European Food Safety Authority

Admin Directorate

FINANCIAL REGULATION & IMPLEMENTING RULES

Whereas,

1. The European Commission has adopted on 9 July 2008 the Financial Framework Regulation (EC, EURATOM 652/2008) applying to the European agencies[1]. The financial rules of the agencies may only depart from this Commission Regulation where their specific operating needs so require and with the Commission's prior consent.

2. Pursuant to the provisions of Art.2 of the Financial Framework Regulation, the European Food Safety Authority (the Authority) has to amend its Financial Regulation and at the same time, the related Implementing Rules.

3. The purpose of the present document is to align the EFSA Financial Regulation and Implementing Rules. The proposed Financial Regulation and Implementing Rules which do not depart from the Financial Framework Regulation and Implementing Rules of the general Financial Regulation are attached to this note with two explanatory notes highlighting the main changes.

4. These amendments shall not introduce major changes in EFSA financial procedures as they mainly concern the provisions covering :

    - the transfers across budget lines with reduced possibilities to transfer financial resources across Titles,
    - the role, duties and responsibilities of the accountant who has to sign the accounts,
    - the adoption of the internal control standards aiming at ensuring that the best practices are in force and supporting the declaration of assurance of the Executive Director,
    - the broaden delegation possibilities in the field of recovery order and in particular the possibility to renounce to accruals.

5. These texts (Financial Regulation and Implementing Rules) were submitted to the Commission for endorsement prior to submission for possible approval to the Management Board. The Commission's comments are expected to be received prior to the Management Board meeting.

Now therefore,

The Management Board is invited to adopt the amended Financial Regulation together with the related Implementing Rules. Should the endorsement by the Commission not be received prior to the Management Board meeting, a conditional adoption by the Management Board can be considered pending receipt of the later.

Annexes :
- Explanatory Note on the main changes in the EFSA Financial Regulation
- Explanatory Note on the main changes in the EFSA Implementing Rules
- Financial Regulation of the European Food Safety Authority
- Implementing Rules of certain provisions of the Authority's Financial Regulation

[1] (as bodies referred to in Article 185 of the general Financial Regulation)

European Food Safety Authority

Explanatory note on the main changes in EFSA Financial Regulation

Abbreviations used:

- EFSA FR: EFSA Financial Regulation
- EFSA IR: Implementing rules of the EFSA Financial Regulation
- EU FR: Financial Regulation applicable to the general EU budget
- EU IR: Implementing rules of the Financial Regulation applicable to the general EU budget

Explanations:

- "New EFSA FR" refers to the text hereby proposed for approval
- "Current EFSA FR" refers to the text of EFSA FR currently still in force

1. Art 3 and Art 25a of new EFSA FR, Art 3 and Art 28a of EU FR

New EFSA FR extends the set of budgetary principles as it now stipulates that sound financial management requires also an effective and efficient internal control. This new concept is further developed in EFSA FR in new Article 25a which defines internal control. New EFSA IR further completes the picture by defining what an effective and efficient internal control is.

2. Art 8 of new EFSA FR

It is now clarified that the budget shall contain differentiated appropriations only where justified by operational needs.

3. Art 10(7) of new EFSA FR

There is a new reporting requirement regarding the appropriations available at 31 December arising from the assigned revenue and carried over automatically: by 1 June of the year N+1 at the latest, the Authority shall inform the Commission on the implementation of the assigned revenues carried over.

4. Art 13 of new EFSA FR, Art 178 of EU FR

Regarding the possibility, as from 15 November of each year, to commit routine administrative expenditure in advance against the appropriations provided for the following financial year, it is now clarified that such commitments may not exceed one quarter of the appropriations decided by the Management Board on the corresponding budget line for the current financial year. In current version of EFSA FR it is not clearly specified which budget serves as a basis: the original one, the one after transfers etc.

Regarding the expenditure which must be paid in advance (for example rents) and which may give rise to payments as from 1 December onwards to be charged to the appropriations for the following financial year it is now clarified that in this case, the limit for commitments mentioned above shall not apply.

5. Art 15(5) of new EFSA FR

A new paragraph is being inserted into article defining the principle of equilibrium. This new paragraph stipulates that:

> the Authority shall implement rigorous cash management, taking into account notably assigned revenue, in order to ensure that its cash balances are limited to duly justified requirements. With its payment requests, it shall submit detailed and updated forecasts on its real cash requirements throughout the year, including information on assigned revenue.

6. Art 16 of new EFSA FR

The provisions concerning the balance of the out-turn account are extended by laying down that:

> the Authority shall provide, by 31 March each year n at the latest, an estimate of the operating surplus from the year n-1, which is to be returned to the Community budget later in year n, in order to complete the information already available concerning the surplus of the year n-2. This information shall be duly taken into account by the Commission when assessing the financial needs of the Authority for the year n+1.

7. Art 19 of new EFSA FR

The set of assigned revenue (the items of revenue to be used to finance specific items of expenditure) is extended by following cases:

- revenue from third parties in respect of goods, services or work supplied at their request, with the exception of fees and charges;
- revenue arising from the repayment of amounts wrongly paid;
- proceeds from the supply of goods, services and works for Community institutions or other Community bodies;
- proceeds from the sale of vehicles, equipment, installations, materials, and scientific and technical apparatus which are being replaced or scrapped when the book value is fully depreciated;
- insurance payments received;
- revenue from payments connected with lettings;
- revenue from the sale of publications and films, including those on an electronic medium.

8. Art 21 of new EFSA FR, Art 20 of EU FR

The current text of EFSA FR doesn't specify the cases where certain amounts may be deducted from the request for payment/invoices which shall be then passed for payment of the net amount. To rectify this lack of guidance the new EFSA FR lays down exactly those cases:

> The following deductions may be made from payment requests, invoices or statements, which shall then be passed for payment of the net amount.
> (a) penalties imposed on parties to procurement contracts or beneficiaries of a grant;
> (b) discounts, refunds and rebates on individual invoices and payment requests;
> (c) interest generated by pre-financing payments.

9. Art 23 of new EFSA FR

According to new EFSA FR there will be more flexibility for making transfers. With the new rules, the Executive Director may make transfers from one chapter to another and from one article to another without any limit. Regarding transfers from one title to another, this can be done up to a maximum of 10 % of the appropriations for the financial year shown on the line from which the transfer is made.

The new flexibility consists in allowing any transfers inside the titles. Up to now, these transfers were limited up to 10% of the chapter from which the transfer is made.

Regarding transfers going beyond 10%, which the Executive director can still propose, the time given to the Management board to oppose such transfers is decreased from 1 month to 3 weeks.

10. Art 25a of new EFSA FR

See point 1 above.

11. Art 26 of new EFSA FR

The provisions regarding the principle of transparency in budget management are significantly extended in particular due to the following additions:

- A summary of the budget and amending budgets, as finally adopted, shall be published in the EU Official Journal within 3 months of their adoption. This summary shall show the 5 main revenue budget lines, the 5 main expenditure budget lines for the administrative and operational budget, the establishment plan and an indication of the number of contract staff expressed in full-time equivalents for which appropriations are budgeted, and seconded national experts. It shall also indicate the figures for the previous year.
- The budget including the establishment plan and amending budgets, as finally adopted, as well as an indication of the number of contract staff expressed in full-time equivalents for which appropriations are budgeted, and seconded national experts, shall be transmitted for information to the budgetary authority, the CoA and the Commission, and shall be published on the internet site of the Authority within 4 weeks of their adoption.
- The Authority shall make available on its internet site information on the beneficiaries of funds deriving from its budget, including experts contracted pursuant to Article 74b. The published information shall be easily accessible, transparent and comprehensive. The information shall be made available with due observance of the requirements of confidentiality and security, in particular the protection of personal data as laid down in Regulation (EC) No 45/2001 of the European Parliament and of the Council. Where information is published only in anonymous form, the Authority shall, upon request, provide information on the beneficiaries concerned to the European Parliament in an appropriate manner.

For easy comparison between the above extensive additions and the current provisions on transparency, please note that now the transparency is limited to the need to publish the budget and amending budgets as finally adopted in the EU Official Journal within 2 months of their adoption.

12. Art 27(3a) of new EFSA FR

There is a new important reporting requirement being inserted into new EFSA FR, stipulating that: the Authority shall send the Commission a provisional draft estimate of its revenue and expenditure and the general guidelines underlying that estimate by 10 February each year.

Additionally, the reporting requirements posed at the Authority when submitting the draft budget for the year N+1 (by 31 March of year N) to the Commission and the budgetary authority are extended by the following documents:

a) updated multi-annual staff policy plan, established in line with the guidelines set by the Commission;
b) information on the number of officials, temporary and contract staff as defined in the Staff Regulations for the years N-1 and N as well as an estimate for the year N+1;
c) information on contributions in kind granted by the host Member State to the Authority;
d) an estimate of the balance of the outturn account for the year n-1.

These documents are not requested according to the current EFSA FR. In addition to these there are other documents to be submitted to Commission, as it was up to now, e.g. the draft work programme etc.

13. Art 32(2) of new EFSA FR

Art 32 of current EFSA FR stipulates that the effects of part-time work authorised by the appointing authority in accordance with the Staff Regulations may be offset by other appointments. New EFSA FR further clarifies that where a staff member requests the withdrawal of the authorisation of his/her part-time work before expiry of the granted period, the Authority shall take appropriate measures to respect the staff limits as soon as possible.

14. Art 35(1) of new EFSA FR, Art 52 of EU FR

The range of persons, to which this article regarding the conflict of interest in budget management relates, is extended. According to new EFSA FR not only all financial actors but also any other person involved in budget implementation, management, audit or control shall be prohibited from taking any measures which may bring their own interests into conflict with those of the Authority.

15. Art 38(6) of new EFSA FR, Art 60 EU FR

This article of current EFSA FR stipulates that the authorising officer shall conserve the supporting documents relating to operations carried out for a period of five years from the date of the decision granting discharge in respect of implementation of the budget. New EFSA FR further instructs that personal data contained in supporting documents shall be deleted where possible when those data are not necessary for budgetary discharge, control and audit purposes.

16. Art 39 of new EFSA FR, Art 60 EU FR

According to current EFSA FR each operation shall be subject of at least one ex ante verification. To respond to particularities of verifying very high number of similar individual transactions relating to routine expenditure the new EFSA FR now clarifies that:

> For the purpose of ex ante verification, a series of similar individual transactions relating to routine expenditure on salaries, pensions, reimbursement of mission expenses and medical expenses may be considered by the authorising officer responsible to constitute a single operation.

To cope with the potential risks linked to this flexible provision, new EFSA FR at the same time recommends that the authorising officer responsible shall, depending on his/her risk assessment, carry out an appropriate ex post verification.

17. Art 40(1) of new EFSA FR, Art 60 EU FR

Current EFSA FR says that the authorising officer shall report to the Management Board on the performance of his/her duties in the form of an annual activity report, together with financial and management information. New EFSA FR further stipulates that the authorising officer shall also confirm that the information contained in the report presents a true and fair view except as otherwise specified in any reservations related to defined areas of revenue and expenditure.

New EFSA FR also clarifies that as regards reporting on functioning of the internal control system, their efficiency and effectiveness shall be described.

18. Art 43 of new EFSA FR, Art 61 of EU FR

As current EFSA FR stipulates, the accounting officer shall be appointed by the Management Board. New EFSA FR further adds that he/she shall be functionally independent in the performance of his/her duties.

In addition to this clarificatiojn, in new EFSA FR, there are the following 3 important new paragraphs inserted:

2a. Before the adoption of the accounts by the Executive Director, the accounting officer shall sign them off, thereby certifying that he/she has a reasonable assurance that the accounts present a true and fair view of the financial situation of the Authority.

For that purpose the accounting officer shall satisfy himself that the accounts have been prepared in accordance with the accounting rules, methods and accounting systems established, and that all revenue and expenditure is entered in the accounts.

The authorising officer shall forward all information that the accounting officer needs in order to fulfil his/her duties.

The authorising officer shall remain fully responsible for the proper use of the funds he/she manages as well as the legality and regularity of the expenditure under his/her control.

2b. The accounting officer shall be empowered to check the information received as well as to carry out any further checks he/she deems necessary in order to sign off the accounts.

The accounting officer shall make reservations, if necessary, explaining exactly the nature and scope of such reservations.

2c. The accounting officer of the Authority shall sign off its annual accounts and send them to the Commission's accounting officer.

Finally, it is clarified in new EFSA FR that the accounting officer (subject to provisions on imprest accounts) is the only one empowered to manage cash and cash equivalents. Up to now his responsibility in this regard referred to "monies and other assets", which is a broader term than "cash and cash equivalents".

19. Art 44 of new EFSA FR, Art 63 of EU FR

The provisions regarding the impress accounts are further extended in clarifying that the payments from imprest accounts may be made by bank credit transfer, including the direct debit system, cheque or other means of payment, in accordance with the instructions laid down by the accounting officer.

20. Art 47 of new EFSA FR, Art 66 of EU FR

As up to now, the authorising officer continues to be liable in certain defined situations (see Art 47(1a) of new EFSA FR) to pay compensation. What is new is that the payment of compensation will be applicable in cases where the authorising officer entered into those defined situations whether intentionally or through gross negligence on his/her part. Up to now it was defined as "a result of serious misconduct" on his/her part in the course or in connection with the performance of his/her duties.

21. Art 47(4) of new EFSA FR

Current EFSA FR stipulates that the specialised financial irregularities panel set up by the Commission, in accordance with Article 66(4) of the general Financial Regulation, shall exercise the same powers in respect of the Authority as it does in respect of Commission departments. However, new EFSA FR further clarifies that this financial irregularities panel set up by the Commission shall be used by the Authority unless the Management Board of the Authority decides to set up a functionally independent panel, or to participate in a joint panel established by several Community bodies.

New EFSA FR also stipulates a new rule saying that for cases submitted by Community bodies, the specialised financial irregularities panel set up by the Commission shall include one staff member of a Community body.

22. Art 53(3) of new EFSA FR

As is stipulated in current EFSA FR, the contracts and grant agreements concluded by the Authority shall provide that any debt not repaid on the due date laid down in the debit note shall bear interest in accordance with Regulation (EC, Euratom) No 2342/2002. New EFSA FR further adds that the condition in which interest on late payment is due to the Authority, including the rate for default interests, shall be explicitly referred to in the contracts and grant agreements.

23. Art 55(3) of new EFSA FR, Art 73 of EU FR

New EFSA FR opens the way also to a partial waiver, in addition to a full waiver of recovery of an established amount receivable, as it was up to now.

New EFSA FR also clarifies that the authorising officer shall not only ensure that the waiver is in order and complies with the principle of sound financial management but also complies with principle of proportionality.

Finally, now there is a new possibility (not existing in current EFSA FR), that the authorising officer may delegate such decisions for amounts receivable of less than EUR 5.000.

24. Art 58a of new EFSA FR, Art 72 of EU FR

The following new Article 58a is being inserted into EFSA FR:

> The accounting officer shall keep a list of amounts due to be recovered, in which Community entitlements are grouped according to the date of issue of the recovery order. He shall also indicate decisions to waive or partially waive recovery of established amounts receivable. The list shall be added to the Authority's report on budgetary and financial management.
>
> The Authority shall establish a list of its entitlements stating the names of the debtors and the amount of the debt, where the debtor has been ordered to pay by a Court decision that has the force of res judicata and where no or no significant payment has been made for one year following its pronouncement. The list shall be published, taking account of the relevant legislation on data protection.

25. Art 58b of new EFSA FR, Art 73a of EU FR

The following new Article 58b is being inserted into EFSA FR:

> Entitlements of the Authority in respect of third parties and entitlements of third parties in respect of the Authority shall be subject to a limitation period of five years, which shall be laid down in the contracts and grant agreements concluded by the Authority.

This in fact limits the entitlements in time and is in line with identical update of EU FR. The detail arrangements for limitation period are stipulated in EFSA IR.

26. Art 59 of new EFSA FR

Current EFSA FR lays down in this article some specific provisions applicable where the Authority collects fees and charges. New EFSA FR extends those provisions by the following new additions:

- Where fees and charges are entirely determined by legislation or decisions of the Management Board, the authorising officer may abstain from issuing recovery orders and directly draw up debit notes after having established the amount receivable. In this case all details of the Authority's entitlement shall be registered.
- Where the Authority uses a separate invoicing system, the accounting officer shall regularly, and at least on a monthly basis, enter the accumulated sum of fees and charges received into the accounts.

27. Art 60 of new EFSA FR

Current EFSA FR already stipulates that the work programme of the Authority shall be equivalent to a financing decision for the activities it covers, provided that they are clearly identified and the underlying criteria are spelled out precisely. New EFSA FR further adds that the work programme shall comprise detailed objectives and performance indicators.

28. Art 62 of new EFSA FR, Art 77 of EU FR

Firstly, a definition of a global budget commitment is inserted into new EFSA FR. It stipulates that global budget commitments shall cover the total cost of the corresponding individual legal commitments concluded up to 31 December of year N+1.

Secondly, a new provision was inserted into new EFSA FR, in line with identical EU FR provision, stipulating that the amount of a budget commitment corresponding to a legal commitment for which no payment has been made in a period of three years following the signing of the legal commitment shall be decommitted.

29. Art 66 of new EFSA FR, Art 80 of EU FR

The article of current EFSA FR relating to authorisation of expenditure is extended in new EFSA FR by stipulating a new option for the authorising officer to order the application of a direct debit system where periodic payments are made with regard to services rendered, including rental services, or goods delivered, and subject to his/her risk analysis.

30. Art 74 of new EFSA FR

Regarding the procurement, current EFSA FR makes just a simple reference to the rules contained in EU FR, and therefore also to EU IR which lays down the procurement rules more in detail.

New EFSA FR in its Article 74 keeps this reference to EU FR, however at the same time, it brings the following clarifications, in particular reacting to peculiarities of the decentralised agencies:

- Since now the Authority may be associated, at its request, as contracting authority, in the award of Commission or interinstitutional contracts and in the award of contracts of other Community bodies.
- Since now the Authority may conclude a contract, without having recourse to a public procurement procedure, with the Commission, the interinstitutional offices and the Translation Centre for the supply of goods, provision of services or performance of work that the latter provide.
- Since now, the Authority may use joint procurement procedures with contracting authorities of the host Member State to cover its administrative needs.
- The Authority is now instructed to make it clearly stipulated in the call for tender that it may, before the contract is signed, either abandon the procurement or cancel the award procedure without the candidates or tenderers being entitled to claim any compensation. Also, it must be written in the call for tender that, under the conditions defined in Article 103 of EU FR, the Authority may suspend the procedure and may take whatever measures are necessary, including the cancellation of the procedure.
- The contracts passed by the Authority with economic operators shall stipulate that it may take the measures defined in Article 103 of EU FR, under the conditions defined therein.

31. Art 74a of new EFSA FR

New EFSA FR brings a new article which is dedicated to the projects with significant budget implications. In this regard the following rules are now stipulated:

> The management board shall, as soon as possible, notify the budgetary authority of its intention to implement any project, which may have significant financial implications for the funding of its administrative budget, in particular any projects relating to property such as the rental or purchase of buildings. It shall inform the Commission thereof. If either branch of the budgetary authority intends to issue an opinion, it shall within two weeks after receipt of the information on the project notify the Authority of its intention to issue such an opinion. Failing a reply, the Authority may proceed with the planned operation. This opinion shall be forwarded to the Authority within four weeks of the notification.

32. Art 74b of new EFSA FR

New EFSA FR brings a new article which is dedicated to the selection of experts who shall assist the Authority, in particular in evaluating grant applications or tenders, and provide technical assistance in the follow-up and final evaluation of projects.

In this regard it is stipulated that Article 265a of EU IR, which deals with this issue, shall *mutatis mutandis* apply for the selection of experts by the Authority. Such experts shall be paid on the basis of a fixed amount for services provided to the Authority.

33. Art 75 of new EFSA FR

Regarding the grants, current EFSA FR makes just a simple reference to the rules contained in EU FR, and therefore also to EU IR which lays down the grant rules more in detail.

New EFSA FR in its Article 75 keeps this reference to EU FR, however at the same time, it brings the following clarifications, in particular reacting to peculiarities of the decentralised agencies:

- Grants shall be covered by written agreements between the Authority and the beneficiary.
- For the application of Article 119(2) of EU FR, grant agreements concluded by the Authority shall stipulate that it may suspend, reduce or terminate the grant in the cases provided for by Article 183 of EU IR after the beneficiary has been given the opportunity to make his observations.

34. Art 76 of new EFSA FR, Art 122 of EFSA EU

This article stipulates what the annual accounts of the Authority shall comprise of. According to current EFSA FR:

> "The annual accounts of the Authority shall comprise:
> (a) the financial statements of the Authority;
> (b) the reports on implementation of the budget of the Authority.
>
> The accounts of the Authority shall be accompanied by a report on budgetary and financial management during the year".

New EFSA FR now adds that the report on budgetary and financial management shall give an account, *inter alia*, of the rate of implementation of the appropriations together with summary information on the transfers of appropriations among the various budget items.

35. Art 82 of new EFSA FR

According to current EFSA FR, the accounting officer shall send to the Commission's accounting officer by no later than 1 March of the following year its provisional accounts, together with the report on budgetary and financial management.

New EFSA FR adds that these provisional accounts and report shall be sent at the same time also to the Court of Auditors.

Importantly, there is a new reporting obligation inserted into new EFSA FR: the accounting officer shall also send the report on budgetary and financial management to the European Parliament and the Council by 31 March of the following year at the latest.

36. Art 83 of new EFSA FR

The deadline for publishing the final accounts of the Authority for the year N, consolidated with those of the Commission, in the EU Official Journal is, according to new EFSA FR, shifted from 31 October to 15 November of year N+1.

According to new EFSA FR, the Executive Director shall send a reply to the observations made by the Court of Auditors in its annual report by 30 September not only to the CoA but at the same time to the Commission.

37. Art 94 of new EFSA FR

Current EFSA FR stipulate that the European Parliament, upon a recommendation from the Council, shall, before 30 April of year N+2 give a discharge to the Executive Director in respect of the implementation of the budget for year N.

New EFSA FR adds that <u>the Executive Director shall inform the Management Board of the observations of the European Parliament contained in the resolution accompanying the discharge decision</u>.

38. Art 98 of new EFSA FR

Current EFSA FR stipulate that the Management Board shall, if necessary, adopt detailed rules for implementing EFSA FR, on a proposal from the Executive Director.

New EFSA FR adds that <u>approval of implementing rules shall be preceded by the Commission's prior consent.</u>

FINANCIAL REGULATION
OF THE EUROPEAN FOOD SAFETY AUTHORITY

As adopted by the EFSA Management Board on 2008

The European Food Safety Authority's Financial Regulation is based on the Framework Financial Regulation adopted by the European Commission on 19 November 2002 (Commission Regulation (EC, EURATOM) No 1605/2002) and as amended on 9 July 2008 (Commission Regulation (EC, EURATOM) No 652/2008)

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FINANCIAL REGULATION OF THE EUROPEAN FOOD SAFETY AUTHORITY

THE MANAGEMENT BOARD OF THE EUROPEAN FOOD SAFETY AUTHORITY, hereinafter referred to as the Authority,

Having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002, as amended, on the Financial Regulation applicable to the general budget of the European Communities, and in particular Article 185 (1) thereof[1],

Having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002, as amended, on the Framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002, as amended, on the Financial Regulation applicable to the general budget of the European Communities[2],

Having regard to Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety[3], hereinafter referred to as “the Authority’s Founding Regulation”, and in particular Article 25 (9) thereof,

Having regard to the proposal from the Executive Director,

HAS ADOPTED THESE IMPLEMENTING RULES:

[1] OJ L 248, 16.09.2002 p. 1.
[2] OJ L 357, 31.12.2002, p 72
[3] OJ L 31, 1.2.2002, p 1

TITLE I

SUBJECT MATTER

Article 1

This Regulation spells out the essential rules for the establishment, implementation and discharge of the Authority's budget.

Article 2

For the purposes of this Regulation:

1 "Management Board" shall mean the main internal body of the Authority that is responsible for taking decisions on financial and budgetary matters,
2 "Executive Director" shall mean the person responsible for implementing the decisions of the Management Board and the Authority's budget as authorising officer;
3 "Budgetary Authority" shall mean the European Parliament and the Council of the European Union.

TITLE II
BUDGETARY PRINCIPLES

Article 3

The establishment and implementation of the budget of the Authority (hereinafter referred to as "the budget") shall comply with the principles of unity and budget accuracy, annuality, equilibrium, unit of account, universality, specification, and sound financial management, which requires effective and efficient internal control and transparency as provided for in this Regulation.

CHAPTER 1
PRINCIPLE OF UNITY AND BUDGET ACCURACY

Article 4

The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the Authority.

Article 5

The budget shall comprise:

(a) own revenue consisting of all fees and charges which the Authority is authorised to collect by virtue of the tasks entrusted to it, and any other revenue,
(b) revenue made up of any financial contributions of the host Member State,
(c) a subsidy granted by the European Communities,
(d) revenue assigned to specific items of expenditure in accordance with Article 19(1),
(e) the expenditure of the Authority, including administrative expenditure.

Article 6

1. No revenue shall be collected and no expenditure effected unless booked to a line in the budget.

2. An appropriation must not be entered in the budget if it is not for an item of expenditure considered necessary.

3. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget.

CHAPTER 2
PRINCIPLE OF ANNUALITY

Article 7

The appropriations entered in the budget shall be authorised for one financial year which shall run from 1 January to 31 December.

Article 8

1. The budget shall contain non-differentiated appropriations and, where justified by operational needs, differentiated appropriations. The latter shall consist of commitment appropriations and payment appropriations.

2. Commitment appropriations shall cover the total cost of the legal commitments entered into during the current financial year.

3. Payment appropriations shall cover payments made to honour the legal commitments entered into in the current financial year and/or earlier financial years.

4. Administrative appropriations shall be non-differentiated. Administrative expenditure arising from contracts covering periods that extend beyond the financial year, either in accordance with local practice or relating to the supply of equipment, shall be charged to the budget of the financial year in which it is effected.

Article 9

1. The revenue of the Authority referred to in Article 5 shall be entered in the accounts for the financial year on the basis of the amounts collected during the financial year.

2. The revenue of the Authority shall give rise to an equivalent amount of payment appropriations.

3. The appropriations authorised in the budget for a given year may be used solely to cover expenditure committed and paid in that financial year, and to cover amounts due against commitments from preceding financial years.

4. Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December.

5. Payments shall be entered in the accounts for a financial year on the basis of the payments effected by the accounting officer by 31 December of that year at the latest.

Article 10

1. Appropriations which have not been used at the end of the financial year for which they were entered shall be cancelled.
However, they may, by decision of the Management Board taken not later than 15 February of the year N +1, be carried over to the financial year N +1, in accordance with paragraphs 2 to 7.

2. Appropriations relating to staff expenditure may not be carried over.

3. Commitment appropriations and non-differentiated appropriations not yet committed at the close of the financial year may be carried over in respect of amounts corresponding to commitment appropriations, for which most of the preparatory stages of the commitment procedure have been completed by 31 December; these amounts may then be committed up to 31 March of the following year.

4. Payment appropriations may be carried over in respect of amounts needed to cover existing commitments or commitments linked to commitment appropriations carried over, when the appropriations provided for the relevant lines in the budget for the following financial year do not cover requirements. The Authority shall first use the appropriations authorised for the current financial year and shall not use the appropriations carried over until the former are exhausted.

5. Non–differentiated appropriations corresponding to obligations duly contracted at the close of the financial year shall be carried over automatically to the following financial year only.

6. Appropriations carried over which have not been committed by 31 March of year N +1 shall be automatically cancelled. Appropriations carried over in this way shall be identified in the accounts.

7. The appropriations available at 31 December arising from the assigned revenue referred to in Article 19 shall be carried over automatically. The appropriations available corresponding to assigned revenue carried over must be used first. By 1 June of the year N + 1 at the latest, the Authority shall inform the Commission on the implementation of the assigned revenues carried over.

Article 11

Where amounts are decommitted, as a result of total or partial non-implementation of the actions for which they were earmarked, in any financial year after that in which the appropriations were committed, the appropriations concerned shall be cancelled.

Article 12

The appropriations entered in the budget may be committed with effect from 1 January, once the budget has become definitive.

Article 13

1. As from 15 November of each year, routine administrative expenditure may be committed in advance against the appropriations provided for the following financial year. Such commitments may not, however, exceed one quarter of the appropriations decided by the Management Board on the corresponding budget line for the current financial year. They may not apply to new expenditure of a kind not yet approved in principle in the last budget duly adopted.
2. Expenditure which must be paid in advance, for example rents, may give rise to payments from 1 December onwards to be charged to the appropriations for the following financial year. In this case, the limit referred to in paragraph 1 shall not apply.

Article 14

1. If the budget of the Authority has not been finally adopted at the beginning of the financial year, the following rules shall apply to commitment and payment of expenditure which it has been possible to book to a specific line in the budget as part of implementation of the last budget duly adopted.

2. Commitments may be made per chapter up to a maximum of one quarter of the total appropriations authorised in the chapter in question for the previous financial year, plus one twelfth for each month which has elapsed. Payments may be made monthly per chapter up to a maximum of one twelfth of the appropriations authorised in the chapter in question for the previous financial year. The limit of the appropriations provided for in the statement of estimates of revenue and expenditure may not be exceeded.

3. At the request of the Executive Director, if the continuity of action by the Authority and management needs so require, the Management Board may simultaneously authorise two or more provisional twelfths for both commitments and payments over and above those automatically made available by the provisions of paragraphs 1 and 2. The additional twelfths shall be authorised in full and shall not be divisible.

CHAPTER 3
PRINCIPLE OF EQUILIBRIUM

Article 15

1. The budget revenue and payment appropriations must be in balance.

2. Commitment appropriations may not exceed the amount of the Community subsidy, plus own revenue and any other revenue referred to in Article 5.

3. The Authority may not raise loans.

4. Community funds paid to the Authority shall constitute for its budget a balancing subsidy which shall count as pre-financing within the meaning of Article 81(1)(b)(i) of the general Financial Regulation.

5. The Authority shall implement rigorous cash management, taking due account of assigned revenue, in order to ensure that its cash balances are limited to duly justified requirements. With its payment requests, it shall submit detailed and updated forecasts on its real cash requirements throughout the year, including information on assigned revenue.

Article 16

1. If the balance of the out-turn account within the meaning of Article 81 is positive, it shall be repaid to the Commission up to the amount of the Community subsidy paid during the year. The part of the balance in the out-turn account exceeding the amount of the Community subsidy paid during the year shall be entered in the Authority's budget for the following financial year as revenue.

   The Authority shall provide, by 31 March each year N at the latest, an estimate of the operating surplus from the year N-1, which is to be returned to the Community budget later in year N, in order to complete the information already available concerning the surplus of the year N-2. This information shall be duly taken into account by the Commission when assessing the financial needs of the Authority for the year N+1.

The difference between the Community subsidy entered in the general budget and that actually paid to the Authority shall be cancelled.

2. If the balance of the out-turn account provided for in Article 81 is negative, it shall be entered in the Authority's budget for the following financial year.

3. The revenue or payment appropriations shall be entered in the Authority's budget during the budgetary procedure using the letter of amendment procedure or, while budget implementation is under way, by means of an amending budget.

CHAPTER 4
PRINCIPLE OF UNIT OF ACCOUNT

Article 17

The budget shall be drawn up and implemented in Euro and the accounts shall be presented in Euro.

However, for cash-flow purposes, the accounting officer and, in the case of imprest accounts, imprest administrators, shall be authorised to carry out operations in national currencies.

CHAPTER 5
PRINCIPLE OF UNIVERSALITY

Article 18

Total revenue shall cover total payment appropriations, subject to Article 19. All revenue and expenditure shall be entered in full without any adjustment against each other, subject to Article 21.

Article 19

1. The following items of revenue shall be used to finance specific items of expenditure:
   (a) revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests;
   (b) contributions to the Authority's activities from Member States, non-member countries or miscellaneous bodies, insofar as this is provided for in the agreement concluded between the Authority and the Member States, non-member countries or bodies in question;
   (c) revenue from third parties in respect of goods, services or work supplied at their request, with the exception of fees and charges referred to in Article 5(a);
   (d) revenue arising from the repayment of amounts wrongly paid;
   (e) proceeds from the supply of goods, services and works for Community institutions or other Community bodies;
   (f) proceeds from the sale of vehicles, equipment, installations, materials, and scientific and technical apparatus which are being replaced or scrapped when the book value is fully depreciated;
   (g) insurance payments received;
   (h) revenue from payments connected with lettings;
   (i) revenue from the sale of publications and films, including those on an electronic medium.

1a. The basic act applicable may also assign the revenue for which it provides to specific items of expenditure.

2. All items of revenue within the meaning of points (a) to (d) of paragraph 1 shall cover all direct or indirect expenditure incurred by the activity or purpose in question.

3. The budget shall carry lines to accommodate the categories of assigned revenue referred to in paragraphs 1 and 1a and, wherever possible, shall indicate the amount.

Article 20

1. The Executive Director may accept any donation made to the Authority, such as those from foundations, subsidies, gifts and bequests.

2. Acceptance of donations which may involve some financial charge shall be subject to the prior authorisation of the Management Board, which shall take a decision within two months of the date on which the request is submitted to it. If the Management Board fails to take a decision within that period, the donation shall be deemed accepted.

Article 21

1. The following deductions may be made from payment requests, invoices or statements, which shall then be passed for payment of the net amount.

   (a) penalties imposed on parties to procurement contracts or beneficiaries of a grant;
   (b) discounts, refunds and rebates on individual invoices and payment requests;
   (c) interest generated by pre-financing payments.

2. The cost of products or services provided to the Authority shall be charged to the budget for the full ex-tax amount, where they incorporate taxes refunded:
   (a) either by the Member States pursuant to the Protocol on the Privileges and Immunities of the European Communities;
   (b) or by a Member State or non-member country on the basis of other relevant agreements.

   Any national taxes temporarily borne by the Authority under the first subparagraph shall be entered in a suspense account until they are refunded by the State concerned.

3. Any negative balance shall be entered in the budget as expenditure.

4. Adjustments may be made in respect of exchange differences occurring in the implementation of the budget. The final gain or loss shall be included in the balance for the year.

CHAPTER 6
PRINCIPLE OF SPECIFICATION

Article 22

The appropriations in their entirety shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items.

Article 23

1. The Executive Director may make transfers from one chapter to another and from one article to another without limit and from one title to another up to a maximum of 10 % of the appropriations for the financial year shown on the line from which the transfer is made.

2. Beyond the limit referred in paragraph 1, the Executive Director may propose to the Management Board transfers of appropriations from one title to another. The Management Board shall have three weeks in which to oppose such transfers. After this time-limit they shall be deemed to be adopted.

3. Proposals for transfers and transfers carried out under paragraphs 1 and 2 shall be accompanied by appropriate and detailed supporting documents showing the implementation of appropriations and estimates of requirements up to the end of the financial year, both for the headings to be credited and for those from which the appropriations are drawn.

4. The Executive Director shall inform the Management Board as soon as possible of all transfers made. He shall inform the budgetary authority of all transfers carried out under paragraph 2.

Article 24

1. Appropriations may be transferred only to budget lines for which the budget has authorised appropriations or carries a token entry (p.m.).

2. Appropriations corresponding to assigned revenue may be transferred only if they are used for the purpose to which the revenue is assigned.

CHAPTER 7
PRINCIPLE OF SOUND FINANCIAL MANAGEMENT

Article 25

1. Budget appropriations shall be used in accordance with the principle of sound financial management, that is to say, in accordance with the principles of economy, efficiency and effectiveness.

2. The principle of economy requires that the resources used by the Authority for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.
The principle of efficiency is concerned with the best relationship between resources employed and results achieved.
The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

3. Specific, measurable, achievable, relevant and timed objectives shall be set in the multi - annual and annual work programme for all sectors of activity covered by the budget. Achievement of those objectives shall be monitored by performance indicators for each activity and information shall be provided to the Management Board by the Executive Director. This information shall be provided at least annually and at the latest in the documents accompanying the preliminary draft budget.

4. In order to improve decision-making, the Authority shall regularly carry out ex ante and ex post evaluations of programmes or activities. Such evaluations shall be applied to all programmes and activities which entail significant spending and evaluation results shall be sent to the Management Board.

Article 25a

1. The budget shall be implemented in compliance with effective and efficient internal control.

2. For the purposes of the implementation of the budget, internal control is defined as a process applicable at all levels of the management and designed to provide reasonable assurance of achieving the following objectives:
(a) effectiveness, efficiency and economy of operations;
(b) reliability of reporting;
(c) safeguarding of assets and information;
(d) prevention and detection of fraud and irregularities;

(e) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multi-annual character of programmes as well as the nature of the payments concerned.

CHAPTER 8
PRINCIPLE OF TRANSPARENCY

Article 26

1. The budget shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency.

2. A summary of the budget and amending budgets, as finally adopted, shall be published in the *Official Journal of the European Union* within three months of their adoption. The summary shall show the five main revenue budget lines, the five main expenditure budget lines for the administrative and operational budget, the establishment plan and an estimate of the number of contract staff expressed in full-time equivalents for which appropriations are budgeted, and seconded national experts. It shall also indicate the figures for the previous year.

3. The budget including the establishment plan and amending budgets, as finally adopted, as well as an indication of the number of contract staff expressed in full-time equivalents for which the appropriations are budgeted, and seconded national experts, shall be transmitted for information to the budgetary authority, the Court of Auditors and the Commission, and shall be published on the internet site of the Authority within four weeks of their adoption.

4. The Authority shall make available on its internet site information on the beneficiaries of funds deriving from its budget, including experts contracted pursuant to Article 74b. The published information shall be easily accessible, transparent and comprehensive. The information shall be made available with due observance of the requirements of confidentiality and security, in particular the protection of personal data as laid down in Regulation (EC) No 45/2001 of the European Parliament and of the Council.

   Where information is published only in anonymous form, the Authority shall, upon request, provide information on the beneficiaries concerned to the European Parliament in an appropriate manner.

TITLE III
ESTABLISHMENT AND STRUCTURE OF THE BUDGET

CHAPTER 1
ESTABLISHMENT OF THE BUDGET

Article 27

1. The budget shall be established in accordance with the provisions of the Authority's founding Regulation.

2. The Authority shall send the Commission a provisional draft estimate of its revenue and expenditure and the general guidelines underlying that estimate by 10 February each year and the final draft estimate by the date specified in Authority's founding Regulation.

3. The estimate of revenue and expenditure of the Authority shall include:
   (a) an establishment plan setting the number of permanent and temporary posts authorised within the limits of the budget appropriations, by grade and by category;

(b) where there is a change in the number of persons in post, a statement justifying the request for new posts;
(c) a quarterly estimate of cash payments and receipts.
(d) information on the achievement of all previously set objectives for the various activities as well as new objectives measured by indicators.

Evaluation results shall be consulted and referred to as evidence of the likely merits of an increase or decrease of the Authority's proposed budget in comparison with its budget for year N.

4 The Authority shall send to the Commission and the budgetary authority by 31 March each year at the latest the following:
a) its draft work programme;
b) its updated multi-annual staff policy plan, established in line with the guidelines set by the Commission;
c) information on the number of officials, temporary and contract staff as defined in the Staff Regulations and the Conditions of Employment of Other Servants (hereinafter "Staff Regulations") for the years N-1 and N as well as an estimate for the year N+1;
d) information on contributions in kind granted by the host Member State to the Authority;
e) an estimate of the balance of the outturn account within the meaning of Article 81 for the year N-1.

5. As part of the procedure for adoption of the general budget, the Commission shall send the Authority's statement of estimates to the budgetary authority and propose the amount of the subsidy for the Authority and the number of staff it considers that the Authority needs. The Commission shall provide the draft establishment plan of the Authority and for an estimate of the number of contract staff expressed in full-time equivalents for which appropriations are proposed.

6. The budgetary authority shall adopt the establishment plan of the Authority and any subsequent amendment thereto in accordance with Article 32(1). The establishment plan shall be published in an annex to Section III – Commission – of the general budget.

7. The budget and the establishment plan shall be adopted by the Management Board. They become definitive after final adoption of the general budget setting the amount of the subsidy and the establishment plan and, if necessary, the budget and the establishment plan shall be adjusted accordingly.

Article 28

Any amendment to the budget, including the establishment plan, shall be the subject of an amending budget adopted by the same procedure as the initial budget, in accordance with the provisions of the Authority's Founding Regulation and Articles 23, 27 and 32.

CHAPTER 2
STRUCTURE AND PRESENTATION OF THE BUDGET

Article 29

The budget shall comprise a statement of revenue and a statement of expenditure.

Article 30

Insofar as it is justified by the nature of the Authority's activities, the statement of expenditure must be set out on the basis of a nomenclature with a classification by purpose. This nomenclature shall be determined by the Authority and shall make a clear distinction between administrative appropriations and operational appropriations.

Article 31

The budget shall show:

1. in the statement of revenue:
   (a) the estimated revenue of the Authority for the financial year in question;
   (b) the estimated revenue for the preceding financial year and the revenue for year N -2;
   (c) appropriate remarks on each revenue line;

2. in the statement of expenditure:
   (a) the commitment and payment appropriations for the financial year in question;
   (b) the commitment and payment appropriations for the preceding financial year, and the expenditure committed and the expenditure paid in year N -2;
   (c) a summary statement of the schedule of payments due in subsequent financial years to meet budget commitments entered into in earlier financial year;
   (d) appropriate remarks on each subdivision.

Article 32

1. The establishment plan referred to in Article 27 shall show next to the number of posts authorised for the financial year the number authorised for the preceding year and the number of posts actually filled.

   It shall constitute an absolute limit for the Authority; no appointment may be made in excess of the limit set.

   However, save in the case of grades AD 16, AD 15, AD 14 and AD 13, the Management Board may modify the establishment plan by up to 10% of posts authorised, subject to two conditions:
   (a) that the volume of staff appropriations corresponding to a full financial year is not affected;
   (b) that the limit of the total number of posts authorised by the establishment plan is not exceeded.

2. By way of derogation from the second subparagraph of paragraph 1, the effects of part-time work authorised by the appointing authority in accordance with the Staff Regulations may be offset by other appointments. Where a staff member requests the withdrawal of the authorisation before expiry of the granted period, the Authority shall take appropriate measures to respect the limit referred to in point (b) of paragraph 1 as soon as possible.

TITLE IV
IMPLEMENTATION OF THE BUDGET

CHAPTER 1
GENERAL PROVISIONS

Article 33

The Executive Director shall perform the duties of authorising officer. He/she shall implement the revenue and expenditure of the budget in accordance with the financial rules of the Authority, on his/her own responsibility and within the limits of the appropriations authorised.

Without prejudice to the responsibilities of the authorising officer as regards prevention and detection of fraud and irregularities, the Authority shall participate in fraud prevention activities of the European Anti-fraud Office.

Article 34

1. The Executive Director may delegate his/her powers of budget implementation to staff of the Authority covered by the Staff Regulations, in accordance with the conditions laid down by the financial rules, within the meaning of Article 185 of the general Financial Regulation, adopted by the Management Board. Those so empowered may act only within the limits of the powers expressly conferred upon them.

2. The delegate may sub delegate the powers received as provided for in the rules for implementing this Regulation referred to in Article 98. Each act of subdelegation shall require the explicit agreement of the Executive Director.

Article 35

1. All financial actors within the meaning of Chapter 2 of this Title and any other person involved in budget implementation, management, audit or control shall be prohibited from taking any measures which may bring their own interests into conflict with those of the Authority. Should such a case arise, the person in question must refrain from such measures and refer the matter to the relevant persons or bodies.

2. There is a conflict of interests where the impartial and objective exercise of the functions of a person referred to in paragraph 1 is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with the beneficiary.

3. The competent authority referred to in paragraph 1 shall be the immediate superior of the member of staff concerned. If the member of staff is the Executive Director, the competent authority shall be the Management Board.

Article 36

1. The budget shall be implemented by the Executive Director in the departments placed under his/her authority.

2. Technical expertise tasks and administrative, preparatory or ancillary tasks involving neither the exercise of public authority nor the use of discretionary powers of judgement may be entrusted by contract to external private-sector entities or bodies, where this proves to be indispensable.

CHAPTER 2
FINANCIAL ACTORS

SECTION 1
PRINCIPLE OF SEGREGATION OF DUTIES

Article 37

The duties of authorising officer and accounting officer shall be segregated and mutually incompatible.

SECTION 2
AUTHORISING OFFICER

Article 38

1. The authorising officer shall be responsible for implementing revenue and expenditure in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with.

2. To implement expenditure, the authorising officer shall make budget commitments and legal commitments, shall validate expenditure and authorise payments and shall undertake the preliminaries for the implementation of appropriations.

3. Implementation of revenue shall comprise drawing up estimates of amounts receivable, establishing entitlements to be recovered and issuing recovery orders. It shall involve waiving established entitlements where appropriate.

4. The authorising officer shall put in place, in compliance with the minimum standards adopted by the Management Board on the basis of equivalent standards laid down by the Commission for its own departments, and having due regard to the risks associated with the management environment and the nature of the action financed, the organisational structure and the internal management and control systems and procedures suited to the performance of his/her duties, including where appropriate ex post verifications.
   The authorising officer shall establish within his/her departments an expertise and advice function designed to help him/her control the risks involved in his/her activities.

5. Before an operation is authorised, the operational and financial aspects shall be verified by members of staff other than the one who initiated the operation. Initiation and the ex ante and ex post verification of an operation shall be separate functions.

6. The authorising officer shall conserve the supporting documents relating to operations carried out for a period of five years from the date of the decision granting discharge in respect of implementation of the budget. Personal data contained in supporting documents shall be deleted where possible when those data are not necessary for budgetary discharge, control and audit purposes. In any event, as concerns the conservation of traffic data, Article 37(2) of Regulation (EC) 45/2001 shall apply.

Article 39

1. Initiation of an operation as referred to in Article 38(5) shall be understood to mean all the operations which are preparatory to the adoption of the acts implementing the budget by the authorising officers responsible referred to in Articles 33 and 34.

2. Ex ante verification of an operation as referred to in Article 38(5) shall be understood to mean all the ex ante checks put in place by the authorising officer responsible in order to verify the operational and financial aspects.

3. Each operation shall be subject of at least one ex ante verification. These verifications may be executed according to the risk associated. The purpose of this verification shall be to ascertain that:
   (a) the expenditure is in order and conforms to the relevant provisions;
   (b) the principle of sound financial management referred to in Article 25 has been applied.

   For the purpose of *ex ante* verification, a series of similar individual transactions relating to routine expenditure on salaries, pensions, reimbursement of mission expenses and medical expenses may be considered by the authorising officer responsible to constitute a single operation.

In the case referred to in the second subparagraph, the authorising officer responsible shall, depending on his/her risk assessment, carry out an appropriate *ex post* verification, in accordance with paragraph 4.

4. The purpose of ex post verifications of documents and, where appropriate, on-the-spot verifications shall be to verify that operations financed by the budget have been correctly implemented and in particular that the criteria referred to in paragraph 3 have been complied with. These verifications may be organised on a sample basis using risk analysis.

5. The officials or other staff responsible for the verifications referred to in paragraphs 2 and 4 shall be different from those performing the tasks referred to in paragraph 1 and shall not be their subordinates.

6. All staff responsible for scrutinising the management of financial operations must have the necessary professional skills. They shall respect a specific code of professional standards adopted by the Authority and based on standards laid down by the Commission for its own departments.

Article 40

1. The authorising officer shall report to the Management Board on the performance of his/her duties in the form of an annual activity report, together with financial and management information confirming that the information contained in the report presents a true and fair view except as otherwise specified in any reservations related to defined areas of revenue and expenditure.
The annual activity report shall indicate the results of his/her operations by reference to the objectives set, the risks associated with these operations, the use made of the resources provided and the efficiency and effectiveness of the internal control system. The internal auditor within the meaning of Article 71 shall take note of the annual activity report and any other pieces of information identified.

2. By no later than 15 June each year the Management Board shall send the budgetary authority and the Court of Auditors an analysis and an assessment of the authorising officer's report on the previous financial year. This analysis and assessment shall be included in the annual report of the Authority, in accordance with the provisions of the Authority's Founding Regulation.

Article 41

Any member of staff involved in the financial management and control of transactions who considers that a decision he/she is required to apply or to agree to by his/her superior is irregular or contrary to the principles of sound financial management or the professional rules he/she is required to observe shall inform the Executive Director in writing and, if the latter fails to take action within a reasonable period[4], the panel referred to in Article 47(4) and the Management Board. In the event of any illegal activity, fraud or corruption which may harm the interests of the Community, he/she shall inform the authorities and bodies designated by the applicable legislation.

Article 42

Where powers of budget implementation are delegated or sub delegated in accordance with Article 34, Article 38(1), (2) and (3) shall apply mutatis mutandis to the authorising officers by delegation or subdelegation.

SECTION 3
ACCOUNTING OFFICER

Article 43

1. The Management Board shall appoint an accounting officer, covered by the Staff Regulations, who shall be functionally independent in the performance of his/her duties. He/she shall be responsible in the Authority for:
   (a) proper implementation of payments, collection of revenue and recovery of amounts established as being receivable;
   (b) preparing and presenting the accounts in accordance with Title VII;
   (c) keeping the accounts in accordance with Title VII;
   (d) implementing, in accordance with Title VII, the accounting rules and methods and the chart of accounts in accordance with the provisions adopted by the Commission's accounting officer;
   (e) laying down and validating the accounting systems and, where appropriate, validating systems laid down by the authorising officer to supply or justify accounting information; the accounting officer shall be empowered to verify the respect of validation criteria.
   (f) treasury management.

2. The accounting officer shall obtain from the authorising officer, who shall guarantee its reliability, all the information necessary for the production of accounts which give a true image of the Authority's assets and of budget implementation.

2a. Before the adoption of the accounts by the Executive Director, the accounting officer shall sign them off, thereby certifying that he/she has a reasonable assurance that the accounts present a true and fair view of the financial situation of the Authority.

For that purpose the accounting officer shall satisfy himself that the accounts have been prepared in accordance with the accounting rules, methods and accounting systems established, and that all revenue and expenditure is entered in the accounts.

The authorising officer shall forward all information that the accounting officer needs in order to fulfil his/her duties.

The authorising officer shall remain fully responsible for the proper use of the funds he/she manages as well as the legality and regularity of the expenditure under his/her control.

2b. The accounting officer shall be empowered to check the information received as well as to carry out any further checks he/she deems necessary in order to sign off the accounts.
The accounting officer shall make reservations, if necessary, explaining exactly the nature and scope of such reservations.

2c. The accounting officer of the Authority shall sign off its annual accounts and send them to the Commission's accounting officer.

3. Subject to paragraph 4 of this Article and Article 44, only the accounting officer shall be empowered to manage cash and cash equivalents. He/she shall be responsible for their safekeeping.

4. The accounting officer may, in the performance of his/her duties, delegate certain tasks to subordinates staff subject to the Staff Regulations, where this is indispensable for the performance of his/her duties.

5. The instrument of delegation shall lay down the tasks entrusted to the delegates and their rights and obligations.

SECTION 4
IMPREST ADMINISTRATOR

Article 44

1. Where it proves indispensable for the payment of small sums and for the collection of other revenue referred to in Article 5, imprest accounts may be set up which shall be endowed by the accounting officer and shall be placed under the responsibility of imprest administrators designated by him/her.

2. The maximum amount of each item of expenditure or revenue that can be paid by the imprest administrator to third parties may not exceed a certain amount to be specified by the Authority for each item of expenditure or revenue.

3. Payments from imprest accounts may be made by bank credit transfer, including the direct debit system referred to in Article 66 (1a), cheque or other means of payment, in accordance with the instructions laid down by the accounting officer.

CHAPTER 3
LIABILITY OF THE FINANCIAL ACTORS

SECTION 1
GENERAL RULES

Article 45

1. Without prejudice to any disciplinary action, authorising officers by delegation and subdelegation may at any time have their delegation or subdelegation withdrawn temporarily or definitively by the authority which appointed them. The authorising officer may at any time withdraw his/her agreement to a specific subdelegation.

2. Without prejudice to any disciplinary action, the accounting officer may at any time be suspended temporarily or definitively from his/her duties by the Management Board. The Management Board shall appoint an interim accounting officer.

3. Without prejudice to any disciplinary action, imprest administrators may at any time be suspended temporarily or definitively from their duties by the accounting officer.

Article 46

1. The provisions of this chapter are without prejudice to the criminal-law liability which the authorising officer and the persons referred to in Article 45 may incur as provided in the applicable national law and in the provisions in force on the protection of the Communities' financial interests and on the fight against corruption involving officials of the Communities or officials of Member States.

2. Each authorising officer, accounting officer or imprest administrator shall be liable to disciplinary action and payment of compensation as laid down in the Staff Regulations, without prejudice to Articles 47, 48 and 49. In the event of illegal activity, fraud or corruption which may harm the interests of the Community, the matter will be referred to the authorities and bodies designated by the applicable legislation.

SECTION 2

RULES APPLICABLE TO THE AUTHORISING OFFICER AND THE AUTHORISING OFFICERS BY DELEGATION OR SUBDELEGATION

Article 47

1. The authorising officer shall be liable to payment of compensation as laid down in the Staff Regulations.

1a. The obligation to pay compensation shall apply in particular if:
   (a) the authorising officer, whether intentionally or through gross negligence on his/her part, determines entitlements to be recovered or issues recovery orders, commits expenditure or signs a payment order without complying with this Regulation and its implementing rules;
   (b) the authorising officer, whether intentionally or through gross negligence on his/her part, omits to draw up a document establishing an amount receivable, neglects to issue a recovery order or is late in issuing it or is late in issuing a payment order, thereby rendering the Authority liable to civil action by third parties.

2. An authorising officer by delegation or subdelegation who considers that a decision falling under his/her responsibility is irregular or contrary to the principles of sound financial management shall inform the delegating authority in writing. If the delegating authority then gives a reasoned instruction in writing to the authorising officer by delegation or subdelegation to implement the decision in question, the latter must implement it and may not be held liable.

3. In the event of delegation, the authorising officer shall continue to be responsible for the efficiency and effectiveness of the internal management and control systems put in place and for the choice of the authorising officer by delegation.

4. The specialised financial irregularities panel set up by the Commission, in accordance with Article 66(4) of the general Financial Regulation, shall exercise the same powers in respect of the Authority as it does in respect of Commission departments, unless the Management Board decides to set up a functionally independent panel, or to participate in a joint panel established by several Community bodies. For cases submitted by Community bodies, the specialised financial irregularities panel set up by the Commission shall include one staff member of a Community body.

   On the basis of the opinion of this panel, the Executive Director shall decide whether to initiate disciplinary proceedings or proceedings for the payment of compensation. If the panel detects systemic problems, it shall send a report with recommendations to the authorising officer and to the Commission's internal auditor. If the opinion implicates the Executive Director the panel shall send it to the Management Board and the Commission's internal auditor. The Executive Director shall refer, in anonymous form, to opinions of the panel in his annual activity report and indicate the follow-up measures taken.

6. Any member of staff may be required to compensate, in whole or in part, any damage suffered by the Authority as a result of serious misconduct on his/her part in the course of or in connection with the performance of his/her duties.

   The appointing authority shall take a reasoned decision, after completing the formalities laid down by the Staff Regulations with regard to disciplinary matters.

SECTION 3
RULES APPLICABLE TO ACCOUNTING OFFICERS AND IMPREST ADMINISTRATORS

Article 48

An accounting officer may be liable to disciplinary action and payment of compensation, as laid down in the Staff Regulations, in particular where:

(a) he/she loses or damages monies, assets and documents in his/her keeping or causes them to be lost or damaged by his/her negligence;
(b) he/she alters bank accounts or postal giro accounts without notifying the authorising officer in advance;
(c) he/she recovers or pays amounts which are not in conformity with the corresponding recovery or payment orders;
(d) he/she fails to collect revenue due.

Article 49

An imprest administrator may be liable to disciplinary action and payment of compensation, as laid down in the Staff Regulations, in particular where:

(a) he/she loses or damages monies, assets and documents in his/her keeping or causes them to be lost or damaged by his/her negligence;
(b) he/she cannot provide proper supporting documents for the payments he/she has made;
(c) he/she makes payments to persons other than those entitled;
(d) he/she fails to collect revenue due.

CHAPTER 4
REVENUE OPERATIONS

SECTION 1
GENERAL PROVISIONS

Article 50

The Authority shall present to the Commission requests for payment of all or part of the Community subsidy, pursuant to Article 15(5), under terms and at intervals agreed with the Commission.

Article 51

The funds paid to the Authority by the Commission by way of the subsidy shall bear interest for the benefit of the general budget.

SECTION 2
ESTIMATE OF AMOUNTS RECEIVABLE

Article 52

An estimate of the amount receivable shall first be made by the authorising officer responsible in respect of any measure or situation which may give rise to or modify an amount owing to the Authority.

SECTION 3
ESTABLISHMENT OF AMOUNTS RECEIVABLE

Article 53

1. Establishment of an amount receivable is the act by which the authorising officer or authorising officer by delegation:
   (a) verifies that the debt exists;
   (b) determines or verifies the reality and the amount of the debt;
   (c) verifies the conditions in which the debt is due.

2. Any amount receivable that is identified as being certain, of a fixed amount and due must be established by a recovery order given to the accounting officer, accompanied by a debit note sent to the debtor. Both of these documents shall be drawn up and sent by the authorising officer responsible.

3. The contracts and grant agreements concluded by the Authority shall provide that any debt not repaid on the due date laid down in the debit note shall bear interest in accordance with Regulation (EC, Euratom) No 2342/2002. The condition whereby interest on late payment is due to the Authority, including the rate for default interests, shall be explicitly referred to in the contracts and grant agreements.

4. In duly substantiated cases, certain routine revenue items may be established provisionally. Provisional establishment shall cover the recovery of several individual amounts which need not therefore be established individually. Before the end of the financial year, the authorising officer shall amend the amounts established provisionally to ensure that they correspond to the amounts receivable actually established.

SECTION 4
AUTHORISATION OF RECOVERY

Article 54

The authorisation of recovery is the act whereby the authorising officer responsible instructs the accounting officer, by issuing a recovery order, to recover an amount receivable, which he/she has established.

SECTION 5
RECOVERY

Article 55

1. Amounts wrongly paid shall be recovered.

2. The accounting officer shall act on recovery orders for amounts receivable duly established by the authorising officer responsible. He/she shall exercise due diligence to ensure that the Authority receives its revenue and shall see that its rights are safeguarded.

3. Where the authorising officer responsible is planning to waive or partially waive recovery of an established amount receivable, he/she shall ensure that the waiver is in order and complies with the principle of sound financial management and proportionality.

   Such a waiver shall be made by a duly substantiated decision of the authorising officer. The authorising officer may delegate such decisions only for amounts receivable of less than EUR 5000.

The waiver decision shall state what action has been taken to secure recovery and the points of law and fact on which it is based.

4. The authorising officer responsible shall cancel an established amount receivable when the discovery of a mistake as to a point of law or fact reveals that the amount had not been correctly established. Such cancellation shall be by decision of the authorising officer responsible and shall be suitably substantiated.

5. The authorising officer responsible shall adjust the amount of an established debt upwards or downwards when the discovery of a factual error entails the alteration of the amount of the debt, provided that this correction does not involve the loss of the established entitlement of the Authority. Such an adjustment shall be by decision of the authorising officer responsible and shall be suitably substantiated.

Article 56

1. Upon actual recovery of the sum due, the accounting officer shall make an entry in the accounts and shall inform the authorising officer responsible.

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

Article 57

1. If actual recovery has not taken place by the due date stipulated in the debit note, the accounting officer shall inform the authorising officer responsible and immediately launch the procedure for effecting recovery by any means offered by the law, including, where appropriate, by offsetting and, if this is not possible, by enforced recovery.

2. The accounting officer shall recover amounts by offsetting them against equivalent claims that the Authority has on any debtor who himself has a claim on the Authority that is certain, of a fixed amount and due, provided that offsetting is legally possible.

Article 58

The accounting officer, in collaboration with the authorising officer responsible, may allow additional time for payment only at the written request of the debtor, with due indication of the reasons, provided that the following two conditions are met:

(a) the debtor undertakes to pay interest at the rate specified in Article 86 of Regulation (EC, Euratom) No 2342/2002 for the entire additional period allowed, starting from the date set in the debit note;

(b) in order to safeguard the rights of the Authority, the debtor provides a financial guarantee covering both the principal sum and the interest.

Article 58a

The accounting officer shall keep a list of amounts due to be recovered, in which Community entitlements are grouped according to the date of issue of the recovery order. He shall also indicate decisions to waive or partially waive recovery of established amounts. The list shall be added to the Authority's report on budgetary and financial management.

The Authority shall establish a list of its entitlements stating the names of the debtors and the amount of the debt, where the debtor has been ordered to pay by a Court decision that has the force of res judicata and where no or no significant payment has been made for one year following its pronouncement. The list shall be published, taking account of the relevant legislation on data protection.

Article 58b

Entitlements of the Authority in respect of third parties and entitlements of third parties in respect of the Authority shall be subject to a limitation period of five years, which shall be laid down in the contracts and grant agreements concluded by the Authority.

SECTION 6
SPECIFIC PROVISIONS APPLICABLE TO FEES AND CHARGES

Article 59

Where the Authority collects fees and charges referred to in Article 5(a), an overall provisional estimate of such fees and charges shall be made at the beginning of each financial year.

Where fees and charges are entirely determined by legislation or decisions of the Management Board, the authorising officer may abstain from issuing recovery orders and directly draw up debit notes after having established the amount receivable. In this case all details of the Authority's entitlement shall be registered. The accounting officer shall keep a list of all debit notes and provide the number of the debit notes and the global amount in the Authority's report on the budgetary and financial management.

Where the Authority uses a separate invoicing system, the accounting officer shall regularly, and at least on a monthly basis, enter the accumulated sum of fees and charges received into the accounts.

As a general rule the Authority shall provide services by virtue of the tasks entrusted to it only after the corresponding fee or charge has been paid in its entirety. If, by way of exception, a service has been provided without prior payment of the corresponding charge or fee, Sections 3, 4 and 5 of this Chapter shall apply.

CHAPTER 5
EXPENDITURE OPERATIONS

Article 60

1. Every item of expenditure shall be committed, validated, authorised and paid.

2. Every commitment of expenditure shall be preceded by a financing decision.

3. The work programme of the Authority shall be equivalent to a financing decision for the activities it covers, provided that they are clearly identified and the underlying criteria are spelled out precisely. The work programme shall comprise detailed objectives and performance indicators.

4. Administrative appropriations may be implemented without a prior financing decision.

SECTION 1
COMMITMENT OF EXPENDITURE

Article 61

1. The budget commitment is the operation reserving the appropriation necessary to cover subsequent payments to honour a legal commitment.

2. The legal commitment is the act whereby the authorising officer responsible enters into or establishes an obligation which results in a charge for the budget.

3. The budget commitment is individual when the beneficiary and the amount of the expenditure are known.

4. The budget commitment is global when at least one of the elements necessary to identify the individual commitment is still not known.

5. The budget commitment is provisional when it is intended to cover routine administrative expenditure and either the amount or the final beneficiaries are not definitively known.

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

Article 62

1. In respect of any measure which may give rise to expenditure chargeable to the budget, the authorising officer responsible must first make a budget commitment before entering into a legal obligation with third parties.

2. Global budget commitments shall cover the total cost of the corresponding individual legal commitments concluded up to 31 December of year N+1.

   Individual legal commitments relating to individual or provisional budget commitments shall be concluded by 31 December of year N.

   At the end of the periods referred to in the first and second subparagraphs, the unused balance of these budget commitments shall be decommitted by the authorising officer responsible.

3. The legal commitments entered into for actions extending over more than one financial year and the corresponding budget commitments shall, save in the case of staff expenditure, have a final date for implementation set in compliance with the principle of sound financial management.

   Any parts of such commitments which have not been executed six months after that final date shall be decommitted in accordance with Article 11.

   The amount of a budget commitment corresponding to a legal commitment for which no payment within the meaning of Article 67 has been made in a period of three years following the signing of the legal commitment shall be decommitted.

Article 63

When adopting a budget commitment, the authorising officer responsible shall ensure that:
(a) the expenditure has been charged to the correct item in the budget;
(b) the appropriations are available;
(c) the expenditure conforms to the applicable provisions, in particular those of the Authority's Founding Regulation, the financial rules of the Authority and all acts adopted pursuant to them;
(d) the principle of sound financial management is complied with.

SECTION 2
VALIDATION OF EXPENDITURE

Article 64

Validation of expenditure is the act whereby the authorising officer responsible:
(a) verifies the existence of the creditor's entitlement;
(b) verifies the conditions in which payment is due;
(c) determines or verifies the reality and the amount of the claim.

Article 65

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

2. The validation decision shall be expressed by the signing of a "passed for payment" voucher by the authorising officer responsible.

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

SECTION 3
AUTHORISATION OF EXPENDITURE

Article 66

1. Authorisation of expenditure is the act whereby the authorising officer responsible, by issuing a payment order, instructs the accounting officer to pay an item of expenditure which he/she has validated.

1a Where periodic payments are made with regard to services rendered, including rental services, or goods delivered, and subject to his/her risk analysis, the authorising officer may order the application of a direct debit system.

2. The payment order shall be dated and signed by the authorising officer responsible, then sent to the accounting officer. The supporting documents shall be kept by the authorising officer responsible in accordance with Article 38(6).

3. Where appropriate, the payment order sent to the accounting officer shall be accompanied by a document certifying that the goods have been entered in the inventories referred to in Article 90(1).

SECTION 4
PAYMENT OF EXPENDITURE

Article 67

1. Payment shall be made on production of proof that the relevant action has been carried out in accordance with the provisions of the basic act within the meaning of Article 49 of the general Financial Regulation or the contract or grant agreement, and shall cover one of the following operations:
   (a) payment of the entire amount due within the meaning of Article 21;
   (b) payment of the amount due in any of the following ways:
      (i) pre-financing, which may be divided into a number of payments;
      (ii) one or more interim payments;

(iii) payment of the balance of the amounts due.

Pre-financing shall count in full or in part against the interim payments.

The entire pre-financing and interim payments shall count against the payment of balances.

2. A distinction shall be made in the accounts between the different types of payment referred to in paragraph 1 at the time they are made.

Article 68

Payment of expenditure shall be made by the accounting officer within the limits of the funds available.

SECTION 5
TIME-LIMITS FOR EXPENDITURE OPERATIONS

Article 69

The validation, authorisation and payment of expenditure must be carried out within the time-limits specified in - and in accordance with the provisions of - the detailed rules for implementation of the general Financial Regulation.

CHAPTER 6
INFORMATION TECHNOLOGY SYSTEMS

Article 70

Where revenue and expenditure operations are managed by means of computer systems, documents may be signed by a computerised or electronic procedure.

CHAPTER 7
INTERNAL AUDITOR

Article 71

1. The Authority shall have an internal auditing function, which must be performed in compliance with the relevant international standards.

2. Without prejudice to Article 38(4) the Commission's internal auditor shall exercise the same powers with respect to the Authority as with respect to Commission departments.

Article 72

1. The internal auditor shall advise the Authority on dealing with risks, by issuing independent opinions on the quality of management and control systems and by issuing recommendations for improving the conditions of implementation of operations and promoting sound financial management.

He/she shall be responsible:

(a) for assessing the suitability and effectiveness of internal management systems and the performance of departments in implementing programmes and actions by reference to the risks associated with them; and

(b) for assessing the efficiency and effectiveness of the internal control and audit systems applicable to every budget implementation operation.

2. The internal auditor shall perform his/her duties on all the Authority's activities and departments. He/she shall enjoy full and unlimited access to all information required to perform his/her duties.

3. The internal auditor shall report to the Management Board and the Executive Director on his/her findings and recommendations. They shall ensure that action is taken on recommendations resulting from audits.

4. The internal auditor shall submit to the Authority an annual internal audit report setting out inter alia the number and type of internal audits conducted, the recommendations made and the action taken on these recommendations. This annual report shall also mention any systemic problems detected by the specialised panel set up under Article 66(4) of the general Financial Regulation.

5. Each year the Authority shall send to the authority responsible for discharge and the Commission a report drawn up by its Executive Director summarising the number and type of internal audits conducted by the internal auditor, the recommendations made and the action taken on these recommendations.

Article 73

The responsibility of the internal auditor for action taken in the performance of his/her duties shall be determined in accordance with Article 87 of the general Financial Regulation.

TITLE V
PROCUREMENT

Article 74

1. As regards procurement, the relevant provisions of the general Financial Regulation and Regulation (EC, Euratom) No 2342/2002 shall apply subject to paragraphs 4 to 7 of this Article.

2. The Authority may be associated, at its request, as contracting authority, in the award of Commission or interinstitutional contracts and in the award of contracts of other Community bodies.

3. The Authority shall participate in the common central database set up and operated by the Commission pursuant to Article 95 of the general Financial Regulation.

4. The Authority may conclude a contract, without having recourse to a public procurement procedure, with the Commission, the interinstitutional offices and the Translation Centre for bodies of the European Union established by Council Regulation (EC) No 2965/94 for the supply of goods, provision of services or performance of work that the latter provide.

5. The Authority may use joint procurement procedures with contracting authorities of the host Member State to cover its administrative needs. In such case, Article 125c of Regulation (EC, Euratom) No 2342/2002 shall apply mutatis mutandis.

6. For the application of Article 101 of the general Financial Regulation, the call for tender shall provide that the Authority may, before the contract is signed, either abandon the procurement or cancel the award procedure without the candidates or tenderers being entitled to claim any compensation.

7. For the application of Article 103 of the general Financial Regulation, calls for tender launched by the Authority shall provide that it may suspend the procedure and may take whatever measures are necessary, including the cancellation of the procedure under the conditions defined in that article.

For the application of Article 103 of the general Financial Regulation, the contracts concluded by the Authority with economic operators shall stipulate that it may take the measures defined in that Article under the conditions defined therein.

TITLE Va

PROJECTS WITH SIGNIFICANT BUDGET IMPLICATIONS

Article 74a

The Management Board shall, as soon as possible, notify the budgetary authority of its intention to implement any project, which may have significant financial implications for the funding of its administrative budget, in particular any projects relating to property such as the rental or purchase of buildings. It shall inform the Commission thereof.

If either branch of the budgetary authority intends to issue an opinion, it shall within two week after receipt of the information on the project notify the Authority of its intention to issue such an opinion. Failing a reply, the Authority may proceed with the planned operation.

This opinion shall be forwarded to the Authority within four weeks of the notification pursuant to the second paragraph.

TITLE Vb
EXPERTS

Article 74b

Article 265a of the Regulation (EC, Euratom) No 2342/2002 shall apply *mutatis mutandis* for the selection of experts. Such experts shall be paid on the basis of a fixed amount, for assisting the Authority, in particular in evaluating proposals and grant applications or tenders for procurement, and for providing technical assistance in the follow-up to, and final evaluation of projects. The Authority may use the lists drawn up by the Commission or other Community bodies.

TITLE VI
GRANTS AWARDED BY THE AUTHORITY

Article 75

1. Where the Authority may award grants in accordance with its constituent instrument or by delegation of the Commission pursuant to Article 54(2) point b of the general Financial Regulation, the relevant provisions of the general Financial Regulation and Regulation (EC, Euratom) No 2342/2002 shall apply subject to paragraphs 2 and 3 of this Article.

2. Grants shall be covered by written agreements between the Authority and the beneficiary.

3. For the application of Article 119(2) of the general Financial Regulation, grant agreements concluded by the Authority shall stipulate that it may suspend, reduce or terminate the grant in the cases provided for by Article 183 of Regulation (EC, Euratom) No 2342/2002 after the beneficiary has been given the opportunity to make his observations.

TITLE VII
PRESENTATION OF THE ACCOUNTS AND ACCOUNTING

CHAPTER 1
PRESENTATION OF THE ACCOUNTS

Article 76

The annual accounts of the Authority shall comprise:
(a) the financial statements of the Authority;
(b) the reports on implementation of the budget of the Authority.

The accounts of the Authority shall be accompanied by a report on budgetary and financial management during the year. The report shall give an account, *inter alia*, of the rate of implementation of the appropriations together with summary information on the transfers of appropriations among the various budget items.

Article 77

The accounts must comply with the rules and be accurate and comprehensive and present a true and fair view:
(a) as regards the financial statements, of the assets and liabilities, charges and income, entitlements and obligations not shown as assets or liabilities and cash flow;
(b) as regards reports on budget implementation, of revenue and expenditure operations.

Article 78

The financial statements shall be drawn up in accordance with the generally accepted accounting principles specified in the detailed rules for implementing the general Financial Regulation, namely:
(a) going concern basis;
(b) prudence;
(c) consistent accounting methods;
(d) comparability of information;
(e) materiality;
(f) no netting;
(g) reality over appearance;
(h) accrual-based accounting.

Article 79

1. In accordance with the principle of accrual-based accounting, the financial statements shall show the charges and income for the financial year, regardless of the date of payment or collection.

2. The value of assets and liabilities shall be determined in accordance with the valuation rules laid down by the accounting methods provided for in Article 132 of the general Financial Regulation.

Article 80

1. The financial statements shall be presented in Euro and shall comprise:
   (a) the balance sheet and the economic out-turn account, which represent the assets and liabilities and financial situation and the economic out-turn at 31 December of the previous year; they shall be presented in accordance with the structure laid down by the Council Directive on the annual accounts of certain types of companies, but with account being taken of the specific nature of the Authority's activities;
   (b) the cash-flow table showing amounts collected and disbursed during the year and the final treasury position;

(c) the statement of changes in capital presenting in detail the increases and decreases during the year in each item of the capital accounts.

2. The annex to the financial statements shall supplement and comment on the information presented in the statements referred to in paragraph 1 and shall supply all the additional information prescribed by internationally accepted accounting practice where such information is relevant to the Authority's activities.

Article 81

The budget implementation reports shall be presented in Euro. They shall comprise:

(a) the budget out-turn account, which sets out all budget operations for the year in terms of revenue and expenditure; the structure in which it is presented shall be the same as that of the budget itself;

(b) the annex to the budget out-turn account, which shall supplement and comment on the information given in that account.

Article 82

The accounting officer shall send to the Commission's accounting officer and the Court of Auditors by no later than 1 March of the following year its provisional accounts, together with the report on budgetary and financial management during the year, referred to in Article 76 of this Regulation, so that the Commission's accounting officer can consolidate the accounts as provided for in Article 128 of the general Financial Regulation.

The accounting officer shall also send the report on budgetary and financial management to the European Parliament and the Council by 31 March of the following year at the latest.

Article 83

1. In accordance with Article 129(1) of the general Financial Regulation, the Court of Auditors shall, by 15 June of the following year at the latest, make its observations on the provisional accounts of the Authority.

2. On receiving the Court of Auditors' observations on the provisional accounts of the Authority, the Executive Director shall draw up the final accounts of the Authority in accordance with Article 43, under his/her own responsibility, and send them to the Management Board, which shall give an opinion on these accounts.

3. The Executive Director shall send the final accounts, together with the opinion of the Management Board, to the Commission's accounting officer, the Court of Auditors, the European Parliament and the Council, by 1 July of the following year at the latest.

4. The final accounts of the Authority, consolidated with those of the Commission, shall be published in the Official Journal of the European Union by 15 November of the following year.

5. The Executive Director shall send the Court of Auditors a reply to the observations made in its annual report by 30 September of the following year at the latest. The replies of the Authority shall be sent to the Commission at the same time.

CHAPTER 2
ACCOUNTING

SECTION 1
COMMON PROVISIONS

Article 84

1. The accounting system of the Authority is the system serving to organise the budgetary and financial information in such a way that figures can be input, filed and registered.

2. The accounts shall consist of general accounts and budget accounts. These accounts shall be kept in Euro on the basis of the calendar year.

3. The figures in the general accounts and the budget accounts shall be adopted at the close of the budget year so that the accounts referred to in Chapter 1 can be drawn up.

4. Notwithstanding paragraphs 2 and 3, the authorising officer may keep analytical accounts.

Article 85

The accounting rules and methods and the harmonised chart of accounts to be applied by the Authority shall be adopted by the Commission's accounting officer in accordance with Article 133 of the General Financial Regulation.

SECTION 2
GENERAL ACCOUNTS

Article 86

The general accounts shall record, in chronological order using the double entry method, all events and operations which affect the economic and financial situation and the assets and liabilities of the Authority.

Article 87

1. Movements on the accounts and the balances shall be entered in the accounting ledgers.

2. All accounting entries, including adjustments to the accounts, shall be based on supporting documents, to which they shall refer.

3. The accounting system must be such as to leave a trail for all accounting entries.

Article 88

The accounting officer of the Authority shall, after the close of the budget year and up to the date of presentation of the final accounts, make any adjustments which, without involving disbursement or collection in respect of that year, are necessary for a true and fair presentation of the accounts in compliance with the rules.

SECTION 3
BUDGET ACCOUNTS

Article 89

1. The budget accounts shall provide a detailed record of budget implementation.

2. For the purposes of paragraph 1, the budget accounts shall record all budget revenue and expenditure operations provided for in Title IV of this Regulation.

CHAPTER 3
PROPERTY INVENTORIES

Article 90

1. The Authority shall keep inventories showing the quantity and value of all the tangible, intangible and financial assets constituting Community property in accordance with a model drawn up by the accounting officer of the Commission.
The Authority shall check that entries in the inventory correspond to the actual situation.

2. The sale of movable property shall be advertised in an appropriate manner.

TITLE VIII
EXTERNAL AUDIT AND DISCHARGE

CHAPTER 1
EXTERNAL AUDIT

Article 91

The Court of Auditors shall scrutinise the accounts of the Authority in accordance with Article 248 of the EC Treaty.

Article 92

1. The Authority shall send the Court of Auditors the budget, as finally adopted. It shall inform the Court of Auditors, as soon as possible, of all decisions and acts adopted pursuant to Articles 10, 14, 19 and 23.

2. The Authority shall send the Court of Auditors the internal financial rules it adopts.

3. The Court of Auditors shall be informed of the appointment of authorising officers, accounting officers and imprest administrators and of delegation decisions under Article 34, Article 43(1) and (4) and Article 44.

Article 93

The scrutiny carried out by the Court of Auditors shall be governed by Articles 139 to 144 of the general Financial Regulation.

CHAPTER 2
DISCHARGE

Article 94

1. The European Parliament, upon a recommendation from the Council, shall, before 30 April of year N+2 give a discharge to the Executive Director in respect of the implementation of the budget for year N. The Executive Director shall inform the Management Board of the observations of the European Parliament contained in the resolution accompanying the discharge decision.

2. If the date provided for in paragraph 1 cannot be met, the European Parliament or the Council shall inform the Executive Director of the reasons for the postponement.

3. If the European Parliament postpones the decision giving a discharge, the Executive Director, in cooperation with the Management Board, shall make every effort to take measures, as soon as possible, to remove or facilitate removal of the obstacles to that decision.

Article 95

1. The discharge decision shall cover the accounts of all the revenue and expenditure of the Authority, the resulting balance and the assets and liabilities of the Authority shown in the financial statement.

2. With a view to granting the discharge, the European Parliament shall, after the Council has done so, examine the accounts and financial statements of the Authority. It shall also examine the annual report made by the Court of Auditors, together with the replies of the Executive Director of the Authority, any relevant special reports by the Court of Auditors in respect of the financial year in question and the Court of Auditors' statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions.

3. The Executive Director shall submit to the European Parliament, at the latter's request, in the same manner as provided for in Article 146(3) of the general Financial Regulation, any information required for the smooth application of the discharge procedure for the year in question.

Article 96

1. The Executive Director shall take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision and on the comments accompanying the recommendation for discharge adopted by the Council.

2. At the request of the European Parliament or the Council, the Executive Director shall report on the measures taken in the light of these observations and comments. He/she shall send a copy thereof to the Commission and the Court of Auditors.

TITLE IX
TRANSITIONAL AND FINAL PROVISIONS
Article 97

The European Parliament, the Council and the Commission shall be empowered to obtain any necessary information or explanations regarding budgetary matters within their fields of competence.

Article 98

The Management Board shall, as far as is necessary, and with the Commission's prior consent, adopt detailed rules for implementing the financial regulation of the Authority, on a proposal from the Executive Director.

Article 99

This Regulation enters into force on the day of its adoption by the Management Board of the Authority.

Done at Parma, 2008

For the Management Board,

Dr
The Chair

European Food Safety Authority

Explanatory note on the main changes in EFSA Implementing Rules

Abbreviations used:

- EFSA IR: Implementing rules of the EFSA Financial Regulation
- EFSA FR: EFSA Financial Regulation
- EU IR: Implementing rules of the Financial Regulation applicable to the general EU budget
- EU FR: Financial Regulation applicable to the general EU budget

Explanations:

- “New EFSA IR” refers to the text hereby proposed for approval
- “Current EFSA” IR refers to the text of EFSA IR currently still in force

1. Art 5 of new EFSA IR, Art 56 of EU IR

New provisions of EU IR regarding the terminations of duties of the accounting officer are reflected into new EFSA IR.

E.g., according to new EFSA IR, a trial balance shall be drawn up without delay in the event of termination of the duties of the accounting officer instead of an interim statement of account (as it is in current EFSA IR).

Also, from now on, the trial balance shall be accompanied by a handing-over report As it was up to now, such documents shall be then transmitted by the accounting officer who is terminating his duties or, if this is not possible, by an official in his department to the new accounting officer.

2. Art 8(1) of new EFSA IR, Art 21 of EU IR

As from now, only the proposals for programmes/activities occasioning expenditure (and not also occasioning a reduction in revenue for the budget) shall be the subject of an ex ante evaluation.

3. Art 8(2,3) of new EFSA IR, Art 22a of EU IR

New EFSA FR introduce in the Article 25a the concept of effective and efficient internal control. While this provision in EFSA FR contains a definition of internal control for the purposes of the budget implementation, it doesn’t provide a definition of an effective and efficient internal control. Therefore, new EFSA IR provides such a definition.

4. Art 8(4) of new EFSA IR, Art 43a of EU IR

In new EFSA IR, there is a new provision inserted and it stipulates that in any call made in the context of grants/procurements, potential beneficiaries/candidates/tenderers shall, in accordance with Regulation (EC) No 45/2001 of the EP and of the Council be informed that, for the purposes of safeguarding the financial interests of the Communities, their personal data may be transferred to internal audit services, to the European Court of Auditors, to the Financial Irregularities Panel or to the European Anti-Fraud Office.

5. Art 11(3) of new EFSA IR, Art 78(3) of EU IR

New EFSA IR take over from EU IR the minimum information requirements to be contained in a debit note to be sent to debtors. These minimum information requirements were not stipulated in current EFSA IR.

6. Art 11(3d) of new EFSA IR, Art 83 of EU IR

Since now it is clarified that the accounting officer may recover a debt by offsetting only where the debtor has a claim on the Authority that is certain, of a fixed amount and due, relating to a sum established by a payment order (as it was up to now) and only once the deadline for payment of the debt has passed (this is new addition).

It is also clarified that the accounting officer may effect recovery by offsetting before such deadline only where it is necessary to protect the Communities' financial interests when he has justified reasons for believing that the amount due to the Authority would be lost, after consulting the authorizing officer and after the debtor has been informed of the reasons and date of the recovery by offsetting.

7. Art 12(3,4,5,6) of new EFSA IR, Art 85b of EU IR

New EFSA IR lay down further details for limitation periods which is the novelty introduced in new EFSA FR (in line with identical provisions of EU FR and EU IR. The concerned provision of EFSA FR which requires such further clarification in new EFSA IR is Article 58b of new EFSA FR which says: "Entitlements of the Authority in respect of third parties and entitlements of third parties in respect of the Authority shall be subject to a limitation period of five years, which shall be laid down in the contracts and grant agreements concluded by the Authority".

Therefore the following is clarified in new EFSA IR:

- When the limitation periods for entitlements of the Authority in respect of third parties (and vice versa) starts.
- When the limitation period for entitlements of the Authority in respect of third parties (and vice versa) can be interrupted.

8. Art 16 of new EFSA IR, Art 90 of EU IR

The provisions concerning the financing decision are clarified in detail in new EFSA IR, with special attention to grants and procurements. This goes in line with identical upgrade of EU IR. The purpose of this clarification is to define minimum requirements for annual work programme (both for contracts and procurement) in order to be considered a sufficiently detail framework, and therefore to be considered as a valid financing decision.

It is also stipulated now, that if the annual work programme does not provide such a detailed framework for one or more actions, it must be modified accordingly or a specific financing decision must be adopted containing the information required for the actions concerned.

EFSA is already complying with this provision for grants and since 2009 annual work programme it will be the case also for procurements.

9. Art 32 of new EFSA IR, Art 3, 4, 4a of EU IR

In line with identical change in EU IR, it is now stipulated in new EFSA IR that, under the following conditions the interest generated on pre-financing payments can be retained by the recipient as it is not due to the Authority:

- pre-financing is of less or equal than 50.000 € (this is new);
- pre-financing paid under a procurement contract (this remains);
- pre-financing paid to Member States (this remains);
- advances paid to staff members in accordance with the Staff Regulations (this remains).

Reflecting the associated risks, it is also stipulated in new EFSA IR that the authorising officer shall recover for each reporting period the amount of interest generated by pre-financing payments which exceed EUR 750 000 per grant agreement at the end of each financial year.

Further details of recovery of interest are laid down in new EFSA IR.

In case of EFSA, this updated provision is of use in case of grants where providing a pre-financing is a standard approach by EFSA. In any case, given the scale of EFSA grant projects, the pre-financing is rarely higher than 50.000 € in which case the interest would be recovered.

10. Art 33(1) of new EFSA IR, Art 104(1) of EU IR

New EFSA IR, in line with EU IR, clarify that pre-financing shall be paid either on the basis of the contract, the decision, the agreement or the basic act, or on the basis of supporting documents (…). If a date of payment for pre-financing is determined in those instruments, payment of the due amount shall not be dependent upon further demand. Up to now, it was questionable whether an invoice or a payment request is needed before making a pre-financing payment.

11. Art 34(3) of new EFSA IR, Art 106(4) of EU IR

In new EFSA IR, it is clarified that not only the authorizing officer shall inform the contractor/beneficiary as soon as possible of suspension of payment but also has to set out the reasons for the suspension.

12. Art 34 of new EFSA IR, Art 106 of EU IR

The following changes are proposed in new EFSA IR:

- Since now the contractor/beneficiary must be informed without delay also on the approval of the report if this is a pre-condition for the payment. In current EFSA IR the approval could be implicit by the fact that the time allowed by the contract/grant agreement for approval simply expired without being suspended by means of a formal document sent to the contractor/beneficiary.
- Since now, in any case, the contractor or beneficiary shall be informed in advance of the possibility that payments might be delayed for the purpose of approval of a report (this is normally done via contracts/grant agreements).
- Since now it is clarified that the authorising officer shall inform the contractor/beneficiary of any suspension of the period allowed for approval of the report by means of a formal document (up to now the way of informing was not defined).
- Since now, where the invoice/payment request is not admissible, the authorising officer shall inform the contractor/beneficiary within 30 calendar days from the date on which the invoice/payment request was initially received. That information shall include a description of all deficiencies.
- Since now, the possibility to have 60 days for approval of a report is extended also to reports provided under grant agreements involving technical services or actions which are particularly complex to evaluate (up to now the 60 days option was applicable only to procurement contracts).
- Since now, the authorising officer may decide that a single time limit for the approval of the report and payment shall apply. This single time limit cannot exceed the aggregated maximum applicable periods for approval of the report and for payment.

13. Art 34(4) of new EFSA IR, Art 106(5) of EU IR

Since now, on expiry of the time limit in which EFSA has to pay the contractor, he shall be automatically entitled to interest on late payment. Up to now, such interest was paid only upon his demand which shall be presented within 2 months of receiving late payment.

Anyway, in new EFSA IR there is also an exception to automatic payment of interest and that will be applicable when the interest calculated is lower than or equal to EUR 200. In such a case the interest shall be paid to the creditor only upon a demand submitted within two months of receiving late payment.

14. Art 35(1) of new EFSA IR, Art 7(1) of EU IR

In new EFSA IR it is clarified that where conversion between the euro and another currency is to be made by the contractors/beneficiaries, the specific arrangements for conversion contained in procurement contracts, grant agreements or financing agreements shall apply. This clarification is not contained in current EFSA IR.

E.g., at EFSA, this could be applicable in the case of grants, where the beneficiary is instructed to convert into € the expenditure he incurred in other currency. EFSA has been applying this principle since the first grant agreement.

15. Art 43 of new EFSA IR, Art 64 of EU IR

In line with EU IR, new EFSA IR now stipulates that the accounting officer may make payments by bank credit transfer only if the payee's bank account details (as it was up to now) and information confirming the payee's identity (this is new addition), or any modification, have first been entered in a common file by the Authority. This new addition refers to legal entity files which are collected and registered for any third party to which EFSA pays or from which it receives payments.

It is also clarified in new EFSA IR that any such entry in the file of the payee's legal and bank account details or modification of those details shall be based on a supporting document, the form of which shall be defined by the Commission's accounting officer.

Further, in new EFSA IR, not only that the authorizing officer shall check that the legal and bank account details are valid before a payment is made (as up to now) but shall also inform the accounting officer of any change communicated by the payee in these details (this is new addition).

16. Art 45 of new EFSA IR, Art 66 and 67 of EU IR

Regarding the management of imprest accounts, it is clarified in the new EFSA IR that the imprest administrator may provisionally validate and pay expenditure, on the basis of a detailed framework set out in the instructions from the authorizing officer (this obligation to set out a detail framework is new addition). It is also further clarified that those instructions shall now specify also the rules and conditions under which the provisional validation and payments shall be carried out.

The maximum amount which may be paid by the imprest administrator where it is materially impossible or inefficient to carry out payment operations by budgetary procedures is increased in the new EFSA IR from 30.000 € to 60 000 € for each item of expenditure, in line with EU IR.

17. Art 51(3) of new EFSA IR, Art 112(3) of EU IR

There is a new paragraph inserted into new EFSA IR concerning internal audit, stipulating that the internal auditor shall, during the elaboration of his report, particularly focus on the overall compliance with the principle of sound financial management and shall ensure that appropriate measures have been taken in order to steadily improve and enhance its application.

18. Art 77 of new EFSA IR, Art 213 of EU IR

New EFSA FR stipulates that the rate to be used for conversion between the euro and another currency to draw up the balance sheet at 31 December of year N shall be that of the last working day of year N and not, as it was up to now, that of the last working day of the year N-1.

19. Art 82 of new EFSA IR, Art 211 of EU IR

Art 82 of current EFSA IR is being changed in the sense that it is the data in general ledger (and not inventory as it is in the current EFSA IR and previous EU IR) which shall be kept and organized in such a way as to justify the content of each of the accounts included in the trial balance.

At the same time the definition of inventory is cancelled (first sentence of Art 82 of current EFSA IR).

20. Art 86 of new EFSA IR, Art 222 of EU IR

New EFSA FR stipulates that the purchase price or production costs above which the acquired items (with a period of use greater than one year and which are not consumables) shall be entered in the inventory and recorded in fixed assets accounts, is since now defined in the accounting rules and methods which the Commission's accounting officer adopts pursuant to Article 133 of General Financial Regulation. Up to now the value in € was expressly written in the legislation (Art 222 of EU IR, Art 93 of current EFSA IR) and equaled to 420 €.

21. Art 66, 67, 68, 69, 71, 73, 83 of current EFSA IR are cancelled

This cancellation goes in line with identical deletion in EU IR. The reason is that according to new EU IR the provisions related to:

- valuation of assets and liabilities
- provisions
- structure of the balance sheet
- presentation of the balance sheet
- presentation of the economic outturn account
- cash flow classification
- chart of accounts

are now defined by the Commission's accounting officer in the accounting rules and methods which he adopted pursuant to Article 133 of General Financial Regulation.

IMPLEMENTATION RULES OF CERTAIN PROVISIONS OF THE AUTHORITY'S FINANCIAL REGULATION

As adopted by the EFSA Management Board on 2008

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REGULATION LAYING DOWN DETAILED RULES FOR THE IMPLEMENTATION OF CERTAIN PROVISIONS OF THE FINANCIAL REGULATION OF THE AUTHORITY

THE MANAGEMENT BOARD OF THE EUROPEAN FOOD SAFETY AUTHORITY, hereinafter referred to as the Authority,

Having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002, as amended, on the Financial Regulation applicable to the general budget of the European Communities, and in particular Article 185 (1) thereof[1],

Having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002, as amended, on the Framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002, as amended, on the Financial Regulation applicable to the general budget of the European Communities[2],

Having regard to Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002, as amended, laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities[3],

Having regard to the Financial Regulation of the Authority as adopted by the Management Board on 2008,

Having regard to the proposal from the Executive director,

Whereas:

(1) Certain provisions of the Financial Regulation of the Authority explicitly provide for detailed implementing rules,

(2) Whereas it would be clearer and more rational to lay down rules to implement other provisions of the Financial Regulation of the Authority,

(3) Whereas the drawing-up of the rules in question does not preclude the drawing-up at a later date of other implementing rules for which no formal provision is made in the Financial Regulation of the Authority but which might subsequently appear appropriate,

HAS ADOPTED THESE IMPLEMENTING RULES:

[1] OJ L 248, 16.09.2002 page 1
[2] OJ L 357, 31.12.2002, page 72
[3] OJ L 357, 31.12.2002, page 1

TITLE I
DELEGATION OF POWERS
(Article 34 of the Financial Regulation*)

Article 1

1. Delegation of powers shall be spelled out in written decisions of the Executive director.

2. In each case the act of delegation or sub delegation shall specify the limits within which the delegates or sub delegates are authorised to act on financial or other matters, to draw up proposals for the establishment of debts and for recovery orders, proposals for the commitment of expenditure and payment orders, the numbers of the articles and items in respect of which powers have been delegated and, where appropriate, the length of time for which powers have been delegated.

Article 2

1. The decisions referred to in Article 1, accompanied by a specimen signature of the staff member to whom powers have been delegated, shall be communicated:
    a) to the delegate;
    b) to the accounting officer and to the security officer safeguarding the budgetary and accounting IT systems, who may not make any payment / allocate user rights which has been authorised by staff not empowered to do so;
    c) to the internal auditor appointed under Article 71 of the Financial Regulation;
    d) to the authorising officers and the Internal auditor in the case of delegation of powers by the accounting officer;
    e) to the sub delegate, the accounting officer and the internal auditor in the case of the sub delegation of powers by authorising officers within the limits of the powers delegated to them;
    f) to the Management board;
    g) to the Court of auditors.

2. The decisions amending or terminating such delegations of powers shall also be communicated as set out in paragraph 1.

Article 3

The Head of EFSA Finance Unit shall be responsible for maintaining in summary form a list of all current delegations and sub delegations together with the specimen signatures.

TITLE II
IMPLEMENTATION OF BUDGET - RESPONSIBILITIES

CHAPTER 1
RULES APPLICABLE TO THE ACCOUNTING OFFICER, TO THE ASSISTANT ACCOUNTING OFFICERS AND TO THE IMPREST ADMINISTRATORS
(Articles 43 & 44 of the Financial Regulation)

Article 4

1. The accounting officer shall exercise his specific responsibilities in accordance with the provisions of the Financial Regulation.

2. In particular, the accounting officer shall ensure objectiveness in the keeping of the accounts and the preparation of the financial statements in accordance with Articles 76 -80 of the Financial Regulation.

*wherever in the text the wording “Financial Regulation” is mentioned, this refers to the Financial Regulation of the Authority

CHAPTER 2
TERMINATION OF DUTIES OF THE ACCOUNTING OFFICER

Article 5

1. A trial balance shall be drawn up without delay in the event of termination of the duties of the accounting officer.

2. The trial balance accompanied by a handing-over report shall be transmitted by the accounting officer who is terminating his duties or, if this is not possible, by an official in his department to the new accounting officer.

   The new accounting officer shall sign the trial balance in acceptance within one month from the date of transmission and he may make reservations.

   The handing-over report shall also contain the result of the trial balance and any reservations made.

3. The authority shall inform the Commission's accounting officer on appointment and termination of duties of the accounting officer.

CHAPTER 3
TREASURY MANAGEMENT

Article 6

1. In accordance with Articles 43(1f) and 55 – 58b of the Financial Regulation, the accounting officer, who is responsible for the collection of revenue and the payment of expenditure, shall manage the corresponding moneys.

2. The accounting officer shall ensure that the Authority has at its disposal sufficient funds to cover the cash requirements arising from budgetary implementation. For these purposes the accounting officer shall set up cash management systems enabling him to draw up cash-flow forecasts.

CHAPTER 4
LIABILITY OF THE AUTHORITY

Article 7

Without prejudice to the applicable provisions of the Staff Regulations, Article 46(2) of the Financial Regulation and the Authority's right of recovery vis-à-vis third parties, the Authority shall bear all risks and deficits not covered by the accounting officer, the assistant accounting officers or the imprest administrators.

TITLE III
IMPLEMENTATION OF BUDGET - EX ANTE AND EX POST EVALUATION AND EFF ECTIVE AND EFFICIENT INTERNAL CONTROL

(Article 25 and 25a of the Financial Regulation)

Article 8

1. Programmes and activities occasioning budget expenditure shall be the subject of an ex ante evaluation and / or ex post evaluation.

2. Effective internal control shall be based on best international practices and include in particular the following:
   (a) segregation of tasks;
   (b) an appropriate risk management and control strategy including controls at beneficiary level;
   (c) avoidance of conflicts of interests;
   (d) adequate audit trails and data integrity in data systems;

(e) procedures for monitoring of performance and for follow-up of identified internal control weaknesses and exceptions;
(f) periodic assessment of the sound functioning of the control system.

3. Efficient internal control shall be based on the following elements:
   (a) the implementation of an appropriate risk management and control strategy coordinated among appropriate actors involved in the control chain;
   (b) the accessibility of control results to all appropriate actors involved in the control chain;
   (c) the timely application of corrective measures including, where appropriate, dissuasive penalties;
   (d) clear and unambiguous legislation underlying the policies;
   (e) the elimination of multiple controls;
   (f) the principle of improving the cost-benefit ratio of controls.

4. In any call made in the context of grants or procurements potential beneficiaries, candidates and tenderers shall, in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council be informed that, for the purposes of safeguarding the financial interests of the Communities, their personal data may be transferred to internal audit services, to the European Court of Auditors, to the Financial Irregularities Panel or to the European Anti-Fraud Office (hereinafter 'OLAF').

TITLE IV
IMPLEMENTATION OF BUDGET - REVENUE OPERATIONS
(Articles 52-58b of the Financial Regulation)

Article 9
(Article 52 of the Financial regulation)

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

2. When drawing up an estimate of amounts receivable, the authorizing officer responsible shall check in particular that:
   (a) the revenue is booked to the correct budget item;
   (b) the estimate is in order and complies with the applicable provisions and the principle of sound financial management.

3. The estimate of the amount receivable shall be forwarded to the accounting officer for registration and to take action.

Article 10
(Article 53 of the Financial regulation)

To establish an amount receivable the authorising officer responsible shall ensure that:
(a) the receivable is certain and not subject to any condition;
(b) the receivable is of fixed amount, expressed precisely in cash terms;
(c) the receivable is due and is not subject to any payment time;
(d) the particulars of the debtor are correct;
(e) the amount to be recovered is booked to the correct budget item;
(f) the supporting documents are in order; and
(g) the principle of sound financial management is complied with in particular with regard to the criteria referred to in point (a) of Article 87(1) of Implementing rules of General Financial Regulation.
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Article 11
(Article 54-58b of the Financial regulation)

1. In accordance with Article 54 of the Financial Regulation, the authorising officer responsible shall issue a recovery order without delay in respect of any established debt and a debit note.

2. In particular, the recovery order shall specify:
    a) the financial year to which the revenue is to be booked;
    b) the references of the act or legal commitment which is the source of the debt and gives rise to the entitlement to recovery;
    c) the budget article, and any other subdivision that may apply, including where appropriate, the references of the corresponding budget commitment;
    d) the amount to be recovered expressed in euro;
    e) the name and address of the debtor;
    f) the due date, i.e. a deadline for payment before which no default interest will be due;
    g) the possible method of recovery, including in particular recovery by offsetting or enforcement of any guarantee lodged.

3. The debit note shall be to inform the debtor that:
    a) the Authority has established the amount receivable;
    b) if payment of the debt is made before the deadline specified, no default interest will be due;
    c) failing payment by the deadline referred to in point (b) the debt shall bear default interest at the rate specified in Article 86 of Implementing rules of General Financial Regulation;
    d) failing payment by the deadline referred to in point (b) the Authority shall effect recovery either by offsetting or by enforcement of any guarantee lodged in advance;
    e) the accounting officer may effect recovery by offsetting before the deadline referred to in point (b), where it is necessary to protect the Communities' financial interests when he has justified reasons for believing that the amount due to the Authority would be lost, after consulting the authorizing officer and after the debtor has been informed of the reasons and date of the recovery by offsetting;
    f) if, after all those steps have been taken, the amount has not been recovered in full, the Authority shall effect recovery by enforcement of a decision secured either in accordance with Article 72(2) of the General Financial Regulation or by legal action.The recovery order shall be sent to the accounting officer for action.

4. The recovery order shall be dated and signed by the authorising officer responsible and then sent to the accounting officer for registration and to take action. The authorising officer shall send the debit note to the debtor with a copy to the accounting officer.

Article 12

1. Upon recovery of an amount receivable, the accounting officer shall issue a revenue voucher, and shall make an entry in the accounts.

2. 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.

3. The limitation period for entitlements of the Authority in respect of third parties stipulated in Article 58b of the Financial regulation shall begin to run on the expiry of the deadline communicated to the debtor in the debit note. The limitation period for entitlements of third parties in respect of the Authority shall begin to run on the date on which the payment of the third party's entitlement is due according to the corresponding legal commitment.

4. The limitation period for entitlements of the Authority in respect of third parties shall be interrupted by any act of an institution, or a Member State acting at the request of an institution, notified to the third party and aiming at recovering the debt. The limitation period for entitlements of third parties in respect of the Authority shall be interrupted by any act notified to the Communities by their creditors or on behalf of their creditors aiming at recovering the debt. A new limitation period of five years shall begin to run on the day following those interruptions.

5. Any legal action relating to an amount receivable as referred to in paragraph 1, including actions brought before a court which later declares itself not to have jurisdiction, shall interrupt the limitation period. The new limitation period of five years shall not begin until a judgment having the force of res judicata is given or there is an extrajudicial settlement between the same parties on the same action.

6. Where the accounting officer allows the debtor additional time for payment in accordance with Article 58 of the Financial Regulation, this shall be considered as an interruption of the limitation period. The new limitation period of five years shall begin to run on the day following the expiry of the extended time for payment. Entitlements shall not be recovered after the expiry of the limitation period.

Article 13

1. Where no recovery order has been made out pursuant to Article 53(2) of the Financial Regulation in respect of a payment received, the amount in question shall be immediately credited to a suspense account in the general accounts.

2. Any sum credited to such an account, which is found to have been wrongly paid, shall be repaid as soon as possible.

Article 14

Estimates and recovery orders shall be entered in separate accounts and numbered chronologically so that the following can be readily ascertained in respect of all the Authority's debts:

a) measures which may give rise to a debt;
b) amounts of debts to be recovered;
c) date of establishment estimate/issue of the recovery order
d) due dates for payment of the debts;
e) name of debtors;
f) debts which have been recovered;
g) debts still to be recovered together with the steps taken to secure recovery.

Article 15

1. In accordance with Article 55(3) of the Financial Regulation any proposal to waive the right to recover an established debt shall specify in particular the debtor, the type of revenue, the estimated amount, the budget item in question, the steps taken to secure recovery and the grounds for the proposed waiver.

2. The authorising officer responsible shall register all waiver proposals and decisions.

TITLE V
IMPLEMENTATION OF BUDGET - EXPENDITURE OPERATIONS

Article 16
(Article 60 of the Financial Regulation)

1. The financing decision shall set out the essential elements of an action involving expenditure from the budget.

2. For grants, the decision adopting the annual work programme referred to in Article 110 of the General Financial Regulation shall be considered to be the financing decision within the meaning of Article 75 of the Financial Regulation, provided that it constitutes a sufficiently detailed framework.

   As regards procurement, where the implementation of the corresponding appropriations is provided for by an annual work programme constituting a sufficiently detailed framework, this work programme shall also be considered to be the financing decision for the procurement contracts involved.

3. In order to be considered a sufficiently detailed framework, the work programme adopted by the Authority shall set out the following.

   (a) For grants:
      (i) the reference to the basic act and the budgetary line;
      (ii) the priorities of the year, the objectives to be fulfilled and the foreseen results with the appropriations authorised for the financial year;
      (iii) the essential selection and award criteria to be used to select the proposals;

(iv) the maximum possible rate of co-financing and if different rates are envisaged the criteria to be followed for each rate;
(v) the timetable and the indicative amount of the calls for proposals.

(b) For procurement:
(i) the global budgetary envelope reserved for the procurements during the year;
(ii) the indicative number and type of contracts envisaged and if possible their subject in generic terms;
(iii) the indicative time frame for launching the procurement procedures.

If the annual work programme does not provide this detailed framework for one or more actions, it must be modified accordingly or a specific financing decision must be adopted containing the information referred to in points (a) and (b) of the first subparagraph for the actions concerned.

CHAPTER 1
COMMITMENT OF EXPENDITURE
(Articles 61-63 of the Financial Regulation)

Article 17

1. In respect of any measure which may give rise to expenditure chargeable to the budget the authorising officer responsible must first draw up a budget commitment.

2. Budget commitments shall be supported by relevant documents showing 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 the identity of the creditor. The authorising officer must ensure in advance that this measure is consistent with the principles of sound financial management and in particular those of economy and cost-effectiveness. Budget commitments shall be drawn up in accordance with a standard form to be adopted in common agreement by the authorising officer and the accounting officer.

Article 18

Draft decisions of a general nature taken by the Authority and entailing obligation vis-à-vis third parties to incur expenditure shall constitute measures that may give rise to expenditure, without any further decision being necessary.

Article 19

1. Provisional budget commitments within the meaning of Article 61(5) of the Financial Regulation shall be strictly limited to routine expenditure. In the case of provisional budget commitments, the authorising officer shall check, on his own responsibility, that the individual legal commitments do not exceed the provisional budget commitment covering them.

2. Such provisional budget commitments shall not give rise to the automatic carryover of appropriations as provided for in Article 10 of the Financial Regulation unless they correspond, at the end of the financial year, to legal commitments entered into before the deadlines laid down in the Financial Regulation.

3. Expenditure which is incurred repeatedly during the same budgetary year such as:
   - staff expenditure (salaries and various allowances, recruitment expenditure, etc),
   - mission expenses,
   - training expenses;
   - expenditure on competitions, selection and recruitment;
   - representation expenses,
   - meeting expenses,
   - freelance interpreters,
   - exchanges of officials,
   - rent,

- insurance,
- cleaning and maintenance,
- leasing,
- stationery and office supplies,
- telecommunications,
- water, gas and electricity,
- periodicals (monthly bulletins, etc.),
- subscriptions,
- financial and legal charges,
- and others more

shall be regarded as routine expenditure.

Article 20

Approval of budget commitments shall take the form of the signature by the authorising officer responsible on the budget commitment on paper form or electronically in IT systems, and such approval shall be dated.

Article 21

In urgent cases, approval of budget commitments may be given in a note, by fax, e-mail or any other means which leaves no doubt as to the fact that the budget commitment in question has been approved by the authorising officer responsible.

Article 22

1. Budget commitment shall be registered in the computerised budget accounting system. This registration procedure must make it possible to ascertain at any given moment for each budget item or heading:
    a) the commitment appropriations available;
    b) the amounts of budget commitments entered into;
    c) the payments made against these budget commitments;
    d) the balance of budget commitments outstanding.

2. The registration must also make it possible to ascertain at any given moment for each budget commitment:
    a) the amount of the initial budget commitment, increased where applicable by any additional budget commitments;
    b) the payments made against this budget commitment in previous financial years;
    c) the amount of the budget commitment still to be paid at the beginning of the financial year;
    d) payments made against this budget commitment in current financial year;
    e) the balance of budget commitment outstanding.

Article 23

The budget and general accounts must be organised in such a way that all control bodies are able to check that budget commitments and payments have been registered accurately.

Article 24

For the budget commitment, the following shall constitute supporting documents:

a) for contracts:
    1) draft of contract, order form or similar document,
    2) tenders received if applicable,
    3) final opening and evaluation report if applicable.
    4) draft award and rejection letters
    5) final opinion of the Public Procurement Committee (PPC) if applicable,

b) for grants:
   1) draft grant agreement,
   2) proposals submitted by the applicants,
   3) final opening and evaluation report if applicable.
   4) draft award decision
   5) draft award and rejection letters
   6) schedule of payments for the whole duration of the grant agreement

CHAPTER 2
VALIDATION, AUTHORISATION AND PAYMENT OF EXPENDITURE
(Articles 64-69 of the Financial Regulation)

Article 25

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

Article 26

1. For payments corresponding to procurement contracts, the endorsement ‘passed for payment’ shall certify that:
   a) the Authority has received and formally registered an invoice drawn up by the contractor;
   b) the invoice itself, or an internal document accompanying the invoice received, has been endorsed ‘certified correct’ and signed by the staff member technically competent and duly empowered by the authorising officer responsible;
   c) all aspects of the invoice have been checked by the authorising officer responsible or on his responsibility with a view to determining in particular the amount to be paid and the validity of the payment as discharge of the debt.

2. The endorsement ‘certified correct’, referred to in above point (b) shall certify that the services provided for in the contract have been properly provided, or that the supplies provided for in the contract have been properly delivered, or that the work provided for in the contract has been properly carried out. For supplies and work, the staff member technically competent shall draw up a provisional acceptance certificate, and then a final acceptance certificate at the end of the guarantee period laid down in the contract. Those two certificates shall count as the ‘certified correct’ endorsement.

Article 27

For payments corresponding to grants, the endorsement ‘passed for payment’ shall certify that:
   a) the Authority has received and formally registered a payment request drawn up by the beneficiary;
   b) the payment request itself, or an internal document accompanying the payment request received, has been endorsed ‘certified correct’ and signed by the staff member technically competent, empowered by the authorising officer responsible; by such endorsements he/she certifies that the action or work programme carried out by the beneficiary is in all respects in compliance with the grant agreement;
   c) all aspects of the payments request have been checked by the authorising officer responsible or on his responsibility with a view to determining in particular the amount to be paid and the validity of the payment as discharge of the debt.

Article 28

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

a) in respect of monthly salary:
   (i) the complete list, giving all the components of remuneration;

(ii) a form (personal information sheet) based on decisions taken in each individual case, showing, whenever such change occurs, any change in any component of remuneration;
(iii) in the case of recruitment or appointments, a certified true copy of the recruitment or appointment decision which accompanies the validation of the first salary payment;

b) in respect of other remuneration such as staff paid on hourly or daily basis: a statement signed by the authorised staff member showing the days and hours worked;
c) in respect of overtime: a statement signed by the authorised staff member certifying the amount of overtime worked;
d) In respect of mission expenses:
   (i) the travel order signed by the competent authority;
   (ii) the statement of mission expenses, signed by the staff member on mission and by the administrative superior to whom the appropriate powers have been delegated, and showing, in particular, the place of mission, the dates and times of departure and arrival at the place of mission, travel expenses, subsistence expenses, and other expenses duly authorised on production of supporting documents;
e) in respect of other staff expenditure: the supporting documents referring to the decision on which the expenditure is based and giving all the components of the calculations.

Article 29

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

a) the payment order has been properly issued, meaning that a corresponding validation decision has been taken previously in the form of 'passed for payment', that the particulars of the payee are correct and that the amount is due;
b) the payment order corresponds to the budget commitment against which it is booked;
c) the expenditure is charged to the correct item in the budget;
d) appropriations are available.

Article 29

1. The payment order shall state:
   a) the financial year to which the expenditure is to be booked;
   b) the budget article and any other subdivision that may apply;
   c) the references of the legal commitment giving rise to an entitlement to payment;
   d) the references of the budget commitment against which it is to be booked;
   e) the amount to be paid, expressed in euro;
   f) the name, address and bank account details of the payee;
   g) the object of the expenditure;
   h) the means of payment;
   i) the entry of items in the inventory.

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

Article 30

1. In the case of legal commitments which foresee payments in instalments, a copy of the signed contract, grant agreement or other decision granting financial support shall be attached to the payment order for each instalment. Reference to all preceding payment(s) of instalments shall be made when drawing up a payment order for each pre-financing other than first one and for interim and final payment.

2. When the payment order for final payment is drawn up, the authorising officer shall certify that the operation has been completed so that the appropriate measures may be taken as regards the accounts with, where appropriate, the decommitment of any budget commitment which has been entered into but not consumed.

Article 31

If an original supporting document cannot be produced, a certified true copy may be substituted for it by the authorising officer, who must: 1. explain why the original could not be produced; 2. certify that the payment has not yet been made on the original supporting document and 3. take measures that the payment will not be made later based on original supporting document.

Article 32
(Article 67 of the Financial Regulation)

1. Interest generated by pre-financing paid shall not be due to the Authority in the following cases:
   (a) pre-financing of less than 50.000 €;
   (b) pre-financing paid under a procurement contract
   (c) pre-financing paid to Member States;
   (d) advances paid to staff members in accordance with the Staff Regulations.

2. The authorising officer responsible shall recover for each reporting period following the implementation of the grant agreement the amount of interest generated by pre-financing payments which exceed EUR 750 000 per grant agreement at the end of each financial year.

3. The authorising officer responsible may recover at least once a year the amount of interest generated by pre-financing payments lower or equal to those referred to in paragraph 2, taking account of the risks associated with his management environment and the nature of the actions financed. In the case the authorising officer responsible decides to recover the interest annually as per this paragraph or paragraph 2, he shall draw up, before the end of each financial year, estimates of the amount of any interest or equivalent benefit yielded by these funds and shall establish a provision for that amount. That provision shall be entered in the accounts and cleared by effective recovery, following the implementation of the decision or grant agreement.

4. Authorising officer responsible shall ensure that, in grant agreements with beneficiaries and intermediaries, pre-financing is paid to bank accounts or sub-accounts which allow the funds and related interest to be identified. Otherwise, the accounting methods of the beneficiaries or intermediaries must make it possible to identify the funds paid by the Authority and the interest or other benefits yielded by these funds.

5. This article shall be without prejudice to the entry of pre-financing on the assets side of financial statements, as laid down in the accounting rules referred to in Article 133 of the General Financial Regulation.

Article 33

1. Pre-financing, including cases where it is split into a number of payments, shall be paid either on the basis of the contract, the decision, the agreement or the basic act, or on the basis of supporting documents which make it possible to check the conformity of the actions financed with the terms of the contract, decision or agreement in question. If a date of payment for pre-financing is determined in those instruments, payment of the due amount shall not be dependent upon further demand. Interim payments and payments of balances shall be based on supporting documents which make it possible to check that the action financed has been carried out in accordance with the basic act or the decision in favour of the beneficiary, or in accordance with the terms of the contract or agreement concluded with the beneficiary.

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

3. An interim payment, which may be repeated, is intended to reimburse expenditure incurred by the beneficiary on the basis of a statement of expenditure when the action is in progress. It may clear pre-financing in whole or in part, without prejudice to the provisions of the basic act. The closure of the expenditure shall take the form of the payment of the balance, which may not be repeated and clears all preceding payments, or a recovery order.

Article 34

1. Sums due shall be paid within no more than 45 calendar days from the date on which an admissible invoice/payment request is registered by the authorising department of the authorising officer responsible; the date of payment shall be understood to mean the date on which the Authority's bank account is debited.

   The invoice/payment request is not admissible if at least one essential requirement is not met. Where the invoice/payment request is not admissible, the authorising officer shall inform the contractor or beneficiary within 30 calendar days from the date on which the invoice/payment request was initially received. That information shall include a description of all deficiencies.

   The payment period referred to above shall be 30 calendar days for payments relating to service or supply contracts, save where the contract provides otherwise.

2. For contract or grant agreement under which payment depends on approval of a report, time limit for the purposes of the payment periods referred to in paragraphs 1 shall not begin to run until the report in question has been approved. The beneficiary shall be informed without delay.

   The time allowed for approval may not exceed:
   a) 20 calendar days for straightforward contracts relating the supply of goods and services;
   b) 45 calendar days for other contracts and grant agreements and decisions;
   c) 60 calendar days for contracts and grant agreements and decisions involving technical services, which are particularly complex to evaluate.

   In any case, the contractor or beneficiary shall be informed in advance of the possibility that payments might be delayed for the purpose of approval of a report. The authorising officer responsible shall inform the beneficiary by means of a formal document of any suspension of the period allowed for approval of the report. The authorising officer responsible may decide that a single time limit for the approval of the report and for payment shall apply. This single time limit may not exceed the aggregated maximum applicable periods for approval of the report and for payment.

3. The authorising officer responsible may suspend the time limit for payment by informing creditors, at any time during the period referred to in paragraph 1, that the payment request cannot be met, either because the amount is not due or because the appropriate supporting documents have not been produced. If information comes to the notice of the authorising officer responsible which puts in doubt the eligibility of expenditure appearing in a payment request, the authorising officer may suspend the time limit for payment for the purpose of further verification, including an on-the-spot check, in order to ascertain, prior to payment, that the expenditure is indeed eligible. The authorising officer shall inform the contractor or beneficiary in question as soon as possible and set out the reasons for the suspension. Time for the purposes of the remainder of the payment period shall begin to run again from the date on which the properly formulated payment request is first registered.

4. On expiry of the time limits laid down in paragraphs 1 and 2 the creditor shall be entitled to interest in accordance with the following provisions:
   a) interest rates shall be those a referred to in the first sub paragraph of Article 86 (2) of the Commission implementing rules to the General Financial Regulation;
   b) the interest shall be payable for the period elapsing from the calendar day following expiry of the time-limit for payment up to the day of payment.

   By way of exception, when the interest calculated in accordance with the provisions of the first subparagraph is lower than or equal to EUR 200, it shall be paid to the creditor only upon a demand submitted within two months of receiving late payment.

Article 35

1. Without prejudice to specific provisions arising from the application of sector-specific regulations, conversion between the euro and another currency by the responsible authorising officer shall be made using the daily euro exchange rate published in the C series of the Official Journal of the European Union. Where conversion between

the euro and another currency is to be made by the contractors or beneficiaries, the specific arrangements for conversion contained in procurement contracts, grant agreements or financing agreements shall apply.

2. If no daily Euro exchange rate is published in the Official Journal of the European Union for the currency in question, the responsible authorising officer shall use the accounting rate referred to in paragraph 3.

3. For the purposes of the accounts provided for in Articles 84 to 89 of the Financial Regulation, conversion between the Euro and another currency shall be made using the monthly accounting exchange rate of the Euro, published by the EC DG Budget. That accounting exchange rate shall be established by the Commission's accounting officer by means of any source of information it regards as reliable, on the basis of the rate on the penultimate working day of the month preceding that for which the rate is established.

4. Without prejudice to specific provisions deriving from the application of sector-specific regulations, or from specific procurement contracts, grant agreements and financing agreements, the rate to be used for conversion between the euro and other currencies shall, in cases where the conversion is carried out by the responsible authorizing officer, be that of the day on which the payment order or recovery order is drawn up by the authorising officer responsible.

5. In the case of euro imprest accounts, the rate to be used for the conversion between the euro and other currencies shall be determined by the date of payment by the bank

6. For the regularisation of imprest accounts in national currencies the rate to be used for the conversion between the euro and other currencies shall be that of the month of the expenditure from the imprest account concerned.

7. For the reimbursement of flat rate expenditure, or expenditure arising from the Staff Regulations which is fixed at a ceiling, and which is paid in a currency other than the euro, the rate to be used shall be that which is in force when the entitlement arises.

CHAPTER 3
SUPPORTING DOCUMENTS
(Article 38(6) of the Financial Regulation)

Article 36

1. All invoices shall be submitted for registration to EFSA Finance Unit as soon as they are received at the Authority.

2. Without prejudice to Article 36(6) of the Financial Regulation, the supporting documents relating to operations not definitively closed shall be kept for longer, that is to say, until the end of the year following that in which the operations are closed.

TITLE VI
IMPLEMENTATION OF BUDGET - GRANTING OF ADVANCES

Article 37

1. Apart from the advances provided for in the Staff Regulations, the authorising officer responsible may grant advances to cover expenditure to be incurred by a staff member on behalf of the Authority.

2. Such expenditure, which generally comes under staff and administrative expenditure, may arise from specific business or relate to likely expenditure, the nature or amount of which is uncertain.

Article 38

1. The granting of such advances and the designation of the staff member shall be the subject of a decision by the Executive Director or a delegated authority. Such decisions shall specify the amount of the advance and the period during which it is to be used.

2. Where the nature of the expenditure is sufficiently certain, a provisional budget commitment proposal shall be made before any advance is paid.

Article 39

1. The designated staff member shall be responsible for the funds placed at his disposal and shall take every precaution to ensure their safekeeping.

2. In principle no later than 10 days after the purpose for which the advance was granted has been achieved, he/she shall give the accounting officer a detailed account of the use made of it and shall pay back any unused amount.

3. No later than 6 weeks after the above point in time the authorising officer shall clear the advance in order to close the suspense account opened when it was granted.

TITLE VII
IMPLEMENTATION OF BUDGET - BANK ACCOUNTS
(Articles 43-48 of the Financial Regulation)

Article 40

1. For the requirements of treasury management, the accounting officer may open or cause the necessary bank accounts to be opened in the name of the Authority with financial institutions or national central banks, including direct debit or credit card facilities, or cause such accounts to be opened, after negotiating the operating terms for the bank accounts in accordance with the principles of sound financial management, efficiency and competitive tendering. In duly warranted circumstances, he/she may open bank accounts in currencies other than the euro.

2. At least every five years the accounting officer shall re-launch competitive tendering between financial institutions with which to open the necessary bank accounts.

3. The accounting officer shall ensure strict compliance with the operating terms for the bank accounts opened with financial institutions.

Article 41

1. The terms governing the opening, operation and use of bank accounts shall provide, depending on internal control requirements, that cheques, bank credit transfer orders or any other banking operations must be signed by two duly authorised staff members, who are not authorising officers by delegation. One of those staff members must be the accounting officer or his/her substitute.

2. The Authority shall communicate to all the financial institutions with which bank accounts have been opened the names and specimen signatures of the staff designated by it that are specifically authorised to open and draw on such bank accounts, and any limits on the withdrawals authorised for each staff member so designated.

3. The double signature is not mandatory where the credit card is concerned.

Article 42

1. The accounting officer shall ensure that the balance on the bank accounts provided for in Article 40 does not deviate significantly from the cash flow forecasts and in any event:
    a) that none of the bank accounts is in debit;
    b) that the balance of bank accounts held in other currencies is periodically converted into euro.

2. The accounting officer may not maintain balances in foreign currency accounts, which might cause excessive losses to the Authority as a result of exchange rate fluctuation.

Article 43

1. The accounting officer may make payments by bank credit transfer only if the payee’s bank account details and information confirming the payee`s identity, or any modification, have first been entered and validated in a common file.

2. Any such entry in the file of the payee's legal and bank account details or modification of those details shall be based on a supporting document, the form of which shall be defined by the Commission's accounting officer.

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

4. Authorising officer shall inform the accounting officer of any change in the legal and bank account details communicated to them by the payee and shall check that these details are valid before a payment is made.

Article 44

1. The decision to establish a direct debit shall be submitted for the agreement of the accounting officer. Direct debit can be used as a method of payment for recurrent expenditure where a contractual relationship of more than six months has been entered into or where other methods of payment cannot be used due to local practice, the nature of the expenditure or for reasons of urgency.

2. The authorising officer must ensure that the amounts of the proposed direct debit are correct on the basis of the suppliers bills, normally received prior to the amount(s) being debited to the account. If discrepancies are found, the direct debit for the bill questioned shall be suspended and the supplier must be informed immediately. The accounting officer must be informed by the authorising officer.

TITLE VIII
IMPLEMENTATION OF BUDGET - IMPRESTS
(Article 44 of the Financial Regulation)

Article 45

1. Imprest accounts may be set up when, because of its nature, limited amount involved or particular urgency, the payment of certain expenditure cannot be effected by means of a payment order signed by the authorising officer.

2. In proposals for decisions setting up imprest accounts the authorising officer responsible shall ensure that:
    a) Priority is given to the use of budgetary procedures where there is access to other central computerised accounting system;
    b) Imprest accounts are used only in substantiated cases.

   The maximum amount which may be paid by the imprest administrator where it is materially impossible or inefficient to carry out payment operations by budgetary procedures shall not exceed EUR 60 000 for each item of expenditure.

3. By way of derogation from Articles 66-67 of the Financial Regulation, the imprest administrator may provisionally validate and pay expenditure, on the basis of a detailed framework set out in the instructions from the authorising officer responsible, subject to the subsequent application of Articles 64-67 of the Financial Regulation. The instructions from the authorising officer responsible shall specify the rules and conditions under which the provisional validation and payments shall be carried out.

4. The creation of an imprest account and the appointment of an imprest administrator shall be the subject of a decision by the accounting officer, on a duly substantiated proposal from the authorising officer responsible. That decision shall set out the respective responsibilities and obligations of the imprest administrator and the authorising officer.

5. Amendment of the operating terms for an imprest account shall also be the subject of a decision by the accounting officer on a duly substantiated proposal from the authorising officer concerned.

6. All decisions referred to in this Article shall be communicated to the accounting officer.

Article 46

1. The decision setting up an imprest account and appointing an imprest administrator and the decision amending the operating terms for an imprest account shall specify in particular:
   a) the maximum amount which may be initially provided as an imprest, and its purpose;
   b) whether a bank account or post office giro account is to be opened in the name of the Authority;
   c) the nature and maximum amount of each item of expenditure which may be paid by the imprest administrator to third parties or collected from them;
   d) the frequency with which supporting documents must be produced, the procedure for producing them and the arrangements for transmitting them to the authorising officer for settlement;
   e) the procedure to be followed if the imprest has to be replenished;
   f) that imprest transactions will be settled by the authorising officer by no later than the end of the following month, so that the accounting balance and the bank balance can be reconciled;
   g) the period of validity of the authorisation given to the imprest administrator by the accounting officer;
   h) the identity of the appointed imprest administrator.

2. The imprest administrator may make payments to third parties on the basis and within the limits of:
   a) prior budget and legal commitments signed by the authorising officer responsible;
   b) the positive residual balance of the imprest account, in cash or at the bank.

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

Article 47

The accounting officer shall make payments endowing imprest accounts and shall monitor those accounts from the point of view of opening of bank accounts and delegation of signatures and controls on the spot and in the centralised accounts. The accounting officer shall endow the imprest accounts. Imprests shall be paid to the bank account opened for the imprest. Imprest accounts may also be endowed directly by miscellaneous local revenue such as that arising from:

(a) sales of equipment;
(b) publications;
(c) miscellaneous repayments;
(d) interest.

The imprest shall be settled, in terms of expenditure or miscellaneous or assigned revenue, in accordance with the decision setting up the imprest account referred to in Article 46. The amounts of miscellaneous local revenue shall be deducted by the authorising officer when he subsequently replenishes the imprest accounts concerned.

Article 48

1. Every imprest administrator shall be accountable to the authorising officer for the settlement of sums due to third parties and to the accounting officer for the making of payments.

2. The imprest administrator shall take all the necessary precautions to safeguard the funds placed at his/her disposal.

3. The imprest administrator shall keep an account of the funds at his/her disposal, in cash and at the bank, and of payments made and amounts received, in accordance with the rules and on the instructions given by the accounting officer.

4. Statements of that account shall be accessible at all times to the authorising officer responsible and a list of transactions shall be established at least once a month and be sent the following month together with supporting

documents by the imprest administrator to the authorising officer responsible for settlement of the imprest operations.

5. The accounting officer shall carry out, or have carried out by a staff member in his own department or in the authorizing department specially empowered for that purpose, checks, which must as a general rule be effected on the spot and without warning, to verify the existence of the funds allocated to the imprest administrators and the bookkeeping and to check that imprest transactions are settled within the time-limit set.

6. The accounting officer shall communicate the findings of those checks to the authorising officer responsible.

TITLE IX
MANAGEMENT BY MEANS OF IT SYSTEMS
(Article 70 of the Financial Regulation)

Article 49

1. For the purposes of Article 70 of the Financial Regulation, ‘computer systems' means computerised management and accounting programmes, which require the intervention of the authorising officer and the accounting officer.

2. Use of such systems is subject to the following rules:
   a) the system must check the availability of appropriations for the operation proposed and reject any operation for which appropriations are not available;
   b) the system must ensure that each operation is handled only by those members of staff empowered to do so in the departments of the authorising officer, and the accounting officer, and ensure effective separation of the functions of these two departments;
   c) the Authority shall ensure that its internal and external procedures guarantee the security of the information and of the operation of the system;
   d) the Authority shall ensure that the physical security of the system is guaranteed;

Article 50

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

TITLE X
RULES APPLICABLE TO THE INTERNAL AUDITOR
(Articles 71-73 of the Financial Regulation)

Article 51

1. The Authority shall inform the Court of Auditors and the Internal Audit Services of the Commission of the appointment of the internal auditor.

2. The Authority shall provide the internal auditor with the resources required for the proper performance of his audit function and a mission charter detailing his tasks, duties and obligations.

3. The internal auditor shall, during the elaboration of his report, particularly focus on the overall compliance with the principle of sound financial management and shall ensure that appropriate measures have been taken in order to steadily improve and enhance its application.

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

5. The internal audit shall operate in accordance with the Financial Regulation and may conduct controls by sampling and batch methods. The internal audit shall have access to the Authority's financial systems. The control shall be based on the files relating to revenue and expenditure and may, if necessary, be conducted on the spot.

6. The Executive Director, proceeding in accordance with this Article, may act to have the internal auditor declared liable for its actions.

7. Measures relating to disciplinary procedures, transfers and the various kinds of interruption and termination of duties of the internal auditor shall be the subject of a reasoned decision of the Executive Director, which is sent to the Court of Auditors and Internal Audit Services of the Commission, for information.

Article 52

1. The internal audit shall adopt his work programme and shall submit it to the Executive director.

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

Article 53

1. In addition to the annual internal audit report to the Management board and the Executive director according to Article 72(4) of the Financial regulation, other internal audit reports may be presented by the internal auditor to the Management board and the Executive director at any time and on any subject having financial implications, especially as regards the application of Article 25 of the Financial Regulation (sound financial management).

2. The Executive Director shall consider whether the recommendations made in the reports of its internal auditor are suitable for an exchange of best practices with other EU institutions or bodies.

TITLE XI
PROCUREMENT
(Article 74 of the Financial Regulation)

Article 54

As regards procurement and pursuant to the provisions of Article 74 of the Financial Regulation, the detailed rules for implementing the General Financial Regulation shall apply.

TITLE XII
GRANTS
(Article 75 of the Financial Regulation)

Article 55

As regards grants and pursuant to the provisions of Article 75 of the Financial Regulation, the detailed rules for implementing the General Financial Regulation and the provisions of the Regulation on the implementation of Article 36 of Regulation [178/2002] shall apply.

TITLE XIII
PRESENTATION OF THE ACCOUNTS AND ACCOUNTING
(Articles 76-81 of the Financial Regulation)

CHAPTER 1
PRESENTATION OF THE ACCOUNTS

Article 56
Report on budgetary and financial management during the year
(Article 76 check of the Financial Regulation)

1. The report on budgetary and financial management during the year shall give an accurate description of:
   a) the achievement of the objectives for the year, in accordance with the principle of sound financial management;
   b) the financial situation and the events which have had a significant influence on activities during the year.

2. The report on budgetary and financial management shall be separate from the reports on implementation of the budget referred to in Article 76 of the Financial regulation.

Article 57
Exception to the accounting principles
(Article 78 of the Financial Regulation)

Where, in a specific case, the accounting officers consider that an exception should be made to the content of one of the accounting principles referred to in Article 78 of the Financial regulation that exception shall be duly substantiated and reported in the annex to the financial statements referred to in Article 76 of the Financial regulation.

Article 58
Going-concern principle
(Article 78 of the Financial Regulation)

1. The going-concern principle means that for the purposes of preparing the financial statements, the Authority shall be deemed to be established for an indefinite duration.

2. Where there are objective indications that the Authority is to cease its activities, the accounting officer shall present that information in the annex, indicating the reasons. The accounting officer shall apply the accounting rules with a view to determining the liquidation value of the Authority.

Article 59
Principle of prudence
(Article 78 of the Financial Regulation)

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

Article 60
Principle of consistent accounting methods
(Article 78 of the Financial Regulation)

1. The principle of consistent accounting methods means that the structure of the components of the financial statements and the accounting methods and valuation rules may not be changed without reason from one year to the next.

2. The Authority's accounting officer may not depart from the principle of consistent accounting methods other than in exceptional circumstances, in particular:
   a) in the event of a significant change in the nature of the entity's operations;
   b) where the change made is for the sake of a more appropriate presentation of the accounting operations.

Article 61
Principle of comparability of information
(Article 78 of the Financial Regulation)

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

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

classified. Where it is impossible to re-classify items, this shall be explained in the annex to the financial statements referred to in Article 76 of the Financial regulation.

Article 62
Materiality principle
(Article 78 of the Financial Regulation)

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

2. Transactions may be aggregated where:
    a) the transactions are identical in nature, even if the amounts are large;
    b) the amounts are negligible;
    c) aggregation makes for clarity in the financial statements.

Article 63
No-netting principle
(Article 78 of the Financial Regulation)

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

Article 64
Principle of reality over appearance
(Article 78 of the Financial Regulation)

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

Article 65
Accrual-based accounting principle
(Article 78 & 79 of the Financial Regulation)

1. The accrual-based accounting principle means that transactions and events shall be entered in the accounts when they occur and not when amounts are actually paid or recovered. They shall be booked to the financial years to which they relate.

2. The accounting methods provided for in Article 85 of the Financial regulation shall specify the obligating event for the entry of each transaction in the accounts.

Article 66
Economic outturn account
(Article 80 of the Financial Regulation)

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

Article 67
Cash flow table
(Article 80 of the Financial Regulation)

The cash flow table shall show treasury movements. The treasury shall be made up of the following:
- a) cash in hand;
- b) bank accounts and deposits payable on demand; and
- c) other disposable assets which can quickly be converted to cash and whose value is stable.

Article 68
Annex to the financial statements
(Article 80 of the Financial Regulation)

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

a) accounting principles, rules and methods;
b) explanatory notes, supplying additional information not contained in the body of the financial statements which is necessary for an accurate picture;
c) off-balance-sheet commitments showing entitlements and obligations not included in the balance sheet which could have a material impact on the assets and liabilities, the financial situation or the result of the entity concerned.

Article 69
Explanatory notes
(Article 80 of the Financial Regulation)

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

Article 70
Budgetary outturn account
(Article 81 of the Financial Regulation)

The budgetary outturn account shall contain:

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

Article 71
Annex to the budgetary outturn account
(Article 81 of the Financial Regulation)

The annex to the budgetary outturn account referred to in Article 81 of the Financial regulation shall contain at least:

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

CHAPTER 2
ACCOUNTING
(Title VII Chapter 2 of the Financial regulation)

Section 1
Organisation of the accounts

Article 72
Organisation of the accounts
(Article 84 of the Financial Regulation)

1. The accounting officer of the Authority shall draw up and keep updated documents describing the organisation of the accounts and accounting procedures of the Authority.

2. In drawing up the financial statements, as little use as possible shall be made of information from outside the accounts.

3. Budget revenue and expenditure shall be recorded in the computerised system referred to in Article 73, according to the economic nature of the operation, as current revenue or expenditure or as capital.

Article 73
Computerised systems
(Article 84 of the Financial Regulation)

1. The accounts shall be kept with the help of an integrated computerised system.

2. That description shall define the content of all data fields and specify how the system treats individual operations. It shall state how the system guarantees the existence of a complete audit trail for each operation and for any change made to the computerized systems and subsystems so that it is possible at any time to identify the nature of the change and the person who made it.

   The description of computerised accounting systems and subsystems shall indicate any links between those systems and the central accounting system, particularly as regards the transfer of data and the re-conciliation of balances.

3. Access to the computerised systems and subsystems shall be confined to persons included on a list of authorised users which is kept and updated by the authorising officer.

Section 2
Accounting ledgers

Article 74
Accounting ledgers
(Article 87 of the Financial Regulation)

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

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

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

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

5. Entries recorded in special journals and special ledgers shall be centralised at least every month in the journal and in the general ledger.

Article 75
Trial balance
(Article 87 of the Financial Regulation)

The Authority shall establish a trial balance covering all the accounts of the general accounts, including the accounts cleared during the year, with, in each case:

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

Article 76
Accounting reconciliations
(Article 90 of the Financial Regulation)

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

2. As regards the inventory of fixed assets, the provisions of Articles 84 to 91 shall apply.

Section 3

Article 77
Entries in the accounts
(Article 87 of the Financial Regulation)

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

2. The euro counterpart of a transaction denominated in a currency other than the euro shall be calculated and entered in the accounts. Transactions in foreign currencies in accounts which can be re-valued shall be re-valued at least each time the accounts are closed. That revaluation shall be based on the rates laid down in accordance with Article 36. The rate to be used for conversion between the euro and another currency to draw up the balance sheet at 31 December of year N shall be that of the last working day of year N.

3. The accounting rules adopted under Article 133 of the General Financial Regulation shall specify the conversion and re-evaluation rules to be provided for the purposes of accrual accounting.

Article 78
Accounting records
(Article 87 of the Financial Regulation)

All accounting records shall specify the origin, content and booking reference of each data item and the references of the relevant supporting documents.

Article 79
Supporting documents
(Article 87 of the Financial Regulation)

1. Each entry shall be based on a dated and numbered supporting document, produced on paper or on a medium which guarantees the reliability and safeguarding of its content for the periods laid down in Article 38(6) of the Financial regulation.

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

Article 80
Recording in the journal
(Article 87 of the Financial Regulation)

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

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

Article 81
Validation of entries
(Article 87 of the Financial Regulation)

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

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

Section 4
Reconciliation and verification

Article 82
Reconciliation of accounts
(Article 87 of the Financial Regulation)

1. The balance of accounts in the trial balance shall be reconciled periodically and at least at the annual closure, with the data from the management systems used by authorising officers for the management of assets and liabilities and for the daily input into the accounting system.

2. Periodically, and at least whenever the accounts are closed, the accounting officer shall check that the data in the inventory ledger referred to in Article 80 correspond to the actual situation, in particular as regards:
    a) cash at bank, by reconciliation of the statements of account from financial institutions;
    b) cash in cash offices, by reconciliation with the data in the cash book.

    The fixed assets accounts shall be reviewed in accordance with Article 88.

3. The interinstitutional liaison accounts, if any, shall be reconciled and cleared monthly.

4. The suspense accounts shall be reviewed annually by the accounting officer so that they can be cleared as soon as possible.

Section 5
Budget accounts

Article 83
Content and keeping of budget accounts
(Article 89 of the Financial Regulation)

1. The budget accounts shall show, for each subdivision of the budget:
    a) in the case of expenditure:
        (i) the appropriations authorised in the initial budget, the appropriations entered in amending budgets, the appropriations carried over, the appropriations available following collection of assigned revenue, transfers of appropriations and the total appropriations thus available;
        (ii) the commitments and payments in respect of the financial year;
    b) in the case of revenue:
        (i) the estimates entered in the initial budget, the estimates entered in amending budgets, assigned revenue and the total amount of estimates thus determined;
        (ii) the entitlements established and the amounts recovered in respect of the financial year in question;
    c) the commitments still to be paid and revenue still to be recovered carried forward from previous financial years.

    The commitment appropriations and payment appropriations referred to in point a) shall be entered and shown separately.

2. The budget accounts shall show separately:
    a) the use of appropriations carried over and the appropriations for the year;

b) the clearance of outstanding commitments.

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

3. The budget accounts may be organised in such a way as to develop a cost accounting system.

4. The budget accounts shall be kept using computer systems, in books or on file cards.

CHAPTER 3
Property inventories
(Title VII Chapter 3 of the Financial Regulation)

Article 84
Property inventories
(Article 90 of the Financial Regulation)

The system of property inventories shall be established by the authorising officer with technical assistance from the accounting officer. That inventory system must supply all the information required for keeping the accounts and safeguarding assets.

Article 85
Safeguarding property
(Article 90 of the Financial Regulation)

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

Article 86
Entry of items in the inventory
(Article 90 of the Financial Regulation)

All items acquired with a period of use greater than one year, which are not consumables, and whose purchase price or production cost is higher than that indicated in the accounting rules adopted under article 133 of the General Financial Regulation shall be entered in the inventory and recorded in the fixed assets accounts.

Article 87
Content of the inventory for each item
(Article 90 of the Financial Regulation)

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

Article 88
Inventory checks
(Article 90 of the Financial Regulation)

Inventory checks carried out by the Authority shall be performed in such a way as to ensure that each item physically exists and matches the relevant entry in the inventory. Such checks shall be carried out under an annual verification programme, save for tangible and intangible fixed assets, which shall be checked at least on a three-year basis.

Article 89
Resale of property
(Article 90 of the Financial Regulation)

Members, officials or other servants and any other staff of the Authority, EU Institutions or bodies may not acquire items that are resold by the Authority, save where those items are resold by public tender procedure.

Article 90
Procedure for sale of fixed assets
(Article 90 of the Financial Regulation)

1. Sales of fixed assets shall be advertised locally in appropriate fashion, if the unit purchase value is EUR 8.100 or more. The period between publication of the last announcement and conclusion of the sales contract shall be no less than fourteen calendar days. Those sales shall be the subject of a notice of sale published in the Official Journal of the European Communities, if the unit purchase value is EUR 391.100 or more. Appropriate advertising may also be placed in the Member States' press. The period between the date of publication of the notice in the Official Journal of the European Communities and conclusion of the sales contract shall be no less than one month.

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

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

Article 91
Procedure for disposing of fixed assets
(Article 90 of the Financial Regulation)

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

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

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

TITLE XIV
COURT OF AUDITORS
(Article 91 of the Financial Regulation)

Article 92

The Authority shall provide the Court of Auditors with the facilities and the information, which the Court may consider necessary for the performance of its task. In particular, the Authority shall place at the disposal of the Court of Auditors documents concerning the conclusion of contracts, grant agreements, accounts of cash or materials, accounting records or supporting documents including related administrative documents, documents relating to revenue and expenditure, inventories and organisation charts of its departments which the Court of Auditors may consider necessary for auditing the revenue and expenditure account on the basis of records or on the spot, and documents and data created or stored on electronic media. To this end, staff members whose operations are inspected by the Court of Auditors shall in particular:

a) produce their records of cash in hand and any other cash, securities or assets of any kind and the supporting documents in respect of their stewardship which they hold, and any relevant books, registers and other documents;
b) on request, produce the correspondence and any other documents required for the full implementation of the audit.

Article 93

1. The Court of Auditors shall be empowered to audit documents relating to revenue and expenditure which are held by the Authority's departments and, in particular, by the department responsible for decisions on such revenue and expenditure.

2. The task of establishing that revenue has been collected and expenditure effected in a lawful and proper manner, and that the financial management has been sound, shall extend to the use, which bodies outside the Authority make of Community funds, they may receive by way of grant.

3. When grant is awarded to bodies outside the Authority, the beneficiaries shall be required to give their written agreement to submit to an audit by the Court of Auditors on the use made of the grant awarded.

TITLE XV
FINAL PROVISIONS

Article 94

1. The thresholds and amounts laid down in Articles 45 and 90 shall be updated every three years in line with movements in the consumer price index in the Community as specified in Article 271 in the Implementing rules of General Financial Regulation.

2. This Regulation shall be revised whenever additions or amendments to it are necessary as a result of the revision of the Financial Regulation.

Done at Parma, 2008

For the Management Board,

Dr
The Chair