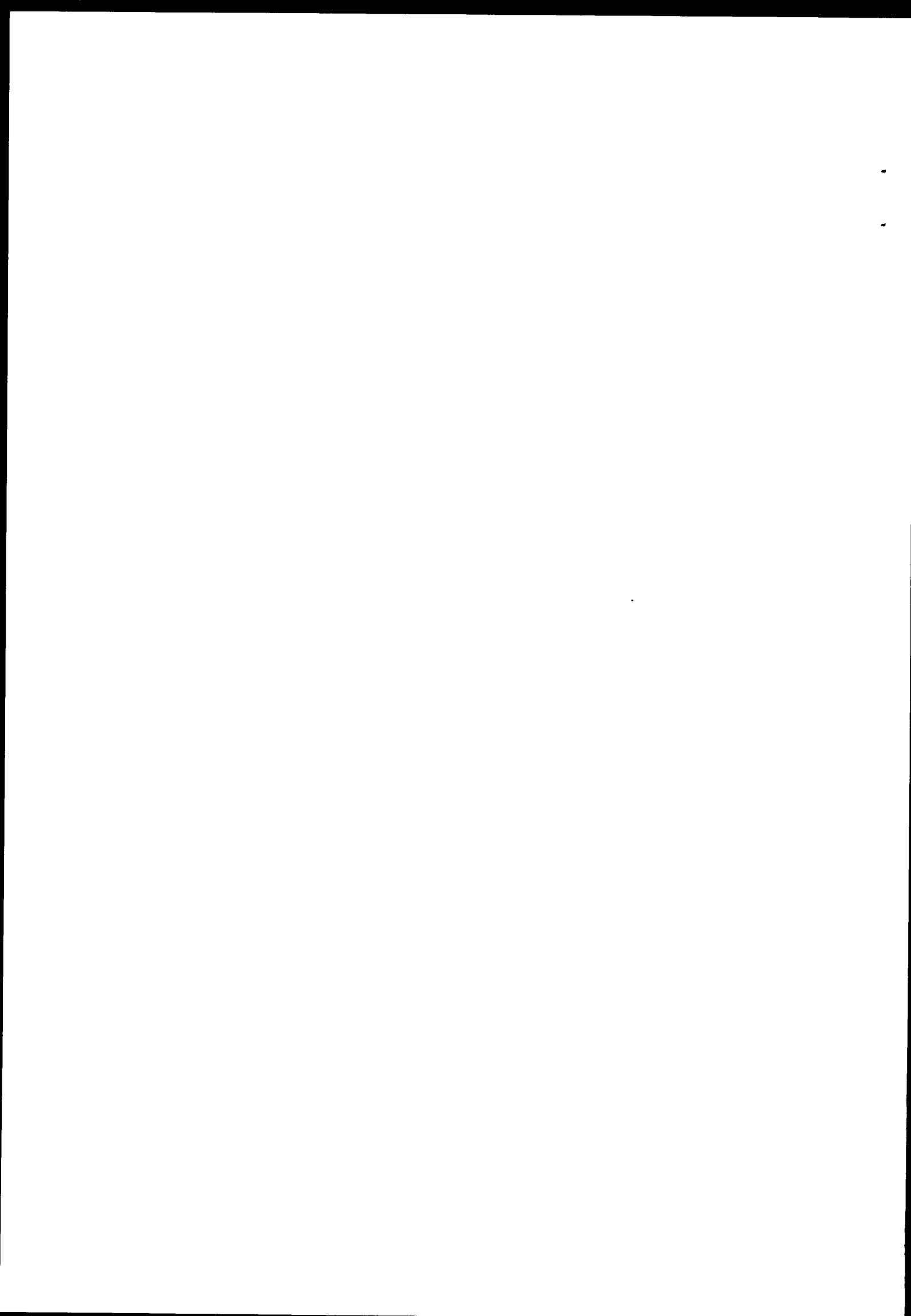
COM(85) 337/2

Brussels, 1 July 1985

DRAFT AMENDMENTS TO CERTAIN ARTICLES OF THE
draft Commission Regulation laying down
detailed rules for the implementation of certain provisions
of the Financial Regulation of 21 December 1977

(COM(80) 431/3 of 24 July 1980)

COM(85) 337/2



EXPLANATORY MEMORANDUM

On 5 August 1980 the Commission presented to the other institutions for their opinion, in accordance with Article 106 of the Financial Regulation, a draft Regulation laying down detailed rules for the implementation of certain provisions of the Financial Regulation of 21 December 1977.

The Implementing Rules currently in force are those adopted by the Commission on 30 June 1975.² The aim of the proposed revision is essentially to bring the Implementing Rules into line with the Financial Regulation.

In the course of 1981 all the institutions except Parliament delivered their opinions. Early in 1982, however, Parliament felt that it would be preferable to wait for the completion of the procedure for revision of the Financial Regulation on the basis of the proposal presented by the Commission in December 1980.

Since Parliament has not yet delivered its opinion, the Commission has been unable to adopt the new Implementing Rules.

It will be quite some time before the procedure for revision of the Financial Regulation is completed. The Council did not really begin examining the amended proposal presented by the Commission in March 1984 until the beginning of February 1985 and will not be able to adopt it finally before completion of the conciliation procedure with Parliament.

Although revision of the Financial Regulation may affect the Implementing Rules to some extent,³ these rules urgently need to be amended since they govern numerous aspects of everyday budget implementation and any further delay in doing so would only aggravate the inconvenience of applying rules which have become largely outdated.

The Commission therefore considers that it should resume the revision procedure so as to be able, on the basis of the opinions of all the institutions, to adopt the Regulation in question as quickly as possible.

¹ COM(80)431/3 of 24 July 1980.

² OJ L 170, 1.7.1975.

³ The effects are very slight since, at the present stage, the main new references to the Implementing Rules are contained in certain provisions concerning:

- the specific rules applicable to accounting officers and assistant accounting officers;
- contracts.

However, a number of provisions have become outdated since the original draft was presented in August 1980 and these now need to be adjusted. The amendments are as follows:

I. Updating of certain amounts in line with changes in the consumer price index

The Implementing Rules contain a number of provisions where amounts are expressed in units of account. The Articles in question are: 45 (payments by cheque), 72 (entries in the inventory), 73 (advertisement of sales of movable property) and 82 (allowances for accounting officers, assistant accounting officers and imprest administrators). The relevant amounts should be updated in line with the changes that have occurred to date.

The consumer price index has risen from 100 in 1971 to 270.40 in February 1985 (see Annex I).

Accordingly, the following is proposed:

1. Updating of amounts

- (a) The amounts set out in Articles 45, 72 and 73 should be updated in accordance with Article 85 (adjustment for every 50% rise in the index). This gives a 150% increase (see Annex II, Table A).
- (b) Although the amounts of the allowances set out in Article 82 were expressed in units of account in the original text, they were in practice denominated in Belgian francs since a fixed conversion rate was in force at the time. The amounts in question, in Belgian francs, were adjusted by the Commission whenever the index rose by 10%, in accordance with Article 85 (Table B of Annex II illustrates the changes in the allowance).

2. Denomination of the amounts referred to in Article 82 in terms of ECU

In order to eliminate the inconsistency that has arisen since the fixed conversion rates were dropped (i.e. the amounts in Belgian francs are adjusted in line with changes in the index, in order to maintain their original value, whereas the rules refer to amounts in units of account which have become outdated), it is proposed that the amounts in question should be formally denominated in ECU. The Article concerned has been amended accordingly.

1 Belgian consumer price index:
1971 = 100 (original amounts determined)
May 1980 = 192.58 (situation when original proposal for revision was drawn up)
February 1985 = 270.40 (updating of original proposal).

3. Adjusting the indexation system for the future

The original indexation system linked to the Belgian consumer price index made sense at a time (1973¹ and 1975²) when a fixed conversion rate was in force (1 unit of account = Bfrs 50). Moreover, most administrative expenditure at the time centred around the main provisional seats of the institutions (Brussels and Luxembourg).

However, with the introduction of the EUA and subsequently the ECU, this system is no longer warranted. It is therefore proposed that Article 85 be amended so that the amounts in ECU will in future be adjusted in line with changes in Community consumer prices in ECU. This amendment is essential for consistency within the new system.

II. Rules regarding revenue vouchers

The original 1980 proposal included a number of amendments and additions to Title III (Articles 15 to 19). Further adjustments are now required to reflect changed accounting requirements and practice in this area.

The changes involved are as follows:

- a clear distinction (not evident in the current rules) is introduced between the implications of Article 23(1) of the Financial Regulation (measures which may give rise to a debt) and Article 23(2) (establishment and recovery of a debt);
- the accounting officer is to be responsible for communicating the recovery order to the debtor, in accordance with Article 24(1) of the Financial Regulation (the current rules are silent on this point, while under the 1980 proposal it was to be the responsibility of the authorizing officer);
- where recovery is in several instalments over a period of time, the 1980 proposal provided for establishment of the entire debt, while recovery orders were to be made out for each instalment; however, the present accounting arrangements provide for a single recovery order to be drawn up setting out the various instalments.

¹The year in which the 1973 Financial Regulation first providing for these allowances entered into force.

²The year in which the Implementing Rules entered into force.

III. Replacing EUA by ECU

The EUA was still in use when the 1980 proposal was drawn up, but it has since been replaced by the ECU. All the Articles which include a reference to EUA must therefore be amended accordingly. This is a purely formal change of wording.

The accompanying Annex sets out the proposed new version of the Articles affected by the changes explained at I and II above.

Annexes

CHANGES IN THE BELGIAN CONSUMER PRICE INDEX

Year	1984			1985		
Base Month	1971 = 100	II/74 - I/75=100	1981 = 100	1971 = 100	II/74 - I/75=100	1981 = 100
January	254,79	185,98	120,76	267,64	195,36	126,85
February	256,72	187,38	121,67	270,40	197,38	128,16
March	257,79	188,17	122,18			
April	259,50	189,42	122,99			
May	260,07	189,84	123,26			
June	260,79	190,36	123,60			
July	262,20	191,39	124,27			
August	263,23	192,15	124,76			
September	264,01	192,72	125,13			
October	265,24	193,61	125,71			
November	265,34	193,69	125,76			
December	265,93	194,12	126,04			
Annual average	261,30	190,74	123,84			

SUMMARY TABLES

TABLE A: Summary of all flat-rate amounts to be updated.

TABLE B: Table of amounts set out in Article 82 (allowances for accounting officers)

UPDATING OF CERTAIN AMOUNTS IN THE PROPOSED REVISION OF THE IMPLEMENTING RULES

ARTICLE	Amounts provided for in the present rules (1) (Base = 1971 index)	Updating arrangements under Article 85 of the basic Regulation (1)	Original revision proposal (COM(80) 431/3 of 24.7.1980)	Proposed undating for 1985
<p>Article 45 (Payments by cheque, post office giro or bank transfer)</p>	<p>expenditure relating to supplies</p> <p>> 100 u.a.</p>		<p>200 EUA</p>	<p>250 ECU</p>
<p>Article 72 (Entries in the inventory of movable property)</p>	<p>on the basis of purchase price</p> <p>a) v= 30 u.a. (general equipment)</p> <p>b) v= 100 u.a. (scientific and technical equipment)</p>	<p>These amounts are adjusted by Commission decision whenever the variation in the index (2) (reference base = 1971 index) reaches 50 % (3).</p>	<p>a) v= 60 EUA</p> <p>b) v= 250 EUA</p>	<p>75 ECU</p> <p>250 ECU</p>
<p>Article 73 (Advertising for the sale of movable property)</p>	<p>on the basis of purchase price</p> <p>a) v= 2 000 u.a. (= local advertising)</p> <p>b) v= 100 000 u.a. (= advertising in OJ)</p>		<p>a) v= 4 000 EUA</p> <p>b) v= 200 000 EUA</p>	<p>5 000 ECU</p> <p>250 000 ECU</p>
<p>Article 82 (Special allowances with effect from 1.5.1973)</p> <p>- accounting officer</p> <p>- assistant accounting officer</p> <p>- imprest administrator</p> <p>(imprests ≥ 1000 ua)</p>	<p style="text-align: right;"><u>Bfrs</u></p> <p>60 u.a. 3 000</p> <p>40 u.a. 2 000</p> <p>20 u.a. 1 000</p>	<p>These amounts are adjusted by Commission decision whenever the variation in the index (reference base = 1971 index) reaches 10 % (4).</p>	<p>120 EUA</p> <p>80 EUA</p> <p>20 EUA</p> <p>(imprests ≥ 2000 ua)</p>	<p>180 ECU</p> <p>120 ECU</p> <p>60 ECU</p> <p>(5)</p>

(1) Commission Regulation 75/375/Euratom, ECSC, EEC of 30 June 1975

(2) Belgian consumer price index

(3) The Commission has never updated these figures

(4) These amounts - expressed in u.a. in the Regulation, but paid from the outset in Bfrs at the conversion rate then applicable (1 u.a. = Bfrs 50)- have been updated regularly by Commission decision on the basis of their equivalent in Bfrs (see Table B, columns 2 and 4). They have been updated 17 times (the index having risen from 100 in 1971 to 270,40 in February 1985)

(5) Latest updating decided by the Commission in Bfrs on the basis of the situation in February 1985:

accounting officer	= Bfrs 8 100 = 181,19 ECU	conversion rate for March 1985 : 1 ECU=Bfrs 44,7052
assistant accounting officer	= Bfrs 5 400 = 120,79 ECU	
imprest administrator	= Bfrs 2 700 = 60,40 ECU	

SPECIAL ALLOWANCES FOR ACCOUNTING OFFICERS, ASSISTANT ACCOUNTING OFFICERS AND IMPREST ADMINISTRATORS

	Original Situation		1980 Proposal	Present Situation		New Proposal
	Monthly amounts under Art. 82 of the Implem. Rules (1) (1971 index)			Amounts provided for in original proposal for Implem. Rules (August 1980)	Allowance in March 1985 (2)	
	u.a.	Bfrs				
	1	2	3	4	5	6
Accounting Officer	60	3 000	120 EUA	8 100 Bfrs	181,19 ECU	180 ECU
Assistant Accounting Officer	40	2 000	80 EUA	5 400 Bfrs	120,79 ECU	120 ECU
Imprest Administrator	20	1 000	40 EUA	2 700 Bfrs	60,40 ECU	60 ECU

(1) Entry into force : 1.5.1973

Under Article 85 these amounts are adjusted - to the nearest unit of account - whenever the variation in the 1971 index reaches 10 %.

(2) Amounts resulting from 17 increases of 10 % since 1971; the allowance has been granted since 1.5.1973 (1971 index = 100; February 1985 = 270,40).

(3) ECU = Bfrs 44,7052.

(4) Round figures.

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¹COM(80)431/3 of 24 July 1980.

A. UPDATING OF CERTAIN PROVISIONS RELATING TO REVENUE VOUCHES

TITLE III
RECOVERY OF REVENUE

(Articles 23 and 24 of the Financial Regulation)

Article 15 (revised version of the present Article 15)

In accordance with Article 23(1) of the Financial Regulation, the competent authorizing officer shall draw up a proposal for any measure which may give rise to or modify a debt due to the Communities. A proposal shall also be drawn up where it is not possible from the act or decision giving rise to a future debt to ascertain the amount or due date: where possible, the proposal shall indicate the estimated amount and the probable due date.

The proposal shall be forwarded to the Financial Controller for his approval and to the accounting officer for provisional registration.

Article 15a (revised version of the present Article 15)

1. In accordance with Article 23(2) of the Financial Regulation, the competent authorizing officer shall make out a recovery order in respect of every established debt.

The recovery order shall be forwarded to the Financial Controller for his approval and to the accounting officer for registration.

2. The accounting officer shall proceed with recovery of the debt by requesting the debtor to pay the sum due by the date indicated.
3. Upon actual recovery of the sum due the accounting officer shall make out a revenue voucher, which shall be registered in the accounts. He shall inform the authorizing officer and the Financial Controller of the recovery effected.
4. Where a debt is not paid by the due date, the accounting officer shall take all due care to initiate the procedure for effecting recovery by all legal means.

5. Where a debt is to be recovered in successive instalments either in the course of a single financial year or over several financial years, it shall be registered in the accounts by means of a recovery order made out for the full amount as soon as it is established.

Article 15b (new Article)

Forward proposals within the meaning of Article 23(1) of the Financial Regulation shall be strictly limited to recurring revenue.

Individual proposals need not, therefore, be submitted separately to the Financial Controller for his approval.

Before the end of the financial year, the authorizing officer shall submit amendments to the forward proposals to the Financial Controller for his approval to ensure that they correspond to the debts actually established.

Article 16

Deleted

(This Article is incorporated in Article 15(1) and Article 15a(5))

Article 17 (revised version of the present Article 17)

In accordance with Article 15a(3), the authorizing officer and the Financial Controller must be informed as soon as possible of each payment received. Where no recovery order has been made out pursuant to Article 15a in respect of a payment received, the amount in question shall be immediately credited to a suspense account and the competent authorizing officer should initiate the procedure for establishing the debt and make out the necessary recovery order with a view to booking the revenue to the budget. Any sum credited to one of the abovementioned accounts which is found to have been unduly paid shall be repaid as soon as possible.

Article 18 (revised version of the present Article 18)

Proposals and recovery orders shall be registered in the accounts so as to allow all sums due to the institution to be properly monitored particularly so that the following can be readily ascertained:

- the measures taken which may give rise to a debt;
- the amounts of debts to be recovered;
- the due dates for payment of the debts;
- the debts which have been recovered;
- the debts which have fallen due but have not been recovered.

Article 19 (revised version of the present Article 19)

The accounts must be organized in such a way that the Financial Controller is able to check, at any given moment, that the registration of proposals and recovery orders is correct and to carry out the tasks required of him under Article 24(3) of the Financial Regulation.

Article 19a (new Article)

All proposals to waive the right to recover an established debt shall specify in particular the type of revenue, the estimated amount, the budget item in question, the grounds for the proposed waiver and the name of the debtor.

If the superior authority of the institution overrules the Financial Controller's refusal to give his approval, the decision shall be forwarded to the authorizing officer, who shall return the waiver proposal, together with the decision, to the Financial Controller. The waiver proposal, together with the decision, shall be registered in accordance with the first paragraph of Article 23(2) of the Financial Regulation.

B. UPDATING OF CERTAIN AMOUNTS

Article 45

As a general rule, payment of:

- the monthly remunerations of officials and other staff, and
- expenditure relating to supplies or services exceeding 250 ECU must be made by cheque, post office giro or bank transfer.

Article 72

Entries must be made in the inventory for all movable property:

- with a purchase price of at least 75 ECU (250 ECU in the case of movable property of a scientific or technical nature¹), and
- with a normal useful life of more than one year (two years in the case of movable property of a scientific or technical nature¹), and
- which is not consumable.

Article 73

The sale of movable property shall be:

- (a) suitably advertised locally if the unit purchase price was at least 5 000 ECU;
- (b) advertised by a notice of sale published in the Official Journal of the European Communities if the original unit price was at least 250 000 ECU. Such sales may also be suitably advertised in the press of the Member States.

Advertisements in the press shall not be necessary if the cost involved would outweigh the benefit to be gained.

¹ Defined for the Joint Research Centre in the 'Recueil des instructions relatives aux inventaires' (Doc. 13.131/XV/68-F) and the 'Nomenclature des matériels - canevas général' (Doc. EUR/C/5115/65-F and updates).

Article 82

The monthly amount of the special allowance referred to in Article 70 of the Financial Regulation shall be:

- 180 ECU for the accounting officer;
- 120 ECU for assistant accounting officers;
- 60 ECU for imprest administrators, where the amount of the imprest is at least 2 500 ECU and where the period of the imprest is at least 30 consecutive days.

This allowance shall be dominated in ECU and the appropriate amount shall be credited in ECU to the guarantee account provided for in Article 83 of this Regulation.

Article 92 (Article 85 of the present rules)

The amounts specified in Articles 45, 72, 73 and 82 shall be adjusted in proportion to variations in the Community consumer price index, expressed in ECU, as follows:

- every three years in the case of the amounts referred to in Articles 45, 72 and 73;
- every year in the case of the amounts referred to in Article 82;
with effect from the date of entry into force of this Regulation.

The Commission shall determine the new amounts, rounded up or down to the nearest ECU, and shall communicate them to the other institutions.