

Financial Regulation — consolidated version (21 December 1977)

Caption: Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities, as last amended on 9 April 2001 (consolidated version). This Regulation is repealed by Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities.

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Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities (consolidated version)

[Council Regulation of 21 December 1977⁽¹⁾, amended on 25 June 1979⁽²⁾, 16 December 1980⁽³⁾, 7 June 1988⁽⁴⁾, 24 June 1988⁽⁵⁾, 13 March 1990⁽⁶⁾, 25 July 1994⁽⁷⁾, 31 October 1994⁽⁸⁾, 18 September 1995⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾, 22 September 1997⁽¹²⁾, 23 November 1998⁽¹³⁾, 17 December 1998⁽¹⁴⁾, 13 December 1999⁽¹⁵⁾, and 9 April 2001⁽¹⁶⁾, consolidated version]

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THE COUNCIL OF THE EUROPEAN COMMUNITIES

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

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

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

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament⁽¹⁷⁾,

Whereas the conciliation provided for in the Joint Declaration of 4 March 1975 of the European Parliament, the Council and the Commission⁽¹⁸⁾ took place in a Conciliation Committee;

Whereas the Court of Auditors delivered an opinion on certain provisions of this Financial Regulation concerning the presenting and auditing of accounts; whereas it also stated that it had no objection to the Financial Regulation being implemented from 1 January 1978, taking into account the formal undertaking by the Council and the Commission to review the whole of this Regulation, if necessary, as soon as the supplementary opinion of the Court of Auditors is available;

Whereas the Treaty of 22 July 1975 amending certain financial provisions of the Treaties establishing the European Communities and of the Treaty establishing a single Council and a single Commission of the European Communities entered into force on 1 June 1977; whereas, as a result of the amendments introduced, new provisions need to be adopted regarding the adoption of the budget, the measures to be taken if, at the beginning of the financial year the budget has not yet been adopted, and the transfer of appropriations; whereas in particular, with regard to the latter, the European Parliament, the Council and the Commission should be empowered to make certain transfers within their respective budget sections themselves;

Whereas the Treaty of 22 July 1975 established a Court of Auditors which exercises the powers and jurisdiction previously vested in the Audit Board and the ECSC Auditor; whereas the Court of Auditors should have the same status as an Institution as regards the establishment and implementation of its budget; whereas the provisions relating to the presenting and auditing of accounts should be adapted to this new situation; whereas it is essential, however, to stress here and now that these provisions will be re-examined in the light of a supplementary opinion to be delivered by the Court of Auditors;

Whereas a distinction should be made between appropriations for commitment and appropriations for payment in the case of projects lasting several years and that the projects to which such a distinction applies should be determined under the budgetary procedure;

Whereas the definition of the unit of account and the methods applicable for making conversions between

the unit of account and the currencies of the Member States, embodied in the text of Article 10 of the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities, are no longer appropriate to the current international monetary situation; whereas in its report of 4 March 1975 the Monetary Committee took the view that a unit of account based on a basket of Community currencies would be best suited to the requirements of the Community in general;

Whereas, by Decision 75/250/EE⁽¹⁹⁾, the Council has already adopted such a unit of account to express the amounts of aid mentioned in Article 42 of the ACP-EEC Convention of Lomé; whereas, by Decision No 3289/75/ECSC, the Commission adopted the same unit of account for the implementation of the ECSC Treaty; whereas the same definition should be adopted for the purposes of implementing the EEC and Euratom Treaties;

Whereas, to take account of developments in Community activities, it is advisable that the budgetary nomenclature be decided under the budgetary procedure;

Whereas the full application of the own resources system from 1 January 1978 necessitates the amendment of certain provisions concerning the payment of the resources in question;

Whereas account should be taken of the trends in prices since the Financial Regulation of 25 April 1973 was drawn up, and certain amounts adjusted accordingly;

Whereas the various budgetary procedures currently used for the Social Fund, the Regional Fund and the European Agricultural Guidance and Guarantee Fund, Guidance Section, should be harmonized; whereas it is essential that these procedures be brought into line with the general system; whereas, nevertheless, transitional provisions must be introduced to enable the arrangements used for these funds to be gradually adapted to the general system;

Whereas, for reasons of budgetary clarity, a breakdown of research and investment appropriations should be given in a special chapter of the section of the budget relating to the Commission; whereas, moreover, the system used for the functional presentation of these appropriations should be simplified in the light of the experience already acquired in this area;

Whereas the Office for Official Publications of the European Communities carries out work for all the Institutions, thus constituting a joint service, and the presentation and conditions of implementation of the budget for this Office should consequently be improved; whereas the appropriations for the Office should consequently be entered in an Annex to the Commission section in which all these appropriations will be entered under a specific budget heading; whereas, in order to avoid unnecessary inflation of the budget, the Institutions should no longer be required to make payments to the Office,

HAS ADOPTED THIS FINANCIAL REGULATION:

Part I

Provisions applicable to the general budget of the European Communities

Title I

General principles

Article 1

1. The budget of the European Communities (hereinafter called 'the budget') is the instrument which sets out forecasts of, and authorizes in advance, the expected revenue and expenditure of the Communities for each year. The budget may also disclose the underwriting of borrowing and lending operations entered into by the Community.

For the purposes of this Financial Regulation, the revenue and expenditure of the Communities shall

comprise:

- the administrative expenditure of the European Coal and Steel Community and the corresponding revenue,
- the revenue and expenditure of the European Community,
- the revenue and expenditure of the European Atomic Energy Community which may be charged to the budget pursuant to the Euratom Treaty and to the measures taken in implementation thereof.

The abovementioned expenditure shall comprise that arising from the activities of the institutions.

2. The appropriations entered in the budget shall be authorized for the duration of one financial year.

Expenditure may not be authorized for a period extending beyond the financial year.

3. Administrative expenditure arising from:

- contracts which have been concluded, in accordance with local usage, or
- contractual provisions relating, in particular, to the supply of equipment,

for the periods extending beyond the financial year shall be charged to the budget for the financial year in which it is effected.

4. The budget may include differentiated appropriations and non-differentiated appropriations. Differentiated appropriations are those which give rise to commitment appropriations and payment appropriations.

Multiannual operations give rise to the entry of differentiated appropriations.

Commitment appropriations shall cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year.

Payment appropriations shall cover expenditure arising from commitments entered into in the current financial year and/or preceding financial years.

5. Differentiated appropriations shall be shown in the budget as follows:

- the commitment appropriation authorized for the financial year concerned and the payment appropriation for the same financial year shall be entered under the appropriate heading,
- the estimated annual payment appropriations required for the subsequent financial years shall be set out against the commitment appropriations in an indicative schedule in the remarks column.

The distinction between commitment appropriations and payment appropriations shall be made in the framework of the budget procedure.

6. The sum of the non-differentiated appropriations and the commitment appropriations of the differentiated appropriations shall constitute the appropriations for commitments.

The sum of the non-differentiated appropriations and the payment appropriations of the differentiated appropriations shall constitute the appropriations for payments.

7. The legal commitments entered into for measures extending over more than one financial year and the corresponding commitment proposals shall contain a time limit for implementation. This date must be

notified to the recipient in the appropriate legal form. The parts of those commitments not used six months after this date shall be cancelled in accordance with Article 7(6). However, the third sentence of this subparagraph shall apply to neither the Structural Funds nor the Cohesion Fund.

This time limit shall be determined with due regard to the need for multiannual implementation of the operations financed and the specific conditions of implementation in relation to the various spheres of intervention.

The Commission may, in special circumstances, adjust the time limit for implementation of these commitments, where appropriate reasons are given by the recipients.

In this case, the date shall be adjusted in accordance with the same procedure as that provided for in Articles 36 to 39 for the commitment proposal and shall be notified to the recipient in the appropriate legal form.

Article 2

The budget appropriations must be used in accordance with the principles of sound financial management, and in particular those of economy and cost-effectiveness. Quantified objectives must be identified and the progress of their realization monitored. To this end, the mobilization of Community resources must be preceded by an evaluation to ensure that the resultant benefits are in proportion to the resources applied. All operations must be subject to regular review, in particular within the budgetary procedure, so that their justification may be verified.

Member States and the Commission shall cooperate to ensure the adequacy of systems for decentralized management of Community funds. Such cooperation shall include the prompt exchange of all necessary information.

Article 3

1. Any proposal or communication submitted by the Commission to the Council which may have budgetary consequences, including significant changes in the number of posts, must include a financial statement. Where necessary, the financial statement must be updated to take account of the progress of discussions.

2. For activities of an operational nature, the financial statement shall include financial and economic data with a view to the assessment by the legislative authority of the need for Community action in accordance with the relevant provisions of Article 3b of the EC Treaty. The financial statement shall, in particular, incorporate the multiannual impact of the measures proposed. It shall also give details of possible consistency with other financial instruments; it shall be revised, if necessary, when the preliminary draft budget is drawn up in the light of progress in implementing the programme.

3. In the case of multiannual operations, the financial statement shall contain the estimated schedule of annual requirements in appropriations and posts. In drawing up this schedule, account shall also be taken of the 'financial perspective' annexed to the Interinstitutional Agreement on budgetary discipline and improvement of the budget procedure⁽²⁰⁾.

4. In order to prevent risk of fraud or irregularity, the Commission shall record in the financial statement any information regarding existing and planned fraud prevention and protection measures.

5. At the start of the budget procedure, the Commission shall supply, on the basis of a cost-effectiveness analysis, appropriate information enabling a comparison to be made between the development of appropriation requirements and the original estimates contained in the financial statements.

Article 4

1. Subject to Article 27, all revenue and expenditure shall be entered in full in the budget and in the accounts

without any adjustment against each other.

2. Total revenue shall cover total appropriations for payments.

Notwithstanding the first subparagraph, and without prejudice to the specific provisions of Title XI, certain revenues, on condition that they are within the limit of the authorized amounts, shall not be used for any other purpose, notably:

- financial contributions from Member States to certain research programmes pursuant to the second subparagraph of Article 6 and Article 11 (2) (c) of Council Decision 88/376/EEC, Euratom of 24 June 1988 on the system of the Communities' own resources⁽²¹⁾,
- interest on the deposits and fines referred to in Section 4 of Regulation (EC) No 1467/97⁽²²⁾, in accordance with Article 132a,
- revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests,
- contributions to Community activities from non-member States or various bodies,
- revenue from third parties in respect of work carried out at their request.

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

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

Article 5

1. Subject to Article 28a, no revenue shall be collected and no expenditure effected unless credited to or charged against an article in the budget.

2. No expenditure may be committed or authorized in excess of the authorized appropriations, without prejudice to Article 27 (2).

Article 6

The financial year shall run from 1 January to 31 December.

The revenue of a financial year shall be entered in the accounts for the financial year on the basis of the amounts collected during the financial year, with the exception of the own resources for the month of January of the next financial year, in respect of which advance payment may be made pursuant to Article 10 (2) of Council Regulation (EEC, Euratom) No 1552/89 of 29 May 1989 implementing Decision 88/376/EEC, Euratom on the system of the Communities' own resources⁽²³⁾.

The readjustment of entries in respect of value added tax own resources, of the supplementary resource based on GNP and, if appropriate, of financial contributions, shall be carried out in accordance with the third and fourth subparagraphs of Article 10 (3) of the abovementioned Regulation.

The allotted appropriations shall be used solely to cover expenditure properly entered into and paid in the financial year for which they were granted, save as otherwise provided in Articles 7 and 103, and to cover the debts regularly contracted relating to preceding financial years for which no appropriation was carried forward.

The commitments shall be entered in the accounts on the basis of the commitments contracted up to 31 December. The expenditure of a financial year shall be entered in the accounts for that year on the basis of the expenditure for which authorization reached the financial controller not later than 31 December and the accounting officer not later than the following 10 January, and for which payment was effected by the accounting officer not later than 15 January.

Notwithstanding the two preceding subparagraphs, the expenditure of the EAGGF Guarantee Section shall be taken into account for a financial year in accordance with the rules laid down in Article 101.

Article 7

The following rules shall govern the utilization of appropriations:

1. In the case of budget headings where there is no distinction between commitment appropriations and payment appropriations, appropriations still uncommitted at the end of the financial year for which they were entered shall, as a rule, lapse.

Appropriations relating to remunerations and allowances of members and staff of the institutions and provisional appropriations may not be carried over.

However:

a) a decision may be taken to carry over, to the next financial year only, appropriations still uncommitted at the close of the financial year, where the appropriations made to the headings in question in the budget of the next financial year are not sufficient to cover requirements, and those committed after 15 December for purchases of stores or equipment, performance of work or provision of supplies;

b) appropriations in respect of payments still outstanding by virtue of commitments duly entered into before the close of the financial year, with the exception of commitments entered into after 15 December for purchases of stores or equipment, performance or work or provision of supplies, shall be carried over automatically to the next financial year only.

2. In the case of budget headings where a distinction is made between commitment appropriations and payment appropriations, commitment appropriations and payment appropriations which have not been used at the end of the financial year for which they were entered shall, as a rule, lapse. However, they may, by decision of the Commission taken not later than 15 February, be carried over to the next financial year only, in accordance with the following criteria:

a) in the case of commitment appropriations:

– amounts relating to operations for which preliminaries have been virtually completed at 31 December but for which accounting commitments have not yet been made must in principle be committed by 31 March of the following year,

– amounts which are necessary when the Council has adopted a basic instrument towards the end of the financial year and the Commission has been unable to commit the appropriations provided for this purpose in the budget by 31 December;

b) in the case of payment appropriations:

– amounts needed to cover existing commitments or relating to commitment appropriations carried over, when the appropriations provided for the headings concerned in the budget for the following financial year do not cover requirements. In exercising its powers to implement the budget, the Commission shall, depending on management requirements, endeavour to use first the appropriations authorized for the current

financial year and not use the appropriations carried over until the former are exhausted.

The Commission shall inform the budgetary authority by 15 March at the latest of the decision taken and state, for each budget item, how the agreed criteria were applied to each carry-over.

Provisional appropriations may not be carried over.

3. In the case of appropriations for which a decision to carry over may be taken in accordance with point 1 (a), the Commission shall forward to the budgetary authority, not later than 15 February, the duly substantiated requests to carry over appropriations made by the European Parliament, the Council, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions, the Ombudsman and the Commission itself.

The carry-over of such appropriations can be proposed only for exceptional reasons in order to cope with compelling needs which cannot be met by appropriations from the next financial year. In principle, such carry-overs are intended to cover needs normally coming under the previous financial year but which, due to delays for which the authorizing officer was not responsible, could not be used in due time.

The Council shall consult the European Parliament and shall act by a qualified majority on the requests to carry over expenditure necessarily arising from the Treaties or from acts adopted pursuant thereto.

The European Parliament shall consult the Council and shall act on the requests to carry-over expenditure other than that necessarily arising from the Treaties or from acts adopted pursuant thereto.

In the absence of a decision by the budgetary authority within a period of six weeks, the requests for carry-overs shall be deemed to be approved.

4. Unused revenue and appropriations available at 31 December arising from the specific revenue referred to in Article 4 (2) shall be carried over automatically.

5. The following appropriations shall lapse at the end of the year:

a) appropriations from the previous financial year:

– carried over by decision of the budgetary authority under point 1 (a) which have been neither committed nor paid,

– carried over automatically under point 1 (b) which have not been paid,

– carried over by the Commission under point 2 and remaining unused at the end of the financial year;

b) appropriations of the financial year which have not been carried over.

6. When commitments in budget headings where there is a distinction between commitment appropriations and payment appropriations are cancelled as a result of total or partial non-implementation of the projects for which they were earmarked in any financial year after that in which the commitment appropriations were entered in the budget, the appropriations concerned shall, as a rule, lapse. In addition, any amounts unduly paid shall be recovered.

However, the commitment appropriation corresponding to the amount of the commitment cancelled may, exceptionally, be made available again when it is essential to carry out the programme originally planned, unless the budget for the current financial year contains funds available for this purpose.

At the beginning of each financial year the Commission shall therefore examine the cancellations which have taken place in the previous financial year and assess, in the light of requirements, the need for making

the appropriations available again.

The Commission shall take this decision by 15 February of each financial year.

The Commission shall inform the budgetary authority by 15 March of the decision taken and state, for each budget item, the reasons for making these appropriations available again.

7. Revenue deriving from the repayment of advances by recipients of Community aid shall be entered in the suspense accounts.

At the start of each financial year, the Commission shall examine the volume of such revenue and assess the need for re-use in the budget heading from which the original expenditure was made, in the light of requirements.

The Commission shall take this decision before 15 February of each financial year and shall inform the budget authority by 15 March of the decision taken.

Revenue which has not been re-used shall be shown under miscellaneous revenue of the financial year in which it has been entered.

8. The revenue and expenditure account shall show the automatic carry-overs, the appropriations carried over by decision of the budgetary authority, those carried over by decision of the Commission and the appropriations made available again by decision of the Commission after commitments have been cancelled or repaid.

9. For the purpose of implementing the budget, the use of appropriations carried forward shall be shown separately, for each budget item, in each article in the accounts for the current financial year.

Article 8

1. The appropriations entered in the budget may be committed with effect from 1 January, once the budget has been finally adopted.

2. This provision shall not apply to current administrative expenditure which, as from 15 November of each year, may be charged as an expected commitment against the appropriations provided for in respect of the next financial year. Such commitments shall not, however, exceed one quarter of the total corresponding appropriations for the current financial year. Such commitments shall not apply to new expenditure of a kind not yet approved in principle in the last budget duly adopted.

3. Expenditure relating to rents or certain associated expenditure which is payable in advance in accordance with provisions laid down by law or contracts may give rise to payments from 20 December onwards to be charged to the appropriations for the next financial year.

Article 9

1. If the budget is not finally adopted at the beginning of the financial year, Article 78b of the ECSC Treaty, Article 204 of the EC Treaty and Article 178 of the Euratom Treaty shall apply to commitment and payment of expenditure already approved in principle in the last budget duly adopted.

An item of expenditure shall be considered as having been approved in principle in the last budget duly adopted if it could have been charged to a specific budget heading under the financial year concerned.

2. a) Commitments may be entered into in respect of any chapter:

– for up to one quarter of the total appropriations entered in the relevant chapter for the preceding financial

year, account being taken of all transfers, plus one twelfth for each completed month,

– without exceeding the appropriations provided for in the draft budget or, in the absence thereof, in the preliminary draft budget.

The global provisional commitments of the EAGGF Guarantee Section referred to in Article 99 shall be treated as commitments for the purposes of these provisions.

b) Payments may be made monthly in respect of any chapter:

– up to one-twelfth of the total appropriations entered in the chapter concerned for the preceding financial year, account being taken of all transfers,

– as long as this measure does not have the effect of placing at the disposal of the Commission, for any month, appropriations in excess of one-twelfth of those provided for in the draft budget or, in the absence thereof, in the preliminary draft budget.

3. If the continuity of Community activities and administrative needs so require:

a) for expenditure necessarily resulting from the Treaties or from acts adopted in accordance therewith, the Council acting by a qualified majority may at the request of the Commission and after consulting the European Parliament, authorize simultaneously two or more provisional twelfths for both commitments and payments in addition to those automatically made available under paragraphs 2 (a) and (b);

b) for expenditure other than that necessarily resulting from the Treaties, or from acts adopted in accordance therewith, the second subparagraph of Article 78b (2) of the ECSC Treaty, the third subparagraph of Article 204 of the EC Treaty and the third subparagraph of Article 178 of the Euratom Treaty shall apply.

The additional twelfths shall be authorized in whole.

The annual total authorized for each chapter by reason of the twelfths may not exceed the total for the corresponding chapter of the preceding year's budget, account being taken of transfers, nor may it exceed the total for the corresponding chapter of the draft budget or, where this is not available, the preliminary draft budget.

4. If, for a given chapter, the authorization of two or more provisional twelfths granted in the circumstances provided for in paragraph 3 does not enable the expenditure necessary to avoid a break in continuity of the Community's activity in the area in question to be met, an overstepping of the total provided for in the last subparagraph of paragraph 3 may, exceptionally, be authorized in accordance with the same procedures, provided that the overall total of the appropriations opened in the budget of the preceding year is not exceeded.

Article 10

The budget and the supplementary or amending budgets, as finally adopted, shall be published in the *Official Journal of the European Communities*, at the instance of the President of the European Parliament.

Publication shall normally take place within one month of the date of the declaration of final adoption of the budget.

Article 11

1. The budget shall be drawn up in euro.

2. The euro shall be the single currency as defined in Council Regulation (EC) No 74/98 of 3 May 1998 on

the introduction of the euro ⁽²⁴⁾.

3. Without prejudice to specific provisions deriving from the application of sector-specific rules governing either revenue or expenditure, the rights and obligations of the Communities shall be expressed and executed in euro.

4. Conversions between the euro and the currencies of the Member States which have not adopted the euro shall be made at the exchange rate applicable on the day of the operation; derogations from this principle may be permitted in exceptional cases, in accordance with the implementing rules referred to in Article 139.

5. The daily euro exchange rates for the currencies not participating in the single currency shall be available each day and shall be published in the *Official Journal of the European Communities*.

Title II

Establishment and structure of the budget

Section I

Establishment of the budget

Article 12

The European Parliament, the Council, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions and the Ombudsman shall, each year before 1 July, draw up an estimate of their revenue and expenditure for the following year.

These estimates shall be forwarded to the Commission and, for information, to the European Parliament and the Council, no later than 1 July.

Article 13

1. The Commission shall, in the preliminary draft budget which it places before the Council not later than 1 September of each year, draw up a general statement of revenue of the Communities and consolidate the estimates referred to in Article 12.

It shall at the same time forward the preliminary draft budget to the European Parliament.

2. The Commission shall prepare a general introduction to the preliminary draft budget. This introduction shall contain in particular:

a) financial tables covering the entire budget; and

b) as regards the Commission subsections:

– a description of the policies for which the appropriations are requested, taking account of the principles and requirements set out in Article 2,

– an explanation of the changes in appropriations from one financial year to the next,

– a detailed statement on borrowing and lending policy.

3. Each of the other sections of the preliminary draft budget shall be preceded by an introduction prepared by the institution concerned and covering the points listed in the first and second indents of 2 (b).

4. The preliminary draft budget shall be accompanied by working documents containing the following

information:

a) in respect of staff of the institutions:

- a statement of the permanent and temporary staff policy measures taken, listing the measures taken to promote mobility and giving figures for the staff redeployed by category,
- for each category of staff, a detailed list of budgetary posts and numbers of persons in post on the date of the submission of the preliminary draft budget, indicating their distribution by grade and administrative unit or principal operational unit for the establishments of the Joint Research Centre,
- where a change in the number of persons in post is proposed, a statement justifying such changes,
- a list of posts broken down by area of activity;

b) in respect of subsidies to the bodies set up pursuant to the Treaties or Acts adopted in accordance therewith and to the Supply Agency, an estimate of revenue and expenditure prefaced by an explanatory statement drawn up by the bodies concerned; for the European Schools, a statement showing revenue and expenditure prefaced by an explanatory statement.

5. The Commission shall also attach to the preliminary draft budget:

- an analysis of the financial management for the preceding financial year, as provided for in Article 80, and a balance sheet of assets and liabilities of the Communities as at 31 December of the preceding financial year, as provided for in Article 81, and
- an opinion on the estimates of the other institutions; this opinion may contain different estimates, accompanied by the reasons therefor.

Article 14

The Commission may, on its own initiative or if requested by the European Parliament, the Council, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions or the Ombudsman, each in respect of its own section, present to the Council a letter of amendment to the preliminary draft budget on the basis of new information which was not available at the time the preliminary draft was established.

However, save in very exceptional circumstances, the Commission must put such letter of amendment to the Council at least 30 days before the first reading of the draft budget by the European Parliament, and the Council must put the letter of amendment to the draft budget to the European Parliament at least 15 days before the said first reading.

Article 15

1. In the event of unavoidable, exceptional or unforeseen circumstances, the Commission may submit preliminary draft supplementary and/or amending budgets.

Preliminary draft supplementary budget shall mean any proposal which would either increase the total amount of appropriations for commitments and/or payments, or finance one or more new operations without increasing the total amount of appropriations.

Preliminary draft amending budget shall mean any proposal which would involve modifications to the budget of a financial or technical nature, without causing an increase in the total amount of appropriations and without providing for new operations.

2. Preliminary draft supplementary and/or amending budgets shall be subject to the provisions of Article 78 of the ECSC Treaty, Article 203 of the EC Treaty and Article 177 of the Euratom Treaty.

They shall be submitted, examined, established and finally adopted in the same form and according to the same procedure as the budget whose estimates they are amending. They must be substantiated by reference to the latter.

3. All preliminary draft supplementary and / or amending budgets must, as a general rule, be forwarded to the Council by the date laid down for the submission of the preliminary draft budget for the following financial year.

The competent authorities shall discuss them in the light of their urgency.

4. Requests for amending and/or supplementary budgets from the European Parliament, the Council, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions or the Ombudsman shall be forwarded by the Commission to the budgetary authority. The Commission may attach a dissenting opinion.

5. Where the Council, having received a preliminary draft supplementary and/or amending budget, considers that it is not necessary to prepare a draft budget, it shall determine its position after an exchange of views with the European Parliament.

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

Article 16

1. The Council shall establish the draft budget in accordance with the procedure laid down in Article 78 of the ECSC Treaty, Article 203 of the EC Treaty and Article 177 of the Euratom Treaty.

The draft budget shall be forwarded by the Council to the European Parliament and placed before it not later than 5 October. The Council shall attach to that draft budget an explanatory memorandum defining in particular its reasons for departing from the preliminary draft budget, if it has done so.

2. Paragraph 1 shall apply *mutatis mutandis* to draft supplementary or amending budgets.

Article 17

1. The budget shall be adopted in accordance with Article 78 of the ECSC Treaty, Article 203 of the EC Treaty and Article 177 of the Euratom Treaty.

2. Once the budget has been declared finally adopted by the President of the European Parliament, each Member State shall, from 1 January of the following financial year or from the date of the formal declaration if it is made after 1 January, be bound to make over to the Community the payments due as specified in Council Regulation (EEC, Euratom) No 1552/89 of 29 May 1989 implementing Decision 88/376/EEC, Euratom on the system of the Communities' own resources ⁽²⁵⁾.

Article 18

The Commission and the budgetary authority may agree to bring forward certain dates for the transmission of the estimates, and for the adoption and transmission of the preliminary draft and draft budgets. This agreement may not, however, have the effect of reducing or delaying the periods allowed for consideration of these texts under Article 78 of the ECSC Treaty, Article 203 of the EC Treaty and Article 177 of the Euratom Treaty.

Section II

Structure and presentation of the budget

Article 19

1. The budget shall consist of:

- a general statement of revenue,
- separate sections subdivided into statements of revenue and expenditure of the European Parliament, the Council, the Commission, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions and the Ombudsman.

The Commission section shall consist of:

- ‘Part A’ for the staff and administrative expenditure of that institution.

The revenue and expenditure of the Office for Official Publications of the European Communities shall be attached to this part,

- ‘Part B’ for operating expenditure, divided into as many subsections as are required.

2. Within each section, the items of revenue and expenditure shall be classified according to their type or the use to which they are assigned under titles, chapters, articles and items.

3. The budgetary nomenclature shall be determined as regards the apportionment of revenue and expenditure under separate titles, chapters and articles, during the budgetary procedure.

4. Each section of the budget, and Parts A and B of the Commission section, may include a chapter for ‘provisional appropriations’ and a ‘contingency reserve’ chapter. The appropriations entered in these chapters may be used only by means of transfer in accordance with the procedure laid down in Article 26.

5. The Commission section may include a ‘negative reserve’ limited to a maximum amount of euro 200 million. This reserve, which shall be entered in a separate chapter, may comprise both appropriations for commitments and appropriations for payments.

This reserve must be drawn upon before the end of the financial year by means of transfer in accordance with the procedure laid down in Article 26.

6. The subsection for EAGGF Guarantee Section expenditure shall include a monetary reserve, for which the entry, utilization and financing conditions are determined by Council Decision 94/729/EC of 31 October 1994 3 concerning budgetary discipline ⁽²⁶⁾, and Decision 94/728/EC, Euratom of 31 October 1994 ⁽²⁷⁾ 3 on the system of the Communities’ own resources and by the provisions adopted for implementing the latter.

7. In addition, the document showing all the borrowing and lending operations referred to in Article 20 (5) shall be annexed to Part B of the Commission section.

8. The subsection concerning ‘Cooperation with developing countries and other third countries’ shall include the following two reserves, the conditions for the entry, utilization and financing of which are laid down in Council Decision 94/729/EC of 31 October 1994 on budgetary discipline⁽²⁶⁾ and in Regulation (EEC, Euratom) No 1552/89:

- a) a reserve for emergency aid for non-member countries;

b) a reserve relating to Community loans and loan guarantees to non-member countries and in those countries.

Article 20

The budget shall show:

1. In the general statement of revenue:

- the estimated revenue of the Communities for the financial year in question, divided into titles, chapters, articles and items,
- the revenue for the preceding financial year, divided into titles, chapters, articles and items,
- appropriate remarks on each subdivision.

2. In the section for each institution:

a) as regards the statement of revenue:

- the estimated revenue for each institution for the financial year in question, divided into titles, chapters, articles and items, following a decimal classification system,
- the revenue entered in the budget for the preceding financial year and the revenue established for the last financial year for which accounts have been closed, using the same classification,
- appropriate remarks on each revenue heading;

b) as regards the statement of expenditure:

ba) in the case of the various items, articles, chapters and titles:

- the appropriations made available for the financial year in question, these appropriations being the commitment appropriations and the payment appropriations for the budget headings for which this distinction has been agreed,
- the appropriations made available for the preceding financial year,
- the actual expenditure in the last financial year for which the accounts have been closed, determined as follows:
 - for the headings where the distinction between commitment appropriations and payment appropriations has not been made:
 - actual payments in the last financial year for which the accounts have been closed plus the carryovers to the next financial year,

– for the headings where the distinction between commitment appropriations and payment appropriations has been made:

– in commitments: commitments entered into during the financial year against appropriations for that financial year and against appropriations carried over from the preceding financial year;

– in payments: payments made during the financial year against appropriations for that financial year and against appropriations carried over from the preceding financial year;

bb) appropriate remarks on each subdivision. These remarks shall include:

– the basic legal instrument, where one exists,

– all such explanations as may be necessary concerning the nature and purpose of the appropriations,

– in the case of operations covered by commitment appropriations and payment appropriations: an indicative schedule of the payments for the financial year concerned and subsequent financial years,

– the amount of any revenue to be re-used. This amount is mentioned for information only.

3. As regards staff:

– for each section of the budget, an establishment plan setting the number of permanent and temporary posts for each grade in each category and in each service authorized within the limits of the budget appropriations. The staff of the supply agency shall be shown separately in the Commission's establishment plan.

– an establishment plan for staff paid from the research and technological development appropriations, classified by category and grade and distinguishing between permanent and non-permanent staff, authorized within the limits of the budget appropriations.

As regards scientific and technical staff, the classification may be based on groups of grades, in accordance with the conditions laid down in each budget. The establishment plan must specify the number of highly qualified technical or scientific personnel who are accorded special advantages under the Staff Regulations applicable to these officials;

– an establishment plan setting the number of posts for each grade in each category in:

– the Office for Official Publications,

– the European Centre for the Development of Vocational Training,

– the European Foundation for the Improvement of Living and Working Conditions.

The establishment plan shall show next to the number of posts authorized for the financial year the number authorized for the preceding year.

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

Instances of half-time work authorized by the appointing authority in accordance with Article 55a of the Staff Regulations of officials of the European Communities may be compensated for by the recruitment of other staff within the limits laid down by the budget authority in the budgetary procedure.

5. As regards borrowing and lending operations:

a) in the general statement of revenue, the budget headings corresponding to the relevant operations and intended to record any reimbursements received from beneficiaries who initially defaulted, leading to activation of the performance guarantee. These headings shall carry a token entry and be accompanied by appropriate remarks;

b) in the Commission section, Part B:

– the budget headings containing the Community's performance guarantees in respect of the operations in question. These headings shall carry a token entry, so long as no effective charge which has to be covered by specific resources has arisen,

– remarks giving a reference to the legal basis and the volume of the operations envisaged, the duration and the financial guarantee given by the Community in respect of these operations;

c) in a document annexed to Part B of the Commission section, as an indication:

– current capital operations and current debt management,

– the capital operations and debt management for the financial year in question.

6. The budget headings under revenue and expenditure necessary for implementing the reserve relating to Community loans and loan guarantees to non-member countries and in those countries and also for implementing the Guarantee Fund established by Council Regulation (EC, Euratom) No 2728/94.

Title III

Implementation of the budget

Section I

General provisions

Article 21

The budget shall be implemented in accordance with the principle that the authorizing officers and accounting officers are different individuals.

The appropriations shall be administered by the authorizing officer who alone is empowered to enter into commitments regarding expenditure, establish entitlements to be collected and issue recovery orders and payment orders.

The operations of collection or payment shall be carried out by the accounting officer.

The duties of authorizing officer, financial controller and accounting officer shall be mutually incompatible.

Article 22

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

The implementation of appropriations entered for significant Community action shall require a basic act, in accordance with the procedure and the provisions laid down in paragraph 3 (c) of Section IV of the Joint Declaration of 30 June 1982 ⁽²⁸⁾.

2. The Commission shall confer upon the European Parliament, the Council, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions and the Ombudsman the requisite powers for the implementation of the sections of the budget relating to them.

The Commission and other institutions may not, under any form or upon any basis whatsoever, delegate to outside entities or organisations tasks of implementing the budget which may give rise to missions on the part of the European public service, especially where powers to enter into public contracts are involved.

3. In accordance with Article 2, each institution shall take the appropriate measures, in terms of both organization and follow-up, to ensure the achievement of the objectives which it has set for itself.

4. With the exception of the cases provided for in Articles 28, 29, 39, 48 and 52 involving decisions overruling the financial controller, the Commission and each of the other institutions may delegate their powers of budgetary implementation in accordance with the conditions laid down by their internal rules of procedure and within the limits which they themselves lay down in the act of delegation.

Those so empowered may act only within the limits of the powers expressly conferred upon them.

All acts implementing the budget which are capable of giving rise to a confusion of interests between delegator, delegatee and third party recipient of expenditure shall be prohibited.

The implementing arrangements set out in Article 139 shall govern the conditions for implementing this Article, in particular the following aspects:

- causes of the confusion of interests,
- persons between whom the confusion of interests may arise,
- consequences of the confusion of interests.

The acts of delegation shall be communicated to all the parties concerned in accordance with the implementing rules provided for in Article 139.

Any member of staff who authorises commitments or payments without having been delegated or subdelegated the necessary powers, or in excess of the limits of the powers expressly conferred upon him, shall render himself liable to disciplinary action and, where appropriate, to payment of compensation in accordance with Title V. Each institution shall adopt internal rules which shall specify the procedure for issuing acts of subdelegation. Such acts shall obligatorily specify in detail the powers conferred.

4a. When the institutions commission an outside person, body or firm to perform a Community activity, the contracts and subcontracts concluded for that purpose must contain all appropriate provisions for ensuring the transparency of the contracted and subcontracted operations in accordance with the implementing rules provided for in Article 139.

If the payments made to the subcontractors generate interest which may be used to finance the programmes

in question, the following procedure shall be applied:

- periodically, at intervals of no more than six months, recovery orders shall be issued for the interest generated by these funds, which will then be booked to the statement of revenue,
- at the same time, appropriations for the corresponding amount, in both commitments and payments, shall be made available in the heading of the statement of expenditure to which the initial expenditure was charged.

5. Save as otherwise provided, the Ombudsman, the Economic and Social Committee and the Committee of the Regions shall, for the purposes of this Financial Regulation, be treated as institutions of the Communities.

For the common organizational structure of the Economic and Social Committee and the Committee of the Regions, an accounting system shall be established with a breakdown of expenditure showing the proportion of services provided to each of these two institutions.

Article 23

Where revenue and expenditure operations are managed by means of integrated computer systems, the provisions of Sections II and III and of Title VI shall apply with due allowance for the possibilities and requirements deriving from computerized management. To this end:

- the supporting documents may remain with the authorizing officer or the accounting officer for the purposes of checking,
- signatures and approvals may be added in appropriate computerized form.

The conditions for implementing this Article shall be determined by the implementing rules provided for in Article 139.

Article 24

Each institution shall appoint a financial controller.

He shall carry out his duties in accordance with the principles laid down in Article 2 and the provisions of Article 22(3). He shall report to his institution on any problem he uncovers regarding the management of Community finances. He shall draw up an annual report on his work.

He shall be responsible for monitoring:

- the commitment and authorization of all expenditure,
- the establishment and collection of all revenue.

The financial controller must be consulted on the setting up and alteration of the accounting systems and inventory systems of the institution to which he is attached and on the setting up and alteration of the systems of financial management used by authorising officers. He shall have access to the data of such systems.

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

All documents and information produced or stored on a magnetic medium which the financial controller considers necessary for the performance of his duties shall be supplied to him at his request by the

departments concerned in the institution.

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

The special rules applicable to such officials, which shall be laid down in the implementing rules provided for in Article 139, shall be such as to guarantee that they are independent in the performance of their duties. Their appointment, their promotion and disciplinary rules or transfer, and any interruption or termination of appointment by whatever procedure shall be the subject of reasoned decisions to be forwarded, for information, to the European Parliament, the Council, the Commission and the Court of Auditors.

The persons concerned, and the institutions employing them, may institute proceedings before the Court of Justice. Where such an action is concerned with his independence, the financial controller may institute proceedings against his institution.

Article 24a

1. The Commission shall appoint an internal auditor who is independent of the financial controller. He shall be appointed in the same way as the financial controller and shall, for the purposes of his duties, have access to the same information as the financial controller and, in order to maintain his independence, be subject to the same special rules and measures as are applicable to the financial controller under the second paragraph, the second sentence of the fourth paragraph, and the fifth, sixth, eighth and ninth paragraphs of Article 24.

The internal audit shall include, in particular, an evaluation of the effectiveness of the management and control systems and verification of the regularity of operations. These duties shall be performed in accordance with the implementing rules provided for in Article 139.

The internal auditor shall not be either an authorising officer or an accounting officer.

2. The Commission, under the authority of its President, shall take all the means necessary to enable the internal auditor to fulfil his functions in accordance with paragraph 1.

3. Institutions other than the Commission may each appoint an internal auditor who is independent of the financial controller and shall carry out his duties in accordance with the conditions and arrangements laid down in paragraph 1. If no internal auditor is appointed, the financial controller shall be responsible for internal auditing in accordance with the conditions and arrangements laid down in paragraph 1.

4. The internal auditor shall submit an annual internal audit report to his institution showing the number and type of internal audits carried out, the audit recommendations made and the action taken on those recommendations.

Article 25

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

The accounting officer shall be appointed by the institution.

Without prejudice to the system provided for in Articles 4 and 5 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy ⁽²⁹⁾ as last amended by Regulation (EEC) No 2048/88 ⁽³⁰⁾, and subject to the second subparagraph of Article 53 on payments procedures, to Article 54 on imprests and to Article 111 on the financing of external aid of this Financial Regulation, the accounting officer alone is empowered to manage monies and other assets. He shall be responsible for their safekeeping.

The accounting officer shall be responsible for preparing the financial statements provided for in Articles 78, 79, 80 and 81 of this Financial Regulation.

The accounting officer shall be consulted on the setting up and alteration of the accounting systems of financial management used by authorising officers, where such systems are intended to supply data to the central accounts. He shall, at his request, have access to the data of such systems. The accounting officer shall also be consulted on the setting up and alteration of the inventory systems.

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

The special rules applicable to the accounting officer and to assistant accounting officers shall be laid down in the implementing rules provided for in Article 139.

Article 26

1. Appropriations shall be earmarked for specific purposes by chapter and article.

2. The European Parliament and the Council may transfer appropriations from one chapter to another and from one article to another within their own sections of the budget.

The Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the regions and the Ombudsman may, within their own section of the budget, transfer appropriations from one article to another within each chapter. They shall inform the budgetary authority and the Commission three weeks before making such transfers.

3. The Commission may, within its own section of the budget:

a) transfer appropriations from one article to another within each chapter;

b) transfer appropriations from one chapter to another within each of the titles relating to staff and administrative expenditure. It shall inform the budgetary authority three weeks before making such transfers.

4. Without prejudice to the provisions of paragraphs 2 and 3, the Commission may make proposals to the budgetary authority for transfers from one chapter to another within each budget section.

Proposals for transfers 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.

Proposals made by the other Institutions, the Economic and Social Committee, the Committee of the Regions and the Ombudsman for transfers from one chapter to another shall be automatically forwarded to the budgetary authority; the Commission may attach its own opinion to such proposals.

5. The budgetary authority shall take decisions on transfers of appropriations as follows:

a) in the case of proposals for transfers relating to expenditure necessarily resulting from the Treaties or from acts adopted in accordance therewith, the Council shall, after consulting the European Parliament, act by a qualified majority within six weeks, except in urgent cases. The European Parliament shall deliver its opinion within such time as will permit the Council to be apprised of it and to act within the time limit indicated. Where the Council does not act within this time limit, the proposals for transfers shall be deemed to be approved;

b) in the case of proposals for transfers relating to expenditure other than that necessarily resulting from the Treaties or from acts adopted in accordance therewith, the European Parliament shall, after consulting the Council, act within six weeks, except in urgent cases. The Council shall deliver its opinion, by a qualified majority, within such time as will permit the European Parliament to be apprised of it and to act within the

time limit indicated. Where the European Parliament does not act within this time limit, the proposals for transfers shall be deemed to be approved;

c) proposals for transfers relating both to expenditure necessarily resulting from the Treaties or from acts adopted in accordance therewith, and to other expenditure shall be deemed to be approved if neither the Council nor the European Parliament has decided otherwise within six weeks of the date on which the two institutions received the proposals. If, in the case of such proposals for transfers, the European Parliament and the Council reduce the proposal for a transfer by different amounts, whichever is the smaller of the amounts accepted by one of the two institutions shall be deemed to be approved. Where one of the institutions rejects the principle of the transfer, such transfer shall not be made.

6. Appropriations may also be transferred, by decision of the budgetary authority, between headings where a distinction is made between commitment appropriations and payment appropriations and headings involving non-differentiated appropriations.

7. Every proposal for a transfer within a chapter or from one chapter to another shall be subject to the approval of the financial controller, who shall certify that the appropriations are available.

8. Appropriations may be transferred only to budget headings for which the budget has authorized appropriations or carried a token entry.

9. This Article shall apply to the appropriations corresponding to revenue earmarked for a specific purpose under Article 4 (2) only as long as the revenue is not used for any other purpose.

10. Transfers within the titles of the budget devoted to the European Agricultural Guidance and Guarantee Fund, Guarantee Section, shall be the subject of special provisions under Article 104.

11. Decisions on transfers to allow the utilization of the reserve relating to Community loans and loan guarantees to non-member countries and in those countries and the reserve for emergency aid shall be taken by the budgetary authority in accordance with paragraph 5 (a) and (b) respectively.

Article 27

1. By way of derogation from Article 4, the following deductions may be made from all bills, invoices or statements, which shall then be passed for payment of the net amount:

- a) fines imposed on a party to a contract;
- b) adjustments of amounts paid in error, which may be achieved by means of deduction beforehand when another validation of the same type is being effected under the chapter, article and financial year in respect of which the excess payment was made;
- c) the value of apparatus and equipment for scientific and technical purposes, and the value of vehicles, equipment and installations taken in part-exchange in accordance with commercial usage upon purchase of new apparatus, vehicles, equipment and installations of the same kind.

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

2. Notwithstanding Articles 4 and 5, the following sums may be re-used under the heading to which the initial expenditure was charged:

- a) revenue arising from the refund of amounts paid in error against budget appropriations;
- b) proceeds from the supply of goods and services to other institutions or bodies, including refunds by such institutions or bodies of mission allowances paid on their behalf;

- c) insurance payments received;
- d) revenue from payments connected with lettings;
- e) revenue from the sale of publications and films;
- g) revenue from the supply of goods and services against payment;
- h) proceeds from the sale of vehicles, equipment and installations and scientific and technical apparatus, equipment and materials which are being replaced or scrapped.

Such sums must be re-used before the end of the financial year following that in which the revenue was collected.

The chart of accounts shall include suspense accounts to record re-use operations in both revenue and expenditure.

2a. Notwithstanding Article 4, where products or services supplied to the Commission incorporate taxes which are refunded by Member States pursuant to the Protocol on Privileges and Immunities, the net price shall be charged to the budget.

The refund of these taxes shall be monitored separately in the accounts. Such refund shall be recorded by entry of the definitive amount in the institution's accounts at the latest in the year following the financial year in which it was collected.

3. Notwithstanding Article 4, repayments made by third parties may be deducted from expenditure in cases where the institution has effected a payment for which it is legally liable to its creditors but where all or part thereof has been paid on behalf of those third parties.

4. Notwithstanding Article 4, adjustments may be made in respect of exchange differences occurring in budget operations. The final gain or loss shall be included in the balance for the year.

5. In the cases referred to in paragraphs 1 (c) and 2 (b), (d), (e), (g) and (h), re-use and deduction shall be possible only if provision is made therefor in the remarks column in the budget. Estimates of the amounts earmarked for re-use shall appear in the remarks column for information. The institutions shall justify discrepancies between those estimates and the amounts which actually give rise to re-use.

Section II

Budgetary revenue, management of available funds

Article 28

1. All measures or situations which may give rise to or modify a debt due to Communities must be preceded by a forward estimate by the competent authorizing officer of the amount due.

Such forward estimates shall be sent to the financial controller of the institution for his approval and to the accounting officer for provisional registration.

They shall mention, in particular, the type of revenue and the budget item to which it is to be booked and, if possible, the estimated amount and the description of the debtor. The purpose of the approval of the financial controller shall be to establish that:

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

b) the forward estimate is in order and conforms to the relevant provisions, in particular of the budget and of the Regulations and also of all acts made in implementation of the Treaties and of the Regulations, and to the principles of sound financial management referred to in Article 2.

The financial controller may withhold his approval if he considers that the conditions laid down in (a) and (b) of the third subparagraph are not met.

The superior authority of the institution may, by a decision stating the full reasons therefor, and on its sole responsibility, overrule this refusal. This decision shall have a final and binding character; it shall be communicated for information to the financial controller. The superior authority of each institution shall inform the Court of Auditors of all such decisions within one month.

2. The competent authorizing officer shall draw up, in respect of every debt identified as being a tangible and valid obligation to pay, a proposal that the debt be established and a recovery order, which shall be sent with supporting documents to the financial controller for his prior approval. Such debts shall, after they have received the approval of the financial controller, be registered by the accounting officer in accordance with the implementing measures provided for in Article 139.

Provisional establishments may be made for certain routine revenue items. Such provisional establishments and any amendments made to them prior to the closure of the accounts for the year shall be subject to the approval of the financial controller in accordance with the implementing measures provided for in Article 135.

The purpose of the approval shall be to establish that:

- a) the revenue is booked to the correct budget item;
- b) the order is in order and conforms to the relevant provisions;
- c) the supporting documents are in order;
- d) the debtor is correctly described;
- e) the due date is indicated;
- f) the order conforms to the sound financial management referred to in Article 2;
- g) the amount and currency of the sum to be recovered are correct.

If approval is withheld the fifth subparagraph of paragraph 1 shall apply.

3. Notwithstanding paragraph 1, no forward estimate shall be made for the own resources defined in Article 2(1) and (2) of Decision 94/728/EC, Euratom, which are paid at fixed intervals by the Member States, before the Member States make the amounts available directly to the Commission. The authorising officer responsible shall issue a recovery order for them.

The recovery orders for the revenue referred to at Article 2(1)(a) and (b) of that Decision shall be based on the monthly statements of entitlements established by the Member States, which they send to the Commission.

The recovery orders shall be sent to the financial controller for approval. After they have received his approval, they shall be registered by the accounting officer in accordance with the implementing rules provided for in Article 139.

Article 28a

Revenue received by way of fines, periodic penalty payments and other penalties imposed by the Commission or the Council on the basis of the relevant rules, and any accrued interest, shall not be finally recorded as budget revenue as long as the decisions imposing them may be annulled by the Court of Justice. Amounts collected shall be entered separately in a cash account set aside solely for any repayment of such amounts in whole or in part. The Commission report referred to in Article 34 (2) shall provide information on such revenue.

The appropriate adjustment shall be made by entering the final amount in the budget:

1. if no appeal is lodged, as soon as the time allowed for appeal has expired;
2. if an appeal is lodged, as soon as the Court of Justice has given final judgment.

The revenue and expenditure account and the reports on the implementation of the budget referred to in Article 34 shall show:

1. Commission decisions in this field with the date of notification; and
2. a summary table showing:
 - a) the amounts imposed;
 - b) fines paid definitively (not subject to appeal);
 - c) cases subject to appeal broken down as follows:
 - fines not paid but covered by a bank guarantee,
 - fines paid pending the judgement of the Court of Justice.

Article 29

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

He shall exercise all due diligence to ensure that the resources due to the Communities are recovered at the due dates indicated in the recovery orders, and shall ensure that the rights of the Communities are safeguarded.

The accounting officer shall inform the authorizing officer and the financial controller of any revenue not recovered within the time limits laid down. If necessary he shall initiate the recovery procedure.

2. If the authorizing officer waives the right to recover an established debt, he shall send beforehand a proposal for cancellation to the financial controller for his approval and to the accounting officer for information.

The purpose of the approval of the financial controller shall be to establish that the waiver is in order and conforms with the principles of sound financial management referred to in Article 2. The proposal concerned shall be registered by the accounting officer.

If approval is withheld, the superior authority of the institution may, by a decision stating the full reasons therefor, and on its sole responsibility, overrule this refusal. This decision shall be final and binding; it shall be communicated for information to the financial controller. The superior authority of each institution shall inform the Court of Auditors of all such decisions within one month.

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

4. The implementing conditions in respect of this Article shall be determined by the implementing measures provided for in Article 139.

Article 30

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

Article 31

Estimates of the own resources and, if appropriate, of the contributions to be paid by the Member States referred to in Article 2 (7) of Decision 88/376/EEC, Euratom, of 24 June 1988 on the system of the Communities' own resources, shall be entered in the budget, expressed in euro. They shall be made available in accordance with Council Regulation (EEC, Euratom) No 1552/89.

Article 32

The balance from each financial year shall be entered in the budget for the following financial year as revenue in the case of a surplus or expenditure in the case of a deficit.

The relevant estimates of such revenue or expenditure shall be entered in the budget during the budget procedure and, where appropriate, in a letter of amendment submitted pursuant to Article 14. They shall be drawn up in accordance with the principles set out in Article 15 of Regulation (EEC, Euratom) No 1552/89.

After the close of accounts for each financial year, any discrepancy with the estimates shall be entered in the budget for the following financial year through a supplementary or amending budget.

Article 33

1. The contributions for the financing of certain supplementary research programmes provided for in Article 11 (2) (c) of Decision 88/376/EEC, Euratom, of 24 June 1988 shall be paid over as follows:

- seven-twelfths of the amount shown in the budget not later than 31 January,
- the remaining five-twelfths not later than 15 July.

2. If the budget is not finally adopted before the start of the financial year, the contributions provided for in paragraph 1 shall be based on the amount shown in the budget of the preceding financial year.

3. Any contribution or any additional payment due to the budget from the Member States must be entered in the account(s) of the Commission within 30 days from the date on which funds are called for.

4. The payments made shall be entered in the account provided for in Article 9 (1) of Regulation (EEC, Euratom) No 1552/89, and shall be subject to the conditions set out in Article 11 of that Regulation.

5. The financial contributions referred to in Article 11 (2) (c) of Decision 88/376/EEC, Euratom of 24 June 1988 on the system of the Communities' own resources (for the completion of supplementary research programmes) shall be converted at the rate for the euro applying on the last but one working day of the month preceding the final date for entry in the accounts.

Article 34

1. The Commission shall, once a month, send figures to the European Parliament and the Council showing the implementation of the budget, and covering both revenue and expenditure. These figures shall also show details of the utilization of appropriations carried forward.

These figures shall be sent within 10 working days following the end of each month.

2. The Commission shall, four times a year, and in principle within the 30 working days following the end of the months of March, June, August and December, present to the European Parliament and the Council a report on the implementation of the budget, covering both revenue and expenditure. This report shall also give details of the utilization of appropriations carried forward from previous financial years.

The budgetary authority may examine these reports.

3. The figures and the quarterly report shall at the same time be sent to the Court of Auditors.

Article 35

The Commission shall, every three months, send the Member States a statement of the transfers effected between their currencies.

Section III

Commitment, validation, authorization and payment of expenditure

1. Commitment of expenditure

Article 36

1. In respect of any measure which may give rise to expenditure chargeable to the budget, the authorizing officer must draw up in advance a proposal for commitment and may not enter into any legally binding commitment with third parties until the financial controller has given approval. A provisional commitment may be entered into in respect of routine expenditure.

2. Without prejudice to Article 99, the decisions taken by the Commission in accordance with the provisions authorising it to grant financial aid from the various funds or similar operations shall constitute commitments of expenditure. Unless these decisions stipulate a different time limit for implementation in accordance with the abovementioned provisions, these commitments shall cover the total cost of the corresponding individual legal commitments up to 31 December of year n +1.

During the period of implementation referred to in the first subparagraph, the conclusion of each individual legal commitment shall be registered by the authorising officer in the central accounts and booked to the commitment referred to in the first subparagraph.

The unused balance shall be released after the time limit for implementation is laid down. However, this paragraph shall apply neither to the Structural Funds nor to the Cohesion Fund.

3. The procedure for implementing paragraphs 1 and 2 shall ensure that an exact account is kept of commitments and authorisations in terms of actual needs and, as regards paragraph 2, that the specific legal commitments correspond to the overall budget commitment provided for by the Commission decision. The procedure shall be determined by the implementing rules provided for in Article 139.

Article 37

Without prejudice to the provisions of Article 23, in each institution, proposals for commitments, accompanied by the supporting documents, shall be transmitted to the financial controller and to the

accounting officer: they shall show, in particular, the purpose of the expenditure, the estimated amount involved, indicating the currency where possible, the budget item to which it is to be charged and also the name and description of the creditor; they shall be registered, after approval by the financial controller, in accordance with the implementing rules provided for in Article 139.

The proposals for commitments referred to in Article 36(1) and the proposals for individual legal commitments referred to in the second subparagraph of Article 36(2) may be subject to spot checks. Such checks shall be carried out under a system which identifies risk sectors, in which there is a high probability that the conditions set out in Article 38(1) will not be fulfilled. Individual commitments shall be checked systematically in risk sectors.

Article 38

1. The purpose of the approval of proposals for commitments of expenditure given by the financial controller shall be to establish that:

- a) the proposal for commitment has been presented in compliance with Article 36 (1);
- b) the expenditure has been charged to the correct item in the budget;
- c) the appropriations are available;
- d) the expenditure is in order and conforms to the relevant provisions, in particular of the budget and the Regulations, and of all Acts made in implementation of the Treaties and of the Regulations;
- e) the principles of sound financial management referred to in Article 2 have been applied.

2. Approval may not be conditional.

3. The procedures for implementing this Article shall be determined by the implementing measures provided for in Article 139.

Article 39

The financial controller may withhold his approval if he considers that the conditions laid down in Article 38 (1) are not met. If he withholds his approval he shall make a written statement, stating the full reasons therefor. The authorizing officer shall be notified accordingly.

Cases where approval is withheld and the authorising officer maintains his proposal shall be referred for a decision to the superior authority of the competent institution among those listed in Article 22(1) and (2) within two months of the date of the decision to withhold approval.

Except where the availability of the appropriations is in doubt, the said superior authority may, by a decision stating the full reasons therefor, taken on its sole responsibility, overrule such a refusal. This decision shall be final and binding with effect from the date on which approval was withheld. It must be taken by 15 February of year $n + 1$. It shall be communicated for information to the financial controller. The superior authority of each institution shall inform the Court of Auditors of all such decisions within one month. The Court of Auditors shall report annually to the Parliament and the Council, within the context of the discharge procedure, on the consequences of the decision to overrule, from the point of view of the legality of, or non-compliance with, a directive as regards public works or service contracts.

2. Validation of expenditure

Article 40

Validation of expenditure is the act whereby the authorizing officer shall:

- verify the existence of the creditor’s claim,
- determine or verify the existence and the amount of the sum due,
- verify the conditions under which payment falls due.

Article 41

1. Validation of any expenditure shall be subject to the submission of supporting documents showing the creditor’s claim and the service rendered or the existence of a document justifying payment. The implementing measures provided for in Article 139 shall lay down the nature and the contents of the supporting documents to be enclosed with the payment order.

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

Article 42

Remuneration and allowances shall be validated in accordance with collective statements drawn up by the department in charge of personnel, except where individual validation is necessary.

3. Authorization of expenditure

Article 43

Authorization is the act whereby the authorizing officer, by the issue of a payment order, instructs the accounting officer to pay an item of expenditure which he has validated.

Article 44

The payment order shall state:

- the financial year against which the payment shall be charged,
- the budget article and any other subdivision that may apply,
- the amount to be paid (in figures and words), expressed in euro or in national currency. However, when payment orders are sent to the banks by means of computerised procedures, the amount need not be expressed in words,
- the name and address of the payee,
- the purpose of the expenditure,
- the method of payment, wherever possible.

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

Article 45

The payment order shall be accompanied by the original supporting documents, as determined by the implementing measures provided for in Article 139. Those documents shall be certified in respect of –or accompanied by a certificate confirming – the correctness of the amounts to be paid, the receipt of the

supplies and the performance of the service together with, if appropriate, the entry of the goods in the inventories referred to in Article 65.

The payment order shall show the numbers of the relevant approvals of commitment. Copies of supporting documents, certified as true copies by the authorizing officer, may, in some cases, be accepted in place of the originals.

Article 46

1. The authorizing officer may make payments by instalment in accordance with the rules governing the policy concerned or in accordance with contractual provisions.

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

The decision to authorise the balance shall be adopted within the time limit laid down in Article 1(7).

2. The authorizing officer may grant advances to personnel if the Staff Regulations or a provision laid down by Regulation specifically provide therefor.

The authorizing officer may grant advances to cover disbursements to be effected by an official or other members of staff on behalf of his institution. The implementing conditions for this subparagraph shall be determined by the implementing measures provided for in Article 139.

Apart from the imprest accounts referred to in Article 54, no advance may be paid unless it has been approved beforehand by the financial controller.

Article 47

Without prejudice to the provisions of Article 23, payment orders shall be sent for prior approval to the financial controller.

The purpose of this prior approval shall be to establish that:

- a) the payment order was properly issued;
- b) the payment order agrees with the commitment of expenditure and that the amount thereof is correct, taking account of the principles and requirements of sound financial management referred to in Article 2;
- c) the expenditure is charged to the correct item in the budget;
- d) the appropriations are available;
- e) the supporting documents are in order;
- f) the payee is correctly named and described.

Prior approval may be given on the basis of a spot check; this shall be carried out under a system which identifies risk sectors, in which there is a high probability that the conditions set out in the second paragraph will not be fulfilled. Payment orders shall be checked systematically in risk sectors.

Article 48

Should approval be refused, Article 39 shall apply.

Article 49

The detailed rules for the payment of any interest owed by recipients of Community aid in the event of recovery of undue payments to the Community shall be determined by the implementation provisions laid down in Article 139, without prejudice to any provisions laid down in the basic sectoral acts relating to Community policies.

Article 50

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

4. Payment of expenditure**Article 51**

Payment is the final action whereby the institution concerned is discharged of its obligations towards its creditors.

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

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

Article 52

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

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

Article 53

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

The procedure for opening, administering and using such accounts shall be determined by the implementing measures provided for in Article 139. These measures shall, in particular, indicate expenditure the payment of which must necessarily be effected either by cheque or by post office or bank transfer order, and shall receive the joint signature on cheques and on post office or bank transfer orders of two duly authorized officials, one signature necessarily being that of the accounting officer, an assistant accounting officer, or an administrator of an imprest account.

5. Imprests**Article 54**

1. For the payment of certain categories of expenditure, imprest accounts may be set up in accordance with the implementing measures provided for in Article 139.

Only the accounting officer may replenish the imprest accounts, save in exceptional cases defined in the implementing rules of this Regulation.

These measures shall contain specific provisions concerning in particular:

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

2. Expenditure involving payments made not later than 31 December under the imprest accounts may be booked to the accounts for that year up to 15 February of the following year.

Section IV

Management of posts

Article 55

1. Within each institution the following shall be established:

- a) a file identifying the posts and containing a job description for each category A post;
- b) an organization chart showing the organization of the departments detailing the tasks of each administrative unit.

2. If the note 'to be abolished' is placed against a post in the budget, it may no longer be filled when the next vacancy arises in the same career.

Title IV

Conclusion of contracts, inventories, accountancy

Section I

Contracts for the supply of goods and services; contracts for purchase, lease and hire

Article 56

When concluding contracts for which the amount involved is equal to or greater than the threshold provided for by the Council directives on the coordination of procedures for the award of public works, supplies and services contracts, each institution shall comply with the same obligations as are imposed upon bodies in the Member States by those directives.

The implementing measures provided for in Article 139 shall include appropriate provisions to that end.

Article 57

Articles 58, 59 and 60 shall apply to contracts other than those referred to in Article 56.

Article 58

1. Contracts for the purchase or hiring of buildings or goods, for the provision of services or for the

performance of construction work shall be in writing. Apart from contracts relating to the purchase of a building already constructed or to the leasing of a building, all such contracts shall be concluded after an invitation to tender has been issued.

However, contracts may be made by private treaty in the circumstances referred to in Article 59.

Contracts may be made against invoice or bill of costs in cases provided for in Article 60.

2. Invitations to tender shall, as a general rule, be published throughout all the Member States, and, where appropriate, in third countries, to the extent to which this is compatible with development of industries in the Communities. However, their publication may be restricted where the goods or services, because of their size or nature, are not fit subjects for a general invitation to tender.

3. Tendering procedures and selection and award criteria shall be laid down and governed by the detailed implementing rules provided for in Article 139, on the understanding that these criteria shall be laid down by analogy with those provided for in the directives referred to in Article 56. The tenderer's offer must from the outset contain all the essential elements required in the invitation to tender, subject to being considered inadmissible. The implementing arrangements set out in Article 139 shall apply for the purpose of establishing the criteria for identifying the essential elements of the tender.

4. The price revision procedures following the conclusion of contracts shall be governed by the implementing measures provided for in Article 139.

Article 59

Contracts may be made by private treaty:

a) within the limit laid down in the detailed implementing rules provided for in Article 139 for the purchase or hiring of supplies, furniture and equipment, for the provision of services or for building works;

b) where the purchase or hiring of goods, the provision of services or the construction works are so urgently needed that it is not possible to wait for one of the tendering procedures specified in Article 58 to be carried out;

c) where the automatic public tendering or discretionary tendering procedures do not give any result or where the prices quoted are not acceptable;

d) where for technical, practical or legal reasons the supply of goods or services can only be carried out by a particular contractor or supplier;

e) for contracts for the supply of goods and services or for ancillary works which, technically, cannot be separated from the main contract.

The institution concerned is bound, however, as far as possible and by all appropriate means, to enable suppliers or contractors who are likely to be able to supply the goods and services in question to compete, except in the cases referred to in (d) and (e).

Article 60

Contracts may be made against invoice or bill of costs where the estimated value of the goods, services or works does not exceed the limits laid down by the implementing rules provided for in Article 139.

Article 61

Articles 62 to 64a shall apply to the award of contracts for the purchase or hiring of goods, furniture or

equipment, for the provision of services or for the performance of works.

Article 62

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

Article 63

In each institution, before the authorizing officer takes a decision, contracts involving sums exceeding an amount specified in the implementing rules provided for in Article 139 shall be submitted for the opinion of an Advisory Committee on procurements and contracts.

If required, an Advisory Committee on procurements and contracts common to all the institutions may be set up.

Details of the operation of these committees shall be laid down in the implementing rules provided for in Article 139.

Article 64

The Advisory Committee referred to in Article 63 shall include at least one representative of the department responsible for overall administration, one representative of the department responsible for finance and one representative of the department responsible for legal matters; a representative of the financial controller shall be present as observer.

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

Any other problem concerning the matter forming the subject of this Title may be referred to the said Committee for an opinion.

Article 64a

By way of guarantee of the performance of the contracts, suppliers or contractors may be required by a warranty clause to make a preliminary deposit in accordance with the implementing measures provided for in Article 139.

The amount of the deposit shall be fixed:

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

Beyond the limit laid down by the implementing rules provided for in Article 139, the provision of security shall be obligatory for works contracts. A guarantee may be retained until final acceptance.

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

Section II

Inventories of movable and immovable property

Article 65

Permanent inventories showing the quantity and value of all movable and immovable property belonging to the Communities shall be kept in accordance with a model drawn up by the Commission. Only movable property exceeding a specific value laid down in the implementing rules provided for in Article 139 shall be entered in those inventories.

Each institution shall carry out its own inspection to ascertain that entries in the inventory correspond to the facts, in accordance with the implementing rules provided for in Article 139.

The inventory system shall be established by the authorising officer with the technical assistance of the accounting officer. This inventory system, which shall be administered by the authorising officer, shall provide the central system of accounts with all the appropriate information needed to draw up the institution's balance sheet.

The institutions shall each adopt, for their own purposes, provisions relating to the keeping of the equipment recorded in their respective balance sheets and shall determine the departments responsible for this task.

Article 66

The sale of movable property shall be suitably advertised in accordance with the implementing measures provided for in Article 139.

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

Article 67

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

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

Immovable property or large installations, which are made available without charge, shall give rise to the conclusion of contracts submitted to the financial controller for approval and shall be the subject of an annual communication to the European Parliament and the Council when the preliminary draft budget is submitted.

Article 68

All acquisitions of movable or immovable property as defined in Article 65 shall, before payment, be entered in the permanent inventories.

That entry shall be recorded in the corresponding invoice or annexed document drawn up with a view to payment of the expenditure.

Section III
Accounts**Article 69**

The accounts shall be kept in euro by the double entry method, on the basis of the calendar year. They shall

show all revenue and expenditure for the financial year. They shall be authenticated by supporting documents. The revenue and expenditure account and the balance sheet shall be drawn up in euro.

Article 70

The chart of accounts shall make a clear distinction between expenditure and revenue accounts and cash accounts.

It shall comprise of two parts:

a) accounts of expenditure and revenue, subdivided into two separate subcategories:

– accounts of budgetary expenditure and revenue, which allow implementation of the budget to be monitored and the balance for the financial year to be determined,

– accounts of non-budgetary expenditure and revenue, which complement the previous accounts and can be used to produce a broader accounting result;

b) the balance sheet accounts, which disclose the assets of the institutions. These accounts shall show the expected effect of the Communities' legal obligations.

The detailed conditions for the establishment and operation of the chart of accounts for transactions relating both to assets and to the implementation of the budget shall be determined by the implementing rules provided for in Article 139.

The accounts shall make it possible to draw up an annual balance of assets and a monthly statement of revenue and expenditure by chapter and article.

These statements shall be forwarded to the financial controller, the authorizing officer and the Court of Auditors.

Article 70a

The rules for the entry in the accounts of the depreciation of assets and the rules for writing down the value of assets and for constituting provisions shall be determined by the implementing rules provided for in Article 139.

Article 71

Except for the advances referred to in Article 99, any advance, other than regular advances which are periodically re-examined, shall be entered in a suspense account and settled at the latest during the financial year which follows the payment of this advance.

However, the advances referred to in the second subparagraph of Article 46 (2) shall be settled as a general rule within six weeks following completion of the project for which they were granted.

Article 72

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

2. Any operation after the end of the financial year which, without affecting the Community's financial position, is necessary for a full, true and fair presentation of the financial statements may be effected up to the date of closure of the accounts, without prejudice to Article 6.

Title V**Responsibilities of authorizing officers, financial controllers, accounting officers and administrators of advance funds****Article 73**

Authorizing officers who, when establishing entitlements to be recovered or issuing recovery orders, entering into a commitment of expenditure or signing a payment order do so without complying with this Financial Regulation and the rules for its implementation, shall render themselves liable to disciplinary action and, where appropriate, to payment of compensation. The same shall apply if they omit to draw up a document establishing a debt or if they neglect to issue recovery orders or are, without justification, late in issuing them. The same shall apply if they neglect to issue the payment orders or are, without justification, late in issuing them, thereby rendering the institution liable to civil action by third parties.

Article 74

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

Article 75

1. Accounting officers and assistant accounting officers shall render themselves liable to disciplinary action and, where appropriate, to payment of compensation as regards payments made by them in disregard of the third subparagraph of Article 51.

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

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

a) where the recoveries or payments made by them do not agree with the amounts on the corresponding recovery or payment orders;

b) where they effect payment to a party other than the payee entitled.

2. Administrators of advance funds shall render themselves liable to disciplinary action and, where appropriate, to payment of compensation in the following cases:

a) where they cannot show due warrant with proper documents for payments made by them;

b) where they effect payments to parties other than entitled payees.

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

3. The accounting officer, assistant accounting officers and administrators of advance funds shall insure themselves against the risks arising under this Article.

The institution shall cover the insurance costs relating thereto in accordance with the implementing measures provided for in Article 139.

4. A special allowance is granted in each of the institutions to the accounting officer, assistant accounting officers and administrators of advance funds. The sums corresponding to this allowance shall be credited each month to an account opened by the institution on behalf of each official in order to establish a guarantee fund for the purpose of covering any cash or bank shortage for which the person concerned might render himself liable, in so far as such shortages have not been covered by refunds from insurance companies.

The credit balance in these guarantee accounts shall be paid over to the persons concerned when they terminate their appointment as accounting officer, assistant accounting officer or administrator of advance funds.

5. The implementing measures provided for in Article 139 shall specify the categories of officials or other servants qualified to be appointed accounting officers or administrators of advance funds.

Article 76

The liability of authorising officers, financial controllers, accounting officers, assistant accounting officers and administrators of advance funds to disciplinary action and, if necessary, payment of compensation may be determined in accordance with the provisions of Articles 22 and 86 to 89 of the Staff Regulations of officials of the European Communities.

All relevant data or information, including any reports and withholdings of approval by the financial controller, shall be communicated to the authority empowered to initiate the procedure concerning disciplinary and financial responsibility.

Article 77

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

Title VI

Presenting and auditing accounts

Article 78

The Commission shall draw up, not later than 1 May of the following year, a consolidated revenue and expenditure account of the general budget of the European Communities for the financial year ended 31 December. The consolidated revenue and expenditure account shall include:

1. a table of revenue comprising:

- estimated revenue for the financial year,
- amendments to the revenue estimates as a result of supplementary or amending budgets and additional revenue as specified in the second subparagraph of Article 4 (2),
- entitlements established in the course of the financial year,
- entitlements still to be collected from the preceding financial year,
- revenue collected during the financial year and revenue carried over pursuant to Article 7 (4),
- amounts still to be collected at the end of the financial year,

- the cancellation of established entitlements.

Statements shall be attached to this table showing revenue carried over pursuant to Article 7 (4) and, where appropriate, the balances and gross amounts of the operations referred to in Article 27 (2).

A statement should also be attached giving a breakdown, by a Member State, of the amounts still to be collected at the end of the financial year corresponding to own resources covered by a recovery order;

2. tables showing the movement in appropriations for the financial year and, by distinguishing between commitment appropriations, payment appropriations and non-differentiated appropriations, indicating:

- the initial appropriations,
- any amendments introduced by means of supplementary or amending budgets,
- any amendments to appropriations introduced by means of transfer,
- the final appropriations for the financial year,
- appropriations carried over under Article 7;

3. tables showing the use of the appropriations allocated for the financial year and, by distinguishing between appropriation commitments, payment commitments and non-differentiated appropriations, indicating:

- the commitments entered into and chargeable to the financial year,
- the payments made and chargeable to the financial year,
- the settlement of the commitments of the financial year and the calculation of the sums still to be paid at the close of that financial year,
- the commitment appropriations and payment appropriations carried over under Article 7,
- the non-dissociated appropriations carried over in accordance with Article 7,
- cancelled appropriations.

Where appropriate, a statement shall be attached to this table showing the balances and gross payments arising from the transactions referred to in Article 27 (2);

4. tables showing the use of the appropriations available from previous financial years and indicating:

- the amount of appropriations carried over, a distinction being made between commitment appropriations, payment appropriations and non-differentiated appropriations,
- the commitments entered into and chargeable to available commitment appropriations,
- the payments made from payment appropriations and non-differentiated appropriations which have been carried over,
- the settlement of sums still to be paid at the close of the previous financial year and the calculation of the sums still to be paid at the end of the current financial year,
- the amount unused and maintained for the following financial year,

– for each financial year for which the accounts have been closed, a breakdown, by item and by Member State, showing the impact of clearance decisions during the financial year and using the budgetary nomenclature of the relevant financial year;

5. annexed shall be a document showing capital operations and debt management, indicating:

- the total amount of loans approved,
- the total amount of the repayments made on borrowings contracted and of the charges on such borrowings,
- the amount of borrowings contracted,
- the total amount of repayments of capital and payments of interest made on loans granted.

Article 79

Each institution shall, not later than 1 March, transmit to the Commission, after submitting them to its financial controller, the information required for drawing up the revenue and expenditure account and the balance sheet and a contribution to the analysis of the financial management referred to in Article 80.

Article 80

1. The revenue and expenditure account shall cover all revenue and expenditure transactions relating to the preceding financial year for each institution. It shall be submitted in the same form and following the same subdivision as the budget.

2. The revenue and expenditure account shall be preceded by an analysis of the financial management in respect of the year in question.

For the drawing up of this analysis, each institution shall supply details on the realization of the principles and objectives as referred to in Article 2.

Article 81

1. The Commission shall draw up, not later than 1 May, a consolidated balance sheet of assets and liabilities of the Communities as at 31 December of the preceding financial year. A statement showing the movements and balances of the accounts at the same date shall be attached thereto.

The balance sheet shall include, on the assets side, the amount of revenue to be collected and, on the liabilities side, the amount of expenditure chargeable to the financial year, which have not yet been entered in the accounts.

2. These documents shall be submitted to the financial controller.

Article 82

The Commission shall forward the revenue and expenditure account, the financial analysis and the balance sheet to the European Parliament, the Council and the Court of Auditors by 1 May at the latest.

Article 83

1. The Court of Auditors and its members may, in carrying out the task of the Court, be assisted by officers of the Court. The Court itself or one of its members shall notify the authorities with which the delegated office is to work on the tasks delegated to him.

2. The European Parliament, the Council and the Commission shall inform the Court of Auditors, as soon as possible, of all decisions and rules taken pursuant to Articles 4 (3), 7 (2), (3) and (6), 9, 17 (1) and 26.
3. The institutions shall transmit to the Court of Auditors any rules of procedure they adopt in respect of financial matters.
4. The Court of Auditors shall be informed of the appointment of authorizing officers, financial controllers, accounting officers and administrators of imprest accounts and of the acts of delegation or appointment under Articles 22, 24, 25 and 54.

Article 84

Each institution shall forward to the Court of Auditors every three months and at the latest within the month which follows the end of the quarter, and, in the case of the fourth quarter, at the latest within the month which follows the close of the financial year, the documents supporting the accounts, in particular the documents and certificates in respect of the correct application of the provisions which govern the implementation of the budget and relating to commitments and payments, to the establishment and collection of revenue, subject to Article 18 of Council Regulation (EEC, Euratom) No 1552/89 and to Article 85 of this Financial Regulation. The Court of Auditors may question each institution on the subject of the said supporting documents.

Article 85

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

For the performance of its task, the Court of Auditors shall be entitled to consult, in the manner provided for in Article 87, all documents and information relating to the financial management of the departments or bodies subject to its inspection; it has the power to make enquiries of any official responsible for a revenue or expenditure operation, and to use any of the auditing procedures appropriate to those departments or bodies.

The Court of Auditors, in order to obtain all the necessary information for the performance of the task entrusted to it by the Treaties and the Acts taken to implement them, may be present, at its request, during the operations carried out by the Commission in implementation of Articles 8 and 9 of Regulation (EEC) No 729/70 and Articles 17 and 18 of Regulation (EEC, Euratom) No 1552/89. This measure shall also apply to the inspection of any fund set up by the Communities.

At the request of the Court of Auditors, each institution shall authorize finance organizations holding Community deposits to enable the Court to ensure that external data tally with the accounts.

Article 86

The Court of Auditors shall ensure that all securities and cash on deposit or in hand are checked against vouchers signed by the depositaries or against official memoranda of cash and securities held. The Court may carry out such checks itself.

Article 87

The Commission and the other institutions shall afford the Court of Auditors all the facilities and give it all the information which the Court may consider necessary for the performance of its task, and shall in

particular provide all the information obtained as a result of the checks which they have carried out, as required by the rules laid down by the Community, within the departments responsible for the management of the Communities' finances and for effecting expenditure on their behalf. In particular, they shall place at the disposal of the Court of Auditors all documents concerning the conclusion and implementation of contracts and all accounts of cash or materials, all accounting records or supporting documents, and also administrative documents pertaining thereto, all documents relating to revenue and expenditure, all inventories, all lists of posts in the departments, which the Court of Auditors may consider necessary for auditing the revenue and expenditure account on the basis of records or on the spot and all documents and data created or sorted on a magnetic medium.

To this end, the officials whose operations are checked by the Court of Auditors shall in particular:

- a) show their records of cash in hand, any other cash, securities and materials of all kinds, and also the supporting documents in respect of their stewardship of the funds with which they are entrusted, and also any books, registers and other documents relating thereto;
- b) present the correspondence and any other document required for the full implementation of the audit referred to in the first subparagraph of Article 85.

The information supplied under (b) may be requested only by the Court of Auditors.

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

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

The grant of Community funds to beneficiaries outside the institutions shall be subject to the agreement in writing by the recipients to an audit being carried out by the Court of Auditors on the utilization of the amounts granted.

Article 88

The annual report of the Court of Auditors provided for in Article 45c of the ECSC Treaty, Article 188c of the EC Treaty and Article 160c of the Euratom Treaty shall be governed by the following provisions:

1. The Court of Auditors shall transmit to the Commission and the institution concerned, by 15 July at the latest, any comments which are, in its opinion, of such a nature that they should appear in the annual reports. These comments must remain confidential. Each institution shall address its reply to the Court of Auditors by 31 October at the latest. The replies of the institution other than the Commission shall be sent simultaneously to the Commission.
2. The annual report shall contain an assessment of the soundness of financial management.
3. Without prejudice to any summary report or general comments which the Court of Auditors may see fit to make, the annual report shall include a section for each institution. The Court shall take all necessary steps to ensure that the replies of each institution to its comments are published immediately following those comments.
4. The Court of Auditors shall transmit to the authorities responsible for giving discharge and to the other institutions, by 30 November at the latest, its annual report accompanied by the replies and it shall ensure publication thereof in the *Official Journal of the European Communities*.

Article 88a

At the same time as the annual report referred to in Article 88, the Court of Auditors shall provide the European Parliament and the Council with a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions.

Article 89

1. The European Parliament, upon a recommendation from the Council acting by a qualified majority, shall, before 30 April of the following year, give a discharge to the Commission in respect of the implementation of the budget.

2. To this end the European Parliament shall, after the Council has done so, examine the accounts and financial statements mentioned in Article 78d of the ECSC Treaty, Article 205a of the EC Treaty and Article 179a of the Euratom Treaty, the annual report made by the Court of Auditors together with the replies of the institutions under audit to the observations of the Court of Auditors, any relevant special reports by the Court of Auditors 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. Before giving a discharge to the Commission, the European Parliament may question the Commission on the implementation of expenditure or the operation of financial control systems. The Commission shall submit any necessary information to the European Parliament at the latter's request.

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

If the European Parliament postpones the decision giving a discharge, the Commission shall make every effort to take measures, as soon as possible, to facilitate removal of the obstacles to that decision.

5. The discharge decision shall cover the accounts of all the Community's revenue and expenditure, the resulting balance and the assets and liabilities of the Community shown in the financial statement.

It shall include an assessment of the responsibility of the Commission's budgetary management over the past financial year.

6. The financial controller shall take account of the comments in the decisions giving discharge taken by the European Parliament; he shall also take account of the comments accompanying the recommendations for discharge adopted by the Council.

7. In accordance with Article 78g of the ECSC Treaty, Article 206 of the EC Treaty and Article 180b of the Euratom Treaty, the Commission and the other institutions shall take all appropriate steps to act on the observations by the European Parliament relating to the implementation of expenditure, and on the comments accompanying the recommendations for discharge adopted by the Council.

8. At the request of the European Parliament or the Council, the institutions shall report on the measures taken in the light of these observations and comments, and, in particular, on the instructions given to those of their departments which are responsible for the implementation of the budget. Such reports shall also be transmitted to the Court of Auditors.

9. The institutions shall also give an account, in an annex to the revenue and expenditure account for the financial year following that of the discharge decision, of the measures taken in the light of the comments appearing in the decisions giving discharge.

10. Supporting documents pertaining to the accounts and the preparation of the revenue and expenditure accounts and the balance sheet shall be kept for a period of five years following the date of the decision

giving discharge in respect of the implementation of the budget.

However, the documents relating to transactions not finally closed shall be kept for longer than the said period, until the end of the year following the year in which such transactions are finally closed.

Each institution shall decide which department will keep the supporting documents.

Article 90

1. In addition to the annual report, the Court of Auditors may also, at any time, submit observations, in the form of special reports, on specific questions and deliver opinions at the request of one of the institutions of the Communities.

2. The special reports shall be transmitted to the institution or body concerned.

The institution concerned shall have two and a half months in which to inform the Court of Auditors of any comments it wishes to make on the observations in question.

Should the Court of Auditors decide to have such observations published in the *Official Journal of the European Communities*, it shall include after them any comments submitted by the institution or institutions concerned.

The special reports shall be transmitted to the European Parliament and the Council, each of which shall decide in conjunction with the Commission what action, if any, is to be taken in response.

3. If the opinions referred to in paragraph 1 do not relate to proposals for legislation or draft legislation on which it has been consulted, they may be published by the Court of Auditors in the Official Journal. The Court shall take its decision on publication after consulting the institution which requested the opinion or the institution concerned by the Court's analysis. Opinions published in the Official Journal shall be accompanied by the replies of the institution or institutions concerned.

Title VII

Special provision applicable to research and technological development appropriation

Article 91

The provisions of Titles I to VI, Title XI and Part III shall apply to the research and technological development appropriations entered in the special subsection provided for in Article 92, save as otherwise provided in this Title.

Article 92

1. The appropriations relating to the activities covered by this Title shall be entered in a special subsection of Part B of the Commission section.

This subsection shall contain the appropriations intended for the realization of research and technological development objectives through the implementation of the following:

a) direct action carried out in the establishments of the Joint Research Centre (JRC), in principle entirely financed from the general budget of the European Communities, and consisting of:

- research programmes,
- exploratory research activities,

– scientific and technical support activities of an institutional nature;

b) indirect action consisting of programmes carried out under contracts to be concluded with third parties. The JRC may participate in these activities on the same basis as third parties. These activities shall in principle be partially financed from the general budget of the European Communities (shared cost action projects);

c) concerted action consisting of work undertaken by the Community to coordinate the individual research projects carried out in the Member States, in respect of which the administrative expenditure alone is financed from the general budget of the European Communities;

d) possible financial contributions by the Community to supplementary programmes in accordance with Article 130k of the EC Treaty, or to research and development programmes undertaken by several Member States, including participation in the structures created for the execution of those programmes, in accordance with Article 130l of the EC Treaty, or cooperation with third countries or international organizations as provided for in Article 130m of the EC Treaty, or participation in the joint undertakings provided for in Article 130n of the EC Treaty;

e) as regards other activities of a competitive nature carried out by the JRC:

– scientific and technical support activities under the R&TD framework programmes in principle entirely financed from the general budget,

– services for third parties.

2. The appropriations for projects under the framework programme of activities in the field of research and technological development shall be entered separately in this subsection.

3. Notwithstanding paragraph 1, the JRC may receive funding covered by appropriations entered elsewhere than in the subsection referred to in that paragraph in respect of its participation on a competitive basis in activities implemented under Community policies financed, in principle, entirely from the general budget.

4. The provisions of Title IV on the conclusion of contracts shall apply to the cases referred to in the first indent of paragraph 1 (e) and in paragraph 3 of this Article.

Article 93

1. The nomenclature of the special subsection provided for in Article 92 shall be based on the purpose of the expenditure in achieving research and technological development objectives or in the other activities referred to in that Article.

The remarks for each subdivision shall also show:

– the number of staff authorized for the current year,

– details of supplementary programmes, programmes undertaken by several Member States and cooperation with third countries or international organizations, with an indication of the amount of any financial contribution from the Community.

2. However, for the Joint Research Centre, appropriations for staff and appropriations for resources shall be entered in two separate chapters.

Article 94

The following shall be annexed to the special subsection referred to in Article 92:

– a table of equivalence giving the breakdown by purpose and type of expenditure of the appropriations made available in the subsection, as specified in the implementing rules provided for in Article 139.

For management purposes, the Commission may create appropriation accounts corresponding to the instruments of implementation,

– a provisional schedule of commitments and payments showing the planned utilization of the commitment appropriations and the corresponding payment appropriations. The schedule shall be reviewed annually.

In order to permit full comparison between forecasts and out-turn, the table of equivalence of commitments and payments shall be presented with the same subdivisions and headings in the budget and in the revenue and expenditure account.

In the working document accompanying the preliminary draft budget, the Commission shall provide the necessary information concerning the foreseeable distribution and utilization of the commitment appropriations and the payment appropriations for the various budget headings for the duration of the action and also concerning development of the revenue originating from financing by third parties (public or private) and revenue from services for third parties.

Article 95

Notwithstanding Article 26 and without prejudice to paragraph 7 thereof, the Commission may, within the subsection referred to in Article 92, transfer appropriations from one title to another and from one chapter to another in respect of the activities referred to in Article 92 (1) (a).

These transfers may not have the effect of increasing or decreasing by more than 15 % in commitment appropriations and in payment appropriations the initial allocation entered in the budget for each of the programmes referred to in Article 92 (1) (a), excluding exploratory research. They may not have the effect of increasing the appropriations earmarked for exploratory research by more than 6 % in commitment appropriations and in payment appropriations of the initial allocation for the total of the programmes referred to above.

This special provision does not concern staff appropriations for the JRC.

For the purposes of the application of Article 26, the budget headings relating to the activities referred to in Article 92 (1) (b) (excluding JRC participation), (c) and (d) shall be regarded as chapters.

Article 96

1. The Commission may provide services for outside bodies or individuals, in accordance with the remarks in the budget for the chapters and articles in question.

Notwithstanding Article 5, the resulting revenue may give rise to additional appropriations:

– in commitments, equal to the amount of the repayments provided for in the contracts concluded with the outside bodies or individuals,

– in payments, equal to the entitlements established from these repayments.

2. Notwithstanding Article 7 (2), additional appropriations shall be maintained until they are cancelled by means of the revenue and expenditure account.

3. Where provision is made in the remarks column for certain categories of expenditure to be repaid to the general budget, such repayments shall be booked to the statement of revenue, in accordance with the

implementing rules, under headings entered specifically for this purpose.

4. The appropriations relating to the activities referred to in Article 92 (1) (b), as regards the participation of the JRC on a competitive basis, and (e) and (3) shall be treated as revenue from services to third parties provided for in paragraphs 1 and 2 of this Article.

The utilization of these appropriations shall be shown in a set of analytical accounts in the revenue and expenditure accounts for each category of action to which it relates; it shall be separate from revenue originating from financing by third parties (public or private) and from revenue from services provided for third parties in connection with the activities referred to in paragraphs 1 and 2 or activities of a different nature.

Article 97

1. With regard to the award of contracts in the fields falling under this Title, the implementing rules provided for in Article 139 may lay down special provisions on:

- the limit values determining the conditions for concluding contracts,
- the operation and the determination of the powers of the Advisory Committee on procurements and contracts.

2. By way of derogation from the first subparagraph of Article 66, the sale of scientific and technical equipment shall be permitted without prior notice, on the basis of a decision by the authorizing officer taken after the Advisory Committee on procurements and contracts has delivered its opinion.

Title VIII

Special provisions applicable to the European Agriculture Guidance and Guarantee Fund, Guarantee Section

Article 98

The provisions of Titles I to VI and Part III shall apply to expenditure financed by the EAGGF Guarantee Section, in accordance with Regulation (EEC) No 729/70, effected through the authorities or bodies referred to in Article 4 (1) of that Regulation and under the implementing provisions adopted pursuant to Article 5 (3) of that Regulation, save as otherwise provided in this Title.

Special operations which the Commission manages directly, shall be implemented in accordance with the rules laid down in Title III of this Regulation.

Article 99

1. Provisional global commitments shall be entered into, corresponding to the advances to be made to the Member States, in respect of the appropriations for the Guarantee Section of the European Agricultural Guidance and Guarantee Fund. The Commission decisions fixing the amounts of these advances in accordance with Article 5 (2) (a) of Regulation (EEC) No 729/70 shall constitute provisional global commitments. The approval of the financial controller shall have the sole purpose of establishing that these commitments correspond to the amount of the advances decided by the Commission after consultation with the EAGGF Committee, and that they are within the limits of the total amount of appropriations entered in the Guarantee Section of the European Agricultural Guidance and Guarantee Fund.

2. The Commission shall make a monthly report to the Parliament and the Council; the report shall be forwarded within 30 working days of the end of the month of implementation of the actual expenditure by the Member States. The report shall include data permitting an assessment of:

- the trend in expenditure, taking account of the early warning system provided for in Article 6 of Council Decision 88/377/EEC of 24 June 1988 concerning budgetary discipline,
- the projected trend in expenditure during the financial year in relation to market trends.

Article 100

1. Expenditure effected by authorities and bodies under Article 4 of Regulation (EEC) No 729/70 shall be the subject of a commitment by chapter, article and item, and shall also be charged as a payment, after examination of the statements forwarded by the Member States in accordance with the provisions laid down pursuant to Article 5 (3) of the said Regulation, and after the approval of the financial controller.

The commitment shall be entered into within two months following receipt of the statements forwarded by the Member States. The charging as a payment shall, in general, be carried out within the same period. This Article shall apply without prejudice to the clearance of accounts provided for in Article 5 (2) (b) of Regulation (EEC) No 729/70.

2. The commitments provided for in this Article shall be deducted from the provisional global commitments referred to in Article 99.

Article 101

Expenditure shall be booked to the accounts for a financial year on the basis of the advances paid by the Commission to the Member States during that year in accordance with Article 5 of Regulation (EEC) No 729/70, provided that notification of their commitment and authorization have reached the accounting officer not later than 31 January of the following year.

Article 102

1. The object of the clearance of accounts decision, provided for in Article 5 (2) (b) of Regulation (EEC) No 729/70, shall be to determine the amount of expenditure effected in each Member State during the financial year in question which must be recognized as being chargeable to the EAGGF, without prejudice to decisions taken subsequently in accordance with paragraph 2 (c) of that Article.

2. The object of the decisions referred to in Article 5 (2) (c) of Regulation (EEC) No 729/70 shall be to determine the expenditure which, because the relevant measures were not implemented in compliance with Community rules, shall be deducted from the Community financing referred to in Articles 2 and 3 of that Regulation.

3. The schedule for the clearance of the accounts is set out in Regulation (EEC) No 729/70.

4. The outcome of the decision referred to in paragraph 1, namely and discrepancy which may exist between the total expenditure booked to the accounts for a financial year pursuant to Articles 100 and 101 and the total expenditure recognized as allowable by the Commission when clearing the accounts, shall be booked, under a single article, as additional expenditure or a reduction in expenditure.

5. The outcome of the decisions referred to in paragraph 2 shall be booked under a single article as a reduction in expenditure.

Article 103

Global provisional commitments which have been made for a financial year in accordance with Article 99 and which have not been specifically committed under the budget nomenclature in accordance with Article 100 by 1 February of the following financial year, shall be released under the original financial year.

Article 104

1. Transfers from one article to another within each chapter shall be made by decision of the Commission, to be taken not later than 31 January in accordance with the procedure provided for in Article 13 of Regulation (EEC) No 729/70.

The Commission shall inform the budgetary authority of such transfers.

2. Not later than 10 January of the following financial year, the Commission may submit proposals to the budgetary authority for transfers of appropriations from one chapter to another. Acting by a qualified majority, the Council, after consulting the European Parliament, shall take a decision within three weeks. The European Parliament shall deliver its opinion in sufficient time to enable the Council to take note of it and act within the stipulated period. Failing a decision by the Council within that period, the transfer proposals shall be deemed to be approved.

3. Decisions on transfers relating to the monetary reserve referred to in Article 19 (6) shall be taken in accordance with Article 26 (5) (a).

Title IX**Special provisions applicable to external aid**

Section I

General provisions

Article 105

1. The provisions of Titles I to VI, Title XI and Part III shall apply to external aid financed from the Community budget, save as otherwise provided in this Title.

2. The appropriations assigned by the Community to its cooperation policy shall be used either under cooperation agreements with a financial protocol ('preferential agreements') or as aid granted unilaterally.

3. The appropriations may be earmarked in particular for grant aid, special loans, risk capital or interest-rate subsidies, and shall be used by the Commission, which may confer authority on behalf of the Community to administer a part thereof, either on the European Investment Bank or, under its responsibility, on other organizations.

This provision shall not prejudice the audit powers of the Court of Auditors under Article 188c of the EC Treaty.

4. The following provisions shall govern the use of appropriations by the Commission.

5. The amount of special loans and risk capital granted shall be shown in the balance sheet provided for in Article 81.

Article 106

1. Any cooperation project adopted by the Commission may be covered by:

– a financing agreement drawn up between the Commission, acting for the Community, and the Government of the recipient State or the governing bodies of the recipient organization or institutions, hereinafter referred to as the recipient, or a contract with international organizations, or natural or legal persons responsible for carrying out the project.

2. The financing agreement or contract shall determine the financial commitment of the Community for the measure concerned. No expenditure in excess of this amount may be charged to the budget without an additional commitment.

3. In addition, a loan contract shall be drawn up between the Commission, acting for the Community, and the borrower in respect of any investment project financed by a special loan.

Section II Implementation

Article 107

Projects covered by a financing agreement shall be implemented by the recipient in close collaboration with the Commission, which shall retain responsibility for the utilization of appropriations.

Article 108

1. These functions performed by the Commission may be referred to in the preferential agreements or the financing agreements as those of chief authorizing officer.

2. The Commission, in close cooperation with the recipient, shall ensure that participants in tendering procedures can compete on an equal footing, that there is no discrimination and that the tender selected is economically the most advantageous. In particular, it shall approve the terms of the invitation to tender before it is issued, be apprised of the results of the examination of the tenders, and approve the proposal for the award of the contract.

Article 109

1. In the case of preferential agreements in particular, the recipient may appoint a national authorizing officer to represent the national authorities in all operations relating to projects financed by the Community which are the subject of an agreement between the recipient State and the Community.

2. The recipient shall submit invitations to tender to the Commission for agreement before issuing them. On the basis of the decisions thus endorsed and in close cooperation with the Commission, the recipient shall issue invitations to tender, receive tenders, preside over the examination of tenders and establish the results of the tendering procedure.

The Commission shall normally be represented when tenders are being examined, where the basic price of the invitation to tender exceeds the limit fixed in the financing agreement or contract.

3. It shall transmit to the Commission for agreement the results of the examination of the tendering procedure and a proposal for the award of the contract. It shall sign contracts, additions to contracts and estimates and shall notify the Commission thereof. For contracts, additions to contracts, and estimates, the Commission, where appropriate, shall enter into individual commitments in accordance with the procedures laid down in Articles 36 to 39. Individual commitments shall count towards the commitments under the financing agreements provided for in Article 106(2), in accordance with the second subparagraph of Article 36(2).

4. Where appropriate, the recipient shall validate and authorize any expenditure which is the subject of an agreement between the recipient and the Community against appropriations committed by the Commission. It shall remain financially liable to the Commission until the Commission clears the operations for the execution of which the recipient is responsible.

Article 110

1. For the purposes of applying the preferential agreement or financing agreement between the Community and the recipient State, and in respect of the appropriations for which it is the authorizing officer, the Commission may be represented in the recipient State by a representative approved by that State.
2. While operations are in progress, the Commission's representative shall verify, on the basis of documents and on the spot, that the work or services comply with their description in the financing agreements, contracts or estimates.

Article 111

1. For payments in a currency other than that of the recipient State, the Commission shall make payment direct for services provided in connection with projects financed with grant aid.
2. For payments in the currency of the recipient State, accounts denominated in euro or in the currency of one of the Member States may be opened with a financial institution in the recipient State in the name of the Commission or, by common agreement, of the recipient.

In the case of preferential agreements, the tasks referred to in paragraphs 5 and 6 may be entrusted to a financial institution, referred to as the paying agent.

3. The accounts referred to in paragraph 2 shall be replenished to meet actual cash requirements. Transfers shall be made in euro or, exceptionally, in the currency of a Member State, and converted into the currency of the recipient State as payments fall due, at the exchange rate ruling on the day of payment.
4. Interest on the deposits in the accounts referred to in paragraph 2 shall be used exclusively for the projects concerned, unless agreed otherwise when the functions of paying agent are being exercised by a public financial institution.

The paying agent shall not be remunerated for his services.

5. Within the limits of the funds available, the paying agent, after obtaining the approval of the Commission's representative, shall make the payments authorized after verifying that the supporting documents provided are substantively accurate and in order.
6. At regular intervals, and at least once a quarter, the paying agent shall send the Commission a statement of actual expenditure and revenue, together with supporting documents.
7. Payments made and revenue received in the currency of the recipient State shall be subject to a clearance procedure before they are finally booked to the budget appropriations. Clearance shall consist of an examination by the Commission to establish that validation, authorization and payment and the collection of revenue have been properly effected, in accordance with this Financial Regulation.

Section III **Award of contracts**

Article 112

The provisions of this section shall apply instead of those under Title IV to cases in which the Commission, in connection with external aid financed from the general budget of the European Communities, acts as contracting authority in the award of works, supply or service contracts not covered:

- by the Council Directives coordinating the award of public works, supply or service contracts, or

– by the Plurilateral Agreement on Government Procurement concluded within the World Trade Organisation.

Article 113

The procedure to be followed for the award of works, supply or service contracts financed from the general budget of the European Communities for recipients of external aid shall be specified in the financing agreement or the contract, subject to the following principles.

Article 114

1. Participation in tendering procedures shall be open on equal terms to all natural and legal persons coming within the scope of application of the Treaties and to all natural and legal persons in the recipient State.

The specifications shall therefore require tenderers to state their nationality and to present the supporting evidence normally acceptable under their own law.

2. In exceptional cases and with proper justification, it may be decided, on the basis of the specific conditions laid down in the basic instruments governing cooperation and in accordance with the appropriate authorization procedures, to allow nationals of third countries to tender for contracts financed by the Community.

Article 115

The Commission and the recipient shall take the necessary implementing measures to guarantee as wide a participation as possible, on equal terms in tendering procedures and other procedures for the award of contracts financed by the Community.

To this end, without prejudice to Articles 116 to 118, care shall be taken in particular to:

- a) ensure advance publication in reasonable time of invitations to tender in the Official Journal of the European Communities and the official gazette of the recipient State;
- b) eliminate any discriminatory practice or technical specifications liable to hamper wide participation on equal terms by all natural or legal persons of the Member States and of the recipient State.

Article 116

In urgent cases or where the nature, small scale or particular characteristics of certain works or supplies so warrant, the Commission or the recipient may, by agreement with the Commission stating the reasons therefor, exceptionally authorize;

- the award of contracts after open invitations to tender, confined to a specific geographical area,
- the award of contracts after restricted invitations to tender,
- the conclusions of contracts by private treaty,
- the performance of contracts through public works departments.

Article 117

The Commission and the recipient shall ensure that Articles 115, 116 and 118 are observed for each operation and that the tender selected is economically the most advantageous, with due regard notably to the cost of performance, running costs involved, technical merit, the qualifications of and the guarantees offered

by the tenderers, the nature and conditions of execution of the works or supplies.

The Commission and the recipient shall ensure that all the selection criteria are specified in the invitation to tender.

The result of invitations to tender shall be published at the earliest possible date in the *Official Journal of the European Communities*. Where appropriate, it should also be possible to publish the result of invitations to tender in the official gazette of the recipient State.

Article 118

1. Contracts for services and technical cooperation shall be awarded after restricted invitations to tender.

For contracts for services and technical cooperation, the Commission shall – if need be after a process of preselection – draw up a restricted list of candidates, using criteria which guarantee that they have the requisite qualifications, professional experience and independence, and taking account of their availability for the project in question.

The Commission shall publish in the *Official Journal of the European Communities*:

a) the content and the value of each contract planned, indicating the purpose:

– forecasts of the services contracts and technical cooperation actions to be awarded after calls for tenders during the 12 months following publication once a year, and

– the amendments to the forecasts provided for under the first indent once every three months;

b) the outcome of the calls for tenders as soon as possible.

2. However, some contracts may be awarded by private treaty, particularly in the following cases:

– short or small projects,

– projects being carried out by non-profit-making institutions or associations,

– extensions to projects already under way,

– where the invitation to tender has been unsuccessful.

3. Contracts for services and technical cooperation shall, as a general rule, be prepared, negotiated and concluded by the Commission.

4. In the case of preferential agreements, or in cases where express provision is made therefore in the financing agreements, the tasks referred to in paragraph 3 shall be delegated to the recipient, in agreement and in collaboration with the Commission's representative.

Article 119

Only service contracts awarded in the interests of the Commission shall be governed by the provisions of Articles 56 to 64a of the Financial Regulation.

Section IV

Auditing of accounts

Article 120

1. Each agreement to finance an investment project shall make express provision for the Court's power of audit.
2. Should the Court of Auditors wish to carry out audits on the territory of recipient States, or States in which recipients are located, it shall do so by agreement with the relevant authorities of the State concerned.

Such audits shall be limited to the inspection agreements implemented pursuant to the provisions governing Community aid and shall not apply in respect of the execution arrangements which are the responsibility of the national authorizing officer.

Title X**Special provisions applicable to the management of appropriations relating to staff serving in offices and suboffices in the Community and to their administration****Article 121**

The provisions of Titles I to VI and Part III shall apply to activities in this field, save as otherwise provided in this Title.

Article 123

In accordance with Article 139 the Commission shall adopt implementing rules relating, in particular, to:

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

Title XI**Special provisions applicable to financial participation by third parties and outside bodies in Community activities**

Section I

General provisions

Article 124

Financial participation by a third party or outside body in a Community activity shall require the prior authorization of the budgetary authority, given according to one of the following procedures:

- a) in the course of the budgetary procedure if already provided for. In such cases, the Commission shall, in the preliminary draft budget, propose the appropriate budgetary structure and the headings to which the contribution shall be charged in the statement of revenue and under which the corresponding appropriations shall be made available in the statement of expenditure, in accordance with Article 125. The amount of the contribution and the manner of its calculation shall be shown separately, for information;
- b) where the request for participation is made in the course of a financial year, the Commission may, if it considers it to be in the interest of the Community, and if an appropriate structure to cover it is provided in the budget, propose that it be authorized by the budgetary authority. Such authorization shall be given if the

Council, acting by a qualified majority, and the European Parliament agree.

All relevant intervention expenditure shall be covered by the amount of the third party's contribution.

Article 125

For the purposes of implementing the budget, the contributions referred to in Article 124 shall lead to additional appropriations being made available as follows:

- commitment appropriations equivalent to the entitlement due to the Community,
- payment appropriations equivalent to the amounts received.

Article 126

The contributions referred to in Article 124 shall constitute earmarked revenue in accordance with the second subparagraph of Article 4 (2).

All necessary accounting measures shall be taken to ensure the separate monitoring of the use both of the revenue from these contributions and of the appropriations made available under Article 125.

Section II

Provisions applicable to participation provided for pursuant to the agreement on the European Economic Area

Article 127

The budgetary structure to cover participation by the EFTA States shall be as follows:

a) in the statement of revenue there shall be a heading to cover the full amount of the contribution of the EFTA States for the relevant financial year. The amount shall be entered separately 'for information';

b) in the statement of expenditure:

- the remark relating to each heading covering Community activities involving the participation of the EFTA States shall indicate the amount of their contribution 'for information',
- an annex, constituting an integral part of the budget, shall contain all headings relating to Community activities involving the participation of the EFTA States.

The annex shall serve as and supplement the budgetary structure for making available the appropriations corresponding to such contributions by virtue of Article 128 and for implementing expenditure.

Article 128

By virtue of Article 82 of the Agreement on the European Economic Area, amounts relating to the annual participation of EFTA States – as confirmed to the Commission by the Joint Committee in conformity with Article 1 (5) of Protocol 32– shall, at the beginning of the financial year, give rise to the full entry of the corresponding appropriations for commitment and appropriations for payment.

Article 129

1. If in the course of a financial year the appropriations for budget headings involving the participation of the EFTA States are increased by amending or supplementary budgets or by transfers, without it being

possible for the EFTA States, in the course of that financial year, to adjust their contribution accordingly in line with the proportionality factor provided for in Article 82 of the Agreement on the European Economic Area, the Commission shall be authorized to provide provisional, exceptional advance financing from its cash resources for the share of the EFTA States in order to permit balanced implementation of expenditure relating to the relevant activity. Following any such increase the Commission shall as soon as possible call for corresponding contributions from the EFTA States save in cases of overriding necessity.

Each year the Commission shall inform the budgetary authority of the measures it has had to take in accordance with the foregoing provisions.

2. The advance financing shall be regularized as soon as possible in the budget for the following financial year.

Article 130

By way of derogation from Article 58 (2), as regards the rules governing tendering procedures, invitations to tender shall be published throughout all the Member States and all the EFTA States whenever the contract entails expenditure from a budget heading involving participation of the EFTA States.

Article 131

1. The financial contributions of EFTA States shall constitute earmarked revenue within the meaning of the third indent of the second subparagraph of Article 4 (2). All appropriate accounting measures shall accordingly be taken to ensure the separate monitoring both of revenue flowing from such contributions and of the corresponding appropriations.

2. Point 4 of Article 7 and Article 26 (9) shall apply to the contributions referred to in paragraph 1.

3. In the quarterly reports provided for in Article 34 the Commission shall give clear details of the state of execution of both the revenue and the expenditure corresponding to participation by the EFTA States.

Article 132

The revenue and expenditure corresponding to participation by the EFTA States shall be verified in compliance with the provisions of the EC Treaty, of this Regulation and of regulations applicable to matters covered by Article 78 of the Agreement on the European Economic Area and Protocol 31 thereto.

Title XII

Special provisions applicable to the sanctions referred to in section 4 of Regulation (EC) No 1467/97

Article 132a

The budgetary structure for the proceeds of the sanctions referred to in Section 4 of Regulation (EC) No 1467/97 shall be as follows:

a) the statement of revenue shall carry a budget heading to receive the amounts of the fines and the interest on the deposits and the fines imposed by the Council on a Member State in accordance with Section 4 of Regulation (EC) No 1467/97;

b) in parallel, and without prejudice to Article 28a, commitment and payment appropriations shall be entered in a heading in the statement of expenditure to match these amounts in the statement of revenue. These appropriations shall be executed in accordance with Article 16 of Regulation (EC) No 1467/97.

Title XII

Special provisions relating to the Office for Official Publications of the European Communities

Article 133

1. Without prejudice to the other provisions of this Financial Regulation, the following special provisions shall apply to the functioning of the Office for Official Publications of the European Communities.

2. The appropriations for the Office, the total amount of which shall be entered under a special budget heading within Part A of the section of the budget relating to the Commission, shall be set out in detail in an Annex to that part. The appropriations shown under this specific budget heading may be transferred in accordance with the conditions set out in Article 26.

The Annex shall take the form of a statement of revenue and expenditure, subdivided in the same way as the sections of the budget. The appropriations entered in that Annex shall cover all the financial requirements of the Office in the performance of its duties in the service of the Communities' institutions.

3. Where necessary, the estimates may be adjusted during the financial year by the Management Committee of the Office, which shall take decisions on the transfers required within the Annex as a result of such adjustments. It shall inform the budgetary authority three weeks before effecting transfers from one chapter to another.

4. The remarks concerning the specific budget heading under which is entered the total appropriation for the Office shall show an estimate of the cost of services rendered by the Office to each of the institutions. This shall be based on the forecasts of the analytical accounts provided for in paragraph 5.

The total costs of these services shall correspond to the total expenditure shown in its statement of expenditure.

5. The Office shall draw up analytical accounts of its expenditure, enabling the proportion of its services rendered to each of the institutions to be determined. The Management Committee shall lay down the criteria on which the accounting system shall be based.

The Office shall notify the institutions concerned of the results of the analytical accounts.

6. On a proposal from the Management Committee the Commission shall, for the appropriations entered in the Annex for the Office, delegate the powers of authorization to the Director of the Office and shall fix the limits and conditions of such act of delegation.

Each institution shall retain the powers of authorization for expenditure charged to the appropriations for the publication of all work entrusted to outside bodies by the Office. The net proceeds from the sale of the publications shall be re-used by the institution which drew up these publications, in accordance with Article 27 (2).

7. The financial controller shall delegate powers to an official who shall be responsible for monitoring the commitment and authorization of expenditure and also for monitoring the revenue of the Office.

The Commission, acting on a proposal from the Management Committee of the Office, shall appoint an assistant accounting officer with special responsibility for collecting revenue and settling expenditure effected directly by the Office.

8. To meet the cash requirements of the Office, bank accounts or post office giro accounts may be opened on its behalf by the Commission, acting on a proposal from the Management Committee.

The accounts shall be financed regularly by payments effected by the Commission upon receipt of calls for funds from the Office. Such payments may not exceed the total amount of the appropriations entered for this purpose in the Commission budget.

The final cash position for each year shall be adjusted between the Office and the Commission at the end of the financial year.

9. The revenue and expenditure account and the balance sheet in respect of the Office shall form an integral part of the revenue and expenditure account and of the balance sheet of the Communities referred to in Articles 78 and 81.

10. The Management Committee of the Office shall determine the detailed rules for the implementation of the preceding provisions, and also specific rules governing the terms of sale of publications and the corresponding accounting system.

Part II

Provisions applicable to borrowing and lending operations by the European Communities

Article 134

The Commission shall report to the Council and the European Parliament twice a year on the position regarding budget guarantees and risks relating thereto.

This information shall be sent at the same time to the Court of Auditors.

Article 135

The financial balance sheet provided for in Article 81 shall give details of capital operations and debt management indicating:

- the amount of loans granted,
- the amount of the repayments made on borrowings contracted and of the charges on such borrowings,
- the amount of borrowings contracted,
- the amount of repayments of capital and payments of interest made on loans granted.

Article 136

Within the powers conferred on the Commission in relation to each instrument, the financial controller of the Commission shall check the regularity of the execution of borrowing and lending operations.

To this end, he shall check:

- that operations are in conformity with the basic rules,
- the assessment of risks,
- where appropriate, the calculation of interest-rate subsidies where they are covered by the budget,
- compliance with the principle of sound financial management.

To enable him to exercise these functions to the full, the financial controller of the Commission:

- shall have access either manually or by computer to all data, documents, ledgers, registers, correspondence, statements of account or computer files relating to borrowing and lending operations,

– shall be authorized to conduct or take part in on-the-spot checks.

Article 137

The Commission shall provide the Court of Auditors, at its request, with any information on borrowing and lending operations.

Part III

Transitional and final provisions

Article 138

The European Parliament and the Council shall be empowered to require any information or explanations regarding budgetary matters within their competence.

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

Article 139

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

Article 140

At three-year intervals, the European Parliament and the Council shall examine this Financial Regulation in the light of a proposal from the Commission. Any financial regulations amending this Financial Regulation shall be adopted by the Council after recourse to the conciliation procedure if the European Parliament so requests.

Article 141

The following shall be repealed:

– the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities ⁽³¹⁾, and the Financial Regulation of 18 March 1975 amending it ⁽³²⁾,

– all other provisions contrary to this Financial Regulation.

Article 142

The financial rules of Community bodies having legal personality and receiving subsidies from the general budget must, as far as possible, correspond to the provisions of this Financial Regulation and depart from them only when the specific requirements of their individual operation so dictate.

Article 143

This Financial Regulation shall enter into force on 1 January 1978.

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

⁽¹⁾ OJ L 365, 31.12.1977. p.1.

⁽²⁾ Council Regulation (ECSC EEC, Euratom) No 1252/79 of 25 June 1979, OJ L 160 1 28.6.1979.

⁽³⁾ Financial Regulation of 16 December 1980 (80/1176 EEC Euratom, ECSC), OJ L 345 23 20.12.1980.

⁽⁴⁾ Council Regulation (ECSC EEC, Euratom) No 1600/88 of 7 June 1988, OJ L 143 1 10.6.1988.

- (⁵) Council Regulation (ECSC EEC, Euratom) No 2049/88 of 24 June 1988, OJ L 185 3 15.7.1988.
- (⁶) Council Regulation (Euratom ECSC, EEC) No 610/90 of 13 March 1990, OJ L 70 1 16.3.1990.
- (⁷) Council Regulation (ECSC EC, Euratom) No 1923/94 of 25 July 1994, OJ L 198 4 30.7.1994.
- (⁸) Council Regulation (ECSC EC, Euratom) No 2730/94 of 31 October 1994, OJ L 293 7 12.11.1994.
- (⁹) Council Regulation (EC Euratom, ECSC) No 2333/95 of 18 September 1995, OJ L 240 1 7.10.1995.
- (¹⁰) Council Regulation (EC Euratom, ECSC) No 2334/95 of 18 September 1995, OJ L 240 9 7.10.1995.
- (¹¹) Council Regulation (EC Euratom, ECSC) No 2335/95 of 18 September 1995, OJ L 240 12 7.10.1995.
- (¹²) Council Regulation (EC) No 2444/97 of 22 September 1997, OJ L 340 1 11.12.1997.
- (¹³) Council Regulation (EC ECSC, Euratom) No 2548/98 of 23 November 1998, OJ L 320 1 28.11.1998.
- (¹⁴) Council Regulation (EC ECSC, Euratom) No 2779/98 of 17 December 1998, OJ L 347 3 23.12.1998.
- (¹⁵) Council Regulation (EC ECSC, Euratom) No 2673/1999 of 13 December 1999, OJ L 326 1 18.12.1999.
- (¹⁶) Council Regulation (EC ECSC, Euratom) No 762/2001 of 9 April 2001, OJ L 111 1 20.4.2001.
- (¹⁷) OJ No C 6, 10. 1. 1977, p. 20.
- (¹⁸) OJ No C 89, 22. 4. 1975, p. 1.
- (¹⁹) OJ No L 104, 24. 4. 1975, p. 35.
- (²⁰) OJ No C 331, 7. 12. 1993, p. 1.
- (²¹) OJ No L 185, 15. 7. 1988, p. 24.
- (²²) OJ L 209, 2.8.1997, p. 6 and corrigenda in OJ L 46, 17.2.1998, p. 20 and OJ L 128, 30.4.1998, p. 71.
- (²³) OJ No L 155, 7. 6. 1989, p. 1.
- (²⁴) OJ L 139, 11.5.1998, p. 1.
- (²⁵) OJ No L 155, 7. 6. 1989, p. 1.
- (²⁶) OJ No L 293, 12. 11. 1994, p. 14.
- (²⁷) OJ No L 293, 12. 11. 1994, p. 9.
- (²⁸) OJ No C 194, 28. 7. 1982, p. 1.
- (²⁹) OJ No L 94, 28. 4. 1970, p. 13.
- (³⁰) OJ No L 185, 15. 7. 1988, p. 1.
- (³¹) OJ No L 116, 1. 5. 1973, p. 1.
- (³²) OJ No L 73, 21. 3. 1975, p. 45.