

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(87) 284 final

Brussels, 25 June 1987

Proposal for a  
COUNCIL REGULATION (EURATOM, ECSC, EEC)

amending the Financial Regulation of 21 December 1977  
applicable to the general budget of the European Communities

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(presented by the Commission)

COM(87) 284 final

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EXPLANATORY MEMORANDUMProposal for amendment of the Financial Regulation of 21 December 1977,  
presented with the preliminary draft budget for 1988

In its preliminary draft budget for 1988 the Commission considers it necessary to propose to the budgetary authority two innovations affecting presentation, mainly on the grounds of greater transparency and budgetary objectivity.

I. CREATION OF A NEW SECTION VI (Appropriations for a number of institutions)

Some administrative expenditure concerns all of the institutions, either by virtue of its destination (e.g. the Joint Interpreting Service, the Official Publications Office, the European Schools) or because of the way it is managed (e.g. pensions).

In the Commission's view the existing budget presentation, whereby this expenditure is included in Section III (Commission), is unsuitable since it provides neither transparency nor a fair picture of the true volume of the appropriations for each institution.

It should also be noted that the last paragraph of Article 202 of the EEC Treaty states:

"The expenditure of the Assembly, the Council, the Commission and the Court of Justice shall be set out in separate parts of the budget, without prejudice to special arrangements for certain common items of expenditure."

The Treaty, then, makes explicit provision for "common items of expenditure" of an interinstitutional nature. The Commission believes that the time has now come to apply this provision to the formal structure of the budget.

The new Section VI will therefore now cover the following expenditure:

- pensions and allowances;
- the Joint Interpreting Service;
- publications, including the Official Journal;
- the Official Publications Office;
- the European Schools.

This represents a considerable volume of expenditure - more than 300 million ECU in 1988 - and by its very nature that figure is bound to increase in the coming years. The proposed change, then, is in line with the Commission's call for greater clarity in the budget.

The provisions of the Financial Regulation that will have to be amended are Articles 15, 16, 18 and 21. The relevant proposals are attached.

## II. NEW BUDGET STRUCTURE FOR ALL STAFF SERVING OUTSIDE THE COMMUNITY

By virtue of its aims and the policies it pursues, the Community is coming to play an increasingly important role in the outside world, its main concerns being:

- relations with the ACP countries (associated under the European Development Fund);
- relations with certain countries in the southern and eastern Mediterranean (linked through Financial Protocols);
- relations with non-associated developing countries in Latin America and Asia;
- relations with numerous other non-member countries throughout the world.

These external responsibilities of the Commission have led to the gradual establishment of the appropriate administrative infrastructures locally, as and when required. In budgetary terms, however, the situation has never been consolidated or made transparent. Instead there are specific solutions for each area (the EAC for the ACP countries, local delegations for the other areas according to circumstances and requirements).

This situation is unsatisfactory from the point of view of:

- administration (lack of centralization);
- the budget (lack of transparency);
- management, both of staff and of the appropriations in question;

For these reasons the Commission - which has already submitted appropriate proposals for changes to the Staff Regulations and is taking the necessary steps as regards its own internal organization - is proposing the creation of a new single structure in the preliminary draft budget for 1988 to accommodate all staff and administrative expenditure relating to this specific area of Community activity.

For obvious reasons of transparency and because of the special conditions attaching to its execution, it is essential for this new structure to form a separate and clearly identifiable whole. The Commission therefore proposes that a new Annex II<sup>1</sup> be added to Part A of Section III.

The attached proposal includes the appropriate amendments to Articles 15 and 16 of the Financial Regulation and a number of additions (Title IXa - Special provisions). These will be supplemented in due course by appropriate implementing rules to be adopted by the Commission in line with the specific management requirements in this field.

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As regards the procedural aspect, the Commission would point out that, for purely practical reasons, the accompanying proposed amendments to the Financial Regulation have simply been grafted on to the existing text of the Financial Regulation adopted on 21 December 1977.

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<sup>1</sup> The new Annex II takes the place of the Annex hitherto used for the Official Publications Office, which is transferred to Section VI.

As the institutions concerned are aware, the Commission presented a proposal for a complete overhaul<sup>2</sup> of the Financial Regulation in 1980,<sup>1</sup> updated in 1984 by a modified proposal<sup>2</sup> broadly reflecting the deliberations and opinions of the Court of Auditors and Parliament.

The Commission is therefore maintaining its 1984 proposal and may well make some additions to it in the near future in the light of the objectives set out in COM(87) 100 and 101. For the moment, however, it is proposing that the amendments to the Financial Regulation should be limited to the essential minimum for the purposes of the structural changes contained in the preliminary draft budget for 1988.

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<sup>1</sup> COM(80) 760 final, 12.12.1980; OJ C 119, 21.5.1981.

<sup>2</sup> COM(84) 123 final, 9.3.1984; OJ C 97, 9.4.1984.

## II

*(Preparatory Acts)*

## COMMISSION

**Proposal for a Council Regulation amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities***(COM(87) 284 final)**(Submitted by the Commission to the Council on 29 June 1987)**(87/C 186/09)*

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Coal and Steel Community, and in particular Article 78f thereof,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 209 thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 183 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinions of the Court of Auditors,

Whereas Article 107 of the Financial Regulation of 21 December 1977 <sup>(1)</sup>, as amended by Regulations (ECSC, EEC, Euratom) No 1252/79 <sup>(2)</sup> and 80/1176/EEC, Euratom, ECSC <sup>(3)</sup>, provides that the European Parliament and the Council shall examine the Financial Regulation in the light of a proposal from the Commission;

Whereas a meeting of the Conciliation Committee provided for in the Joint Declaration of 4 June 1975 by the European Parliament, the Council and the Commission <sup>(4)</sup> has taken place;

Whereas provision should be made for an appropriate structure to accommodate all staff and administrative expenditure relating to the Commission's tasks outside the Community in order to enhance budget transparency and create the conditions essential for management procedures to satisfy the specific requirements in this field;

Whereas experience has shown the need for a single separate section in the budget for expenditure of an interinstitutional nature in order to ensure clarity and objectivity in the presentation of the appropriations for each institution; whereas this is provided for in the last paragraph of Article 202 of the EEC Treaty,

HAS ADOPTED THIS REGULATION:

*Article 1*

The Financial Regulation of 21 December 1977 is hereby amended as follows:

1. The second indent of Article 15 (1) is replaced by the following:

‘— separate sections subdivided into statements of revenue of the European Parliament, the Council, the Commission, the Court of Justice and the Court of Auditors, and an interinstitutional section. The revenue and expenditure of the Economic and Social Committee shall be entered in the section dealing with the Council and 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.’

2. The following new paragraph 5 is inserted in Article 15:

‘5. The Commission section shall include an Annex containing the statement of revenue and expenditure relating to staff serving outside the Community, implemented in accordance with Article 102a. The statement of expenditure in this Annex shall comprise a Title 1 (Staff expenditure) and a Title 2 (Administrative expenditure), with a nomenclature reflecting the specific requirements in this field. The total appropriations in each of these Titles shall be entered under a separate heading in Titles 1 and 2 respectively of the Commission section.’

<sup>(1)</sup> OJ No L 356, 31. 12. 1977, p. 1.

<sup>(2)</sup> OJ No L 160, 28. 6. 1979.

<sup>(3)</sup> OJ No L 345, 20. 12. 1980, p. 23.

<sup>(4)</sup> OJ No C 89, 22. 4. 1975, p. 1.

3. The first subparagraph of the existing paragraph 5 of Article 15 is renumbered paragraph 6 and replaced by the following:

'6. The statement of revenue and expenditure of the Office for Official Publications of the European Communities, drawn up in accordance with Article 103 (2), shall be attached to the interinstitutional section.'

4. The second subparagraph of the existing paragraph 5 of Article 15 becomes paragraph 7.

5. The first line of Article 16 (2) is replaced by the following:

'2. in the section for each institution and in the interinstitutional section.'

6. Article 18 (2) is replaced by the following:

'2. The requisite powers for the implementation of the sections of the budget relating to the European Parliament, the Council, the Court of Justice and the Court of Auditors, and, as appropriate, of the interinstitutional section, shall be conferred upon the other institutions by the Commission.'

7. The following paragraph 9 is added to Article 21:

'9. The following provisions shall apply to the interinstitutional section:

— The European Parliament and the Council may transfer appropriations from one chapter to another and from one article to another where these appropriations relate solely to them. The Commission shall be informed of such transfers.

— The Commission may transfer appropriations from one chapter to another and from one article to another where these appropriations relate solely to itself or where it has sole responsibility for managing them on behalf of all the institutions. It shall inform the budgetary authority two weeks before making such transfers.

— The Court of Justice and the Court of Auditors may transfer appropriations from one chapter to another and from one article to another where these appropriations relate solely to them. They shall inform the budgetary authority and the Commission two weeks before making such transfers.

— Any transfers between appropriations relating solely to one institution and appropriations relating solely to the other institutions shall, on a proposal from the Commission, be submitted to the budgetary authority, which shall decide in accordance with paragraph 2.'

8. The following new Title IXa is inserted:

**TITLE IXa**

**Special provisions applicable to the statement of revenue and expenditure relating to staff serving outside the Community and to their administration**

*Article 102a*

The provisions of Titles I to VI and XI shall apply to the statement of revenue and expenditure relating to staff serving outside the Community insofar as they do not conflict with the specific provisions of this Title.

*Article 102b*

The expenditure of a financial year shall be entered in the accounts for that year on the basis of the expenditure for which authorization reaches the Financial Controller not later than 31 December and in respect of which payment is made before 15 January. However, expenditure involving payments made not later than 31 December under the imprest accounts may still be entered in the accounts for that year up to 1 March of the following year.

*Article 102c*

Within the Annex containing the statement of revenue and the statement of expenditure relating to staff serving outside the Community, the Commission may transfer appropriations:

— between the titles relating to staff expenditure and administrative expenditure respectively, in which case it shall inform the budgetary authority two weeks before doing so;

— from one chapter to another within the titles relating to staff expenditure and administrative expenditure.

*Article 102d*

In accordance with Article 106 the Commission shall adopt implementing rules relating, in particular, to:

- the award of contracts;
- the keeping of inventories;
- the system of accounts;
- imprest accounts.



9. The first subparagraph of Article 103 (2) is replaced by the following:

'The appropriations for the Office, the total amount of which shall be entered under a special budget heading within the interinstitutional section, shall be set out in detail in an Annex to that section. The appropriations shown under this specific budget heading may be transferred in accordance with the conditions set out in Article 21.'

10. Article 103 (4) is deleted.

11. Paragraphs 5, 6, 7, 8, 9 and 10 of Article 103 are renumbered 4, 5, 6, 7, 8 and 9.

12. The second subparagraph of the existing paragraph 8 (renumbered 7) of Article 103 is replaced by the following:

'The accounts shall be financed regularly by payments effected by the Commission upon receipt of calls for funds from the Office. Such payments may not exceed the total amount of the appropriations entered for this purpose in the specific heading in the interinstitutional section setting out the total appropriations for the Office.'

13. The following Article 108a is added:

*Article 108a*

During the transitional period when some of the appropriations relating to staff serving outside the Community are still entered in Chapter 98 of Title 9 of the budget pending fulfilment of the conditions necessary for them to be entered in the new statement of revenue and expenditure provided for in Article 15 (5), the Commission is authorized, notwithstanding Article 21 (2), to make any transfers that may be required in the course of the financial year between Chapter 98 and that new statement.'

*Article 2*

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

It shall apply for the first time to the drawing up of the 1988 budget.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

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COMMISSION OF THE EUROPEAN COMMUNITIES/IAPCO

CONGRESS TERMINOLOGY

This Dictionary — the outcome of the joint efforts of IAPCO and the Terminology Department of the European Economic Commission, supported by the United Nations — is intended as a tool for those who operate in a professional capacity in the congress sector. Its fundamental aim is to standardize congress terminology with a view to better understanding and more effective communication.

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