



European Medicines Agency

**REGULATION OF THE EUROPEAN MEDICINES AGENCY
LAYING DOWN DETAILED RULES
FOR THE IMPLEMENTATION OF CERTAIN PROVISIONS OF
THE FINANCIAL REGULATION FOR THE AGENCY**

*As adopted by the Management Board on
10 June 2004*

Public

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THE MANAGEMENT BOARD

Having regard to the Financial Regulation of 10 June 2004 applicable to the budget of the European Medicines Agency, and in particular Article 99 thereof,

Having regard to the proposal from the Director,

Whereas certain provisions of Articles 8, 10.3, 21, 34.2, 44, 53.3, 69, 73, 74, 75, 78, of the Financial Regulation explicitly provide for detailed implementing rules;

Whereas it would be clearer and more rational to lay down rules to implement other provisions of the Financial Regulation and to incorporate all the implementing rules in force in one text;

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

HAS ADOPTED THIS REGULATION:

TITLE I

ADMINISTRATION OF APPROPRIATIONS

Article 1

Differentiated appropriations

(Article 8 of the Financial Regulation)

1. Differentiated appropriations cover multi annual pre defined projects not financed by fees and give rise to commitment appropriations and payment appropriations.
2. Differentiated appropriations may only be used on an exceptional basis.
3. An authorising officer who considers that differentiated appropriations are essential shall submit a detailed proposal for their use to the Executive Director for approval. This proposal shall state the ultimate time limit for the use of this form of funding in the budget. The management board shall be informed and shall approve the funds within the Preliminary Draft Budget.
4. Appropriate distinctions shall be introduced in the budgetary and the general accounting to track clearly the usage of the commitment and payment appropriations.

Article 1 bis

Non-automatic carry over

(Article 10 of the Financial Regulation)

Non-automatic carry forward is possible if commitments could not be made before 31 December for reasons not attributable to the authorising officer and if the preparatory stages are sufficiently advanced to make it reasonable to surmise that the commitment will be made not later than 31 March of the following year.

The preparatory stages that should be completed by 31 December are defined as follows:

1. For global commitments
Completion of internal EMEA consultation of the relevant units or financial decision taken by the Executive Director or the Head of Unit as per the relevant case.
2. For individual commitments
preparation of contracts or agreements are in an advanced stage, which means the completion of the selection of potential contractors or beneficiaries.

Article 2

Calculation of limits on transfers

(Article 23.2 of the Financial Regulation)

The limit of 10% of the appropriations for the financial year relates to the total budget at the time of the transfer. To calculate the maximum amount for a transfer all previous transfers between chapters and titles within the current financial year have to be taken into account.

Article 3

Financial contributions by third parties and other earmarked revenue

Whenever it is collected, earmarked revenue within the meaning of Article 19(1) of the Financial Regulation shall be booked to the statement of revenue and an appropriation of the same amount shall be made available in the appropriate heading of the statement of expenditure.

Article 4

1. The appropriation thus made available shall be used in accordance with the provisions contained in the Financial Regulation and in this Regulation.
2. The accounting officer shall take appropriate measures so that earmarked revenue is used for the specific purpose.

Article 5

Internal rules

Acting in accordance with the provisions of the Financial Regulation and of this Regulation, the Agency shall adopt such measures for administering appropriations, as it deems necessary for the proper implementation of the statement of revenue and the statement of expenditure.

The Agency shall draw up a document containing the internal provisions adopted for this purpose. This document shall include the basic rules on the assignment of responsibilities to authorising officers and administering departments for the implementation of the statement of expenditure and statement of revenue.

The document referred to in the second paragraph and any other internal instructions of general scope for implementing the budget and the accounts shall be made available to all the departments involved in the management of the budget, to the internal auditor and to the Court of Auditors.

TITLE II

DELEGATION OF POWERS

(Article 34, 43.4 and 43.5 of the Financial Regulation)

Article 6

1. The Executive Director may delegate his/her powers of budget implementation to Agency staff pursuant Article 34.1 of the Financial Regulation and by written decision shall designate those members of staff (delegate) of the Agency authorised to sign on his/her behalf.
2. The delegatee may sub delegate, Article 34.2 of the Financial Regulation sub delegatee, the powers received by written decision with the explicit agreement of the Executive Director.
3. In the written decision the conditions governing the delegation of powers shall be set out.
4. All delegation decisions shall be terminated by written decision.

Article 7

The decisions referred to in Article 6, accompanied by a specimen signature of the member of staff to whom powers have been delegated, shall be communicated:

- a) to the delegate;
- b) to the accounting officer, who may not make any payment which has been authorised by staff not empowered to do so;

- c) to the internal auditor appointed under Article 73 of the Financial Regulation;
- d) to the authorising officers and the internal auditor in the case of delegation of powers by the accounting officer,
- e) to the sub delegate, the accounting officer and the internal auditor in the case of the sub delegation of powers by authorising officers within the limits of the powers delegated to them;
- f) to the Court of Auditors.

The decisions terminating such delegations of powers shall also be communicated as set out above.

Article 8

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

Article 9

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

TITLE III EX ANTE AND EX POST EVALUATION

(Article 38 of the Financial Regulation)

Article 10

Ex ante evaluation

All proposals for activities occasioning expenditure, revenue or a reduction in revenue for the budget shall be subject of an ex ante evaluation which shall identify:

- a) Compliance with the Financial Regulation
- b) The need to be met in the short or long term;
- c) The objectives to be achieved;
- d) The risks, including fraud, linked with the proposals and the alternative options available;
- e) The volume of appropriations, human resources and other administrative expenditure to be allocated with due regard for the cost-effectiveness principle;
- f) The monitoring system set-up.

Article 11

Ex post evaluation

The ex post evaluation of activities shall be in terms of the human and financial resources allocated and the results obtained in order to verify that they were consistent with the objectives set.

The results obtained in carrying out a multi-annual programme shall be periodically evaluated in accordance with a time table which enables the findings of that evaluation to be taken into account for any decision on the renewal, modification or suspension of the programme.

Ex post verification may be carried out at any time or organised on a sample basis using risk analysis.

TITLE IV IMPLEMENTATION OF THE BUDGET

CHAPTER 1

Rules applicable to the accounting officer, to the assistant accounting officers and to the imprest administrators

(Articles 43 and 44 of the Financial Regulation)

Article 12

The Management Board shall, by reasoned decision, on a proposal from the Director, appoint an accounting officer who shall be responsible for:

- a) Proper implementation of payments, collection of revenue and recovery of amounts established as being receivable;
- b) Preparing and presenting the accounts in accordance with Title VII of the Financial Regulation;
- c) Keeping the accounts in accordance with Title VII of the Financial Regulation;
- d) Implementing, in accordance with Title VII of the Financial Regulation, the accounting rules and methods and the chart of accounts in accordance with the provisions adopted by the Commission's accounting officer;
- e) Establishing and validating the accounting systems and validating systems laid down by the authorising officer to supply or justify accounting information and
- f) Treasury management.

Article 13

- 1. The accounting officer may make payments by bank credit transfer only if the bank account details of the payee have first been entered in a common file. Entry in the file of the payee's bank account details or modifications of those details shall be based on a document, in paper or electronic form, certified by the authorising officer.
- 2. Authorising officers shall check that the bank account details communicated by the payee are still valid when each payment order is drawn up.

Article 14

Segregation of duties

The duties performed by the accounting officer and any sub delegatee (assistant accounting officer) of the accounting officer, are incompatible with those of the authorising officer and the imprest administrators.

Article 15

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

In particular, the accounting officer shall ensure objectiveness in the keeping of the accounts and the preparation of the financial statements in accordance with Articles 77, 78 and 79 of the Financial Regulation.

The accounting officer, assistant accounting officers and imprest administrators shall be liable to disciplinary action and, where appropriate, to payment of compensation as provided in Article 22 of the Staff Regulations of officials of the European Communities in respect of any payments they make without complying with the requirements of Articles 46.2, 48 and 49 of the Financial Regulation.

CHAPTER 2

Keeping of accounts and the preparation of financial statements

Article 16

1. In accordance with Articles 76 - 81 of the Financial Regulation, the accounting officer shall prepare the annual accounts, financial statements, balance sheet, economic outturn account, cash-flow table, budgetary outturn account. For this purpose, he shall keep the accounts of all operations in the financial year and shall close the accounts at the end of the year.
2. In accordance with Article 82 of the Financial Regulation the provisional accounts shall be sent no later than 1 March together with the report on budgetary and financial management to the Commission's accounting officer.
3. The accounting officer shall draw up the final accounts and send these to the management board, which shall give an opinion on the accounts.
4. The Executive Director shall send the final accounts, together with the opinion of the management board, to the Commission's accounting officer and to the Court of Auditors, the European Parliament and the Council by 1 July of the following year at the latest.
5. In the event of an accounting officer terminating his duties, an interim statement of account shall be drawn up on the date of the termination of the officer's duties. The statement shall be signed in acceptance by the accounting officer who is terminating his/her duties and by the new accounting officer.

CHAPTER 3

Cash management

Article 17

In accordance with Articles 27.3(c), 43.1(f), 55, 56, 57, 58 of the Financial Regulation, the accounting officer, who is responsible for the collection of revenue and the payment of expenditure, shall manage the corresponding moneys.

To this end he/she shall open or cause to be opened the necessary bank accounts after negotiating the terms in accordance with the principles of sound financial management. The operating terms for the accounts shall be subject to periodic review and, where necessary, to renegotiation.

Article 18

The accounting officer shall be responsible for managing the Agency's assets and for authorising transfers between bank accounts.

Transfers between bank accounts must be made within the limits of available funds.

Article 19

The accounting officer shall regularly reconcile the bank accounts with the bookkeeping and shall check that the terms negotiated are being properly applied.

Article 20

The accounting officer shall replenish the imprest accounts and monitor the financial aspects of these accounts.

CHAPTER 4

Insurance

Article 21

The accounting officer, assistant accounting officers and imprest administrators shall be insured, through the Agency, which shall pay the premiums, against the financial risks inherent in their duties.

Article 22

Without prejudice to:

- Articles 86 of the Staff Regulations and Article 49 of the Conditions of employment of other servants,
- Article 46.2 of the Financial Regulation,
- the Agency's right of recovery vis-à-vis third parties,

the Agency shall bear all risks and deficits not covered by the insurers.

TITLE V

RECOVERY OF DEBTS

(Articles 54 - 58 of the Financial Regulation)

Article 23

In accordance with Article 54 of the Financial Regulation, the competent authorising officer shall draw up an estimate for any measure, which may give rise to or modify a debt due to the Agency. An estimate shall also be drawn up even where it is not possible from the act or decision giving rise to a future debt to ascertain the amount or due date: where possible, it shall indicate the estimated amount and the probable due date.

The estimate shall be forwarded to the accounting officer for registration and to take action.

Article 24

1. In accordance with Article 54 of the Financial Regulation, the competent authorising officer shall make out a recovery order without delay in respect of every established debt.
2. In particular, the recovery order shall indicate
 - a) the due date,
 - b) the references of the act or legal commitment which is the source of the debt and given rise to the entitlement to recovery;
 - c) the budget article, and any other subdivision that may apply, including where appropriate, the references of the corresponding budget commitment;
 - d) the amount to be recovered expressed in euro;

- e) the name and address of the debtor;
 - f) and the possible method of recovery, including in particular recovery by offsetting or enforcement of any guarantee lodged.
3. The recovery order shall be sent to the accounting officer for action. The accounting officer shall proceed with recovery of the debt by requesting the debtor to pay the sum due by the date indicated.
 4. Upon actual recovery of the sum due the accounting officer shall make out a revenue voucher, which shall be registered in the accounts. He shall inform the authorising officer of the recovery effected.
 5. Where a debt is not paid by the due date, the accounting officer shall take all due care to initiate the procedure for effecting recovery, where necessary, by offsetting and by all legal means.
 6. Where a debt is to be recovered in successive instalments either in the course of a single financial year or over several financial years, it shall be registered in the accounts by means of a recovery order made out for the full amount as soon as it is established.
 7. Where the accounting officer, in collaboration with the authorising officer, may allow additional time for payment only at the written request of the debtor, with due indication of the reasons, and provided that the debtor agrees to pay interest at the rate specified in the detailed rules for implementation of the general Financial Regulation for the entire additional period allowed and the debtor must provide a financial guarantee covering both the principal sum and the interest.

Article 25

The accounting officer shall inform the authorising officer as soon as possible of each payment received. Where no recovery order has been made out pursuant to Article 53 of the Financial Regulation in respect of a payment received, the amount in question shall be immediately credited to a suspense account in the general accounts and the competent authorising officer should initiate the procedure for establishing the debt and make out the necessary recovery order with a view to booking the revenue to the budget.

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

Article 26

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

- a) measures which may give rise to a debt;
- b) amounts of debts to be recovered;
- c) due dates for payment of the debts;
- d) debts which have been recovered;
- e) debts still to be recovered together with the steps taken to secure recovery.

Article 27

Waiver of debts

In accordance with Article 55.3 of the Financial Regulation any proposal to waive the right to recover an established debt shall specify in particular the debtor, the type of revenue, the estimated amount, the budget item in question, the steps taken to secure recovery and the grounds for the proposed waiver.

The waiver proposal and the decision by the authorising officer, which may not be delegated, shall be registered.

TITLE VI EXPENDITURE

CHAPTER 1

Commitment of expenditure

(Articles 61- 63 of the Financial Regulation)

Article 28

For every measure that may give rise to expenditure chargeable to the budget the authorising officer shall first draw up a commitment proposal. A provisional commitment may be entered into in respect of current expenditure.

Proposals for commitments shall be supported by relevant documents showing the purpose of the expenditure, the estimated amount involved, if possible the currency of payment, the budget line to which it is to be charged and the identity of the creditor.

The authorising officer must ensure in advance that this measure is consistent with the principles of sound financial management and in particular those of economy and cost-effectiveness. Such proposals shall in principle be drawn up in accordance with a standard form to be adopted by common agreement by the authorising officer and the accounting officer.

Article 29

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

Article 30

If a decision must be taken by the Management Board before an item of expenditure may be committed, then when the Management Board has approved the draft decision, the corresponding commitment proposal shall be submitted for approval.

Where the Management Board does not approve the draft decision or reduces the amount of expenditure proposed, the commitment proposal shall be cancelled or, where applicable, replaced by a suitably amended commitment proposal.

Article 31

Provisional commitments

Provisional commitments within the meaning of Article 61.5 of the Financial Regulation shall be strictly limited to routine expenditure. In the case of provisional commitments, the authorising officer shall check, on his own responsibility, that the individual commitments do not exceed the provisional commitment covering them.

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

Expenditure of an administrative nature which is incurred repeatedly during the same budgetary year such as:

- staff expenditure (salaries and various allowances, recruitment expenditure, etc.),
- mission expenses,
- representation expenses,
- meeting expenses,
- freelance interpreters,
- exchanges of officials,
- rent,
- miscellaneous insurance,
- cleaning and maintenance,
- leasing,
- stationery and office supplies,
- telecommunications,
- water, gas and electricity,
- periodicals (monthly bulletins, etc.),
- subscriptions,

shall be regarded as routine expenditure.

Article 32

If, in the case of certain measures which may give rise to expenditure, no exact figures can be given for the expenditure when the relevant commitment proposal is communicated to the accounting officer, the authorising officer must estimate the expenditure involved and set out in his commitment proposal the basis on which he has arrived at his estimate.

CHAPTER 2

Registration of proposals for the commitment of expenditure after the authorising officer has granted approval

Article 33

1. Commitment proposals shall be registered in the computerised accounting system by the Agency's accounts department. This registration procedure must make it possible to ascertain at any given moment for each budget item or heading:
 - a) the appropriations available;
 - b) the amounts of commitments entered into;
 - c) the payments made against these commitments;
 - d) the balance of commitments outstanding.
2. The registration must also make it possible to ascertain at any given moment:
 - a) the amount of the initial commitment, increased where applicable by any additional commitments;
 - b) the payments made against these commitments under previous financial years;
 - c) the amount of the commitment still to be paid at the beginning of the financial year;
 - d) payments in respect of the financial year in question;
 - e) the balance outstanding.

Article 34

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

CHAPTER 3

Approval of proposals for the commitment of expenditure

(Article 63 of the Financial Regulation)

Article 35

Approval shall take the form of the signature of the authorising officer on the commitment proposal, which shall be dated.

Article 36

In urgent cases, approval may be given in a note or by any other means which leaves no doubt as to the fact that the commitment proposal in question has been approved.

TITLE VII SUPPORTING DOCUMENTS

Article 37

General provisions

1. Supporting documents for the accounting system and for the preparation of the accounts shall be kept for at least five years from the date on which the European Parliament grants discharge for the budgetary year to which the documents relate. However, documents relating to operations not definitively closed shall be kept for longer, that is to say, until the end of the year following that in which the operations are closed.
2. Invoices shall be registered by the accounting department.
3. The internal archiving policy shall govern all non-financial documents.
4. Documents should be kept by the authorising officer in accordance with internal control systems. These systems and procedures for keeping the original supporting documents shall provide for:
 - a) Such documents to be numbered;
 - b) Such documents to be dated;
 - c) Registers, which may be computerised, to be kept identifying the exact location of such documents.

Article 38

Recovery of debts

For estimates of debts and recovery orders, the following shall constitute supporting documents: the basic act, decision, contract or agreement giving rise to the debt and all the documents enabling a check to be made of the type of debt, the calculation of the amount, the due date and the identity of the debtor.

Article 39

Commitments

For proposals for the commitment of expenditure, the following draft acts constituting obligations on the part of the Agency shall constitute supporting documents:

- a) for expenditure incurred by virtue of contracts:

the draft agreement, contract, order form or similar document, accompanied, in the case of contracts, by the tenders received, the reasons for negotiated procedure and, where appropriate, the opinion of the Advisory Committee on Procurement and Contracts (ACPC).
- b) for grants:
 - (i) the application submitted by the recipient, accompanied, where applicable, by an implementation report on previous grants,
 - (ii) the reasons for the amount awarded,
 - (iii) the draft letter of agreement or similar documents,
 - (iv) the budget estimate for the year for which the grant is requested or any substituting document.

TITLE VIII
VALIDATION AND PAYMENT OF EXPENDITURE
(Articles 64 - 66 of the Financial Regulation)

Article 40

Payment order contents

The payment order shall state:

- a) the financial year to which the payment is to be booked,
- b) the budget article and any further subdivision that may apply,
- c) the reference number of the corresponding legal commitment giving rise to an entitlement to payment,
- d) the amount to be paid, expressed in euro or in national currency,
- e) the name, address and bank account details of the payee,
- f) the object of the expenditure,
- g) the means of payment
- h) and the entry of items in the inventory in accordance with Article 159.

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

Article 41

Validation and 'passing for payment'

1. Validation of any expenditure shall be based on supporting documents within the meaning of Article 37 attesting to the creditor's entitlement, on the basis of a statement of services actually rendered, supplies actually delivered or work actually carried out, or on the basis of other documents justifying payment.
2. The authorising officer responsible shall personally check the supporting documents or shall, on his own responsibility, ascertain that this has been done, before taking the decision validating the decision.
3. The validation decision shall be expressed by the signing of a 'passed for payment' voucher by the authorising officer responsible or by a staff member technically competent, empowered by formal decision of the authorising officer. Such empowerment decision shall be kept for future reference.

Article 42

For payments corresponding to procurement contracts, the endorsement 'passed for payment' shall certify that:

- a) the Agency has received and formally registered an invoice drawn up by the contractor;
- b) the invoice itself, or an internal document accompanying the invoice received, has been endorsed 'certified correct' and signed by the staff member technically competent and duly empowered by the authorising officer responsible;

- c) all aspects of the invoice have been checked by the authorising officer responsible or on his responsibility with a view to determining in particular the amount to be paid and the validity of the payment as discharge of the debt.

Article 43

In a non-computerised system '*passed for payment*' shall take the form of a stamp incorporating the signature of the authorising officer responsible or of a staff member technically competent, empowered by the authorising officer responsible in accordance with Article 41. In a computerised system, '*passed for payment*' shall take the form of a validation using the personal password of the authorising officer responsible or of a staff member technically competent, empowered by the authorising officer responsible.

Article 44

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

Article 45

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

- a) in respect of monthly salary:
 - (i) the complete list of staff, giving all the components of remuneration;
 - (ii) a form (personal information sheet) based on decisions taken in each case, showing, whenever such change occurs, any change in any component of remuneration;
 - (iii) in the case of recruitment or appointments, a certified true copy of the recruitment or appointment decision which accompanies the validation of the first salary payment;
- b) in respect of other remuneration (staff paid on hourly or daily basis): a statement signed by the authorised staff member showing the days and hours worked;
- c) in respect of overtime: a statement signed by the authorised staff member certifying the amount of overtime worked;
- d) In respect of mission expenses:
 - (i) the travel order signed by the competent authority;
 - (ii) the statement of mission expenses, signed by the staff member on mission and by the administrative superior to whom the appropriate powers have been delegated, and showing, in particular, the place of mission, the dates and items of departure and arrival at the place of mission, travel expenses, subsistence expenses, and other expenses duly authorised on production of supporting documents;
- e) in respect of other staff expenditure; the supporting documents referring to the decision on which the expenditure is based and giving all the components of the calculations.

Article 46

Payments in instalments

1. In the case of all commitments which involve payments in instalments, a certified true copy of the signed contract or the decision granting financial support shall be attached to the first payment order. Reference to that document and to the preceding payment(s) shall be made on the other payment orders.
2. When the final payment order is drawn up, the authorising officer shall certify that the operation has been completed so that the appropriate measures may be taken as regards the accounts with, where appropriate, the cancellation of any commitment which has been entered into but not implemented.

Article 47

If a single supporting document covers several payments, all the payment orders shall bear a reference to the original document and the number of the payment order to which it is attached.

Article 48

Except in the cases referred to above, if an original supporting document cannot be produced, a certified true copy may be substituted for it by the authorising officer, who must explain why the original could not be produced and must certify that the payment has not been made.

Article 49

Deductions

1. The following deductions may be made from all bills, invoices or statements, which shall then be passed for payment of the net amount:
 - a) Penalties imposed on a party to a contract including procurement contracts;
 - b) Adjustments in respect of amounts paid in error; this may be done by deduction when another payment of the same type is being made under the same chapter, article as that under which the excess payment was made;
 - c) The value of vehicles, apparatus, equipment and installations taken in part exchange in accordance with commercial usage when new apparatus, vehicles, equipment and installations of the same kind are purchased.
 - d) Adjustments in respect of excess amounts invoiced in error can be done if the supplier is not able to provide a correct invoice within a reasonable time. This may be done by processing the corrected lower amount having attached the calculation of the correct invoice amount and the correspondence with the supplier.
2. Discounts, refunds and rebates on invoices and bills shall not be recorded as separate revenue.
3. Adjustments may be made in respect of exchange differences occurring in budget operations. Only the final gain or loss shall be included in the balance for the year.

Article 49 bis

Compensation for expenditure from previous years and payments made on behalf of third parties

To process the recovery of compensation for expenditure from previous years and for recovery of payments made on behalf of third parties or staff members, a recovery order has to be established on a budgetary income line in accordance with Title V.

Article 50

Time limits for payments

(Article 69 of the Financial Regulation)

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

The payment request is not admissible if at least one essential requirement is not met.

2. For contract or agreement under which payment depends on approval of a report, time for the purposes of the payment periods referred to in paragraphs 1 and 2 shall not begin to run until the report in question has been approved, either explicitly with the beneficiary being informed, or implicitly because the time allowed by the contract for approval has expired without being suspended by means of a formal document sent to the beneficiary.

The time allowed for approval may not exceed:

- a) 20 calendar days for straightforward contracts relating the supply of goods and services;
 - b) 45 calendar days for other contracts and grant agreements;
 - c) 60 calendar days for contracts involving technical services, which are particularly complex to evaluate.
3. The authorising officer responsible may suspend the time limit for payment by informing creditors, at any time during the period referred to in paragraph 1 as the payment request cannot be met whether because the amount is not due or because the appropriate supporting documents have not been produced. If information comes to the notice of the authorising officer responsible which puts in doubt the eligibility of expenditure appearing in a payment request, the authorising officer may suspend the time limit for payment for the purpose of further verification, including an on the spot check, in order to ascertain prior to payment that the expenditure is indeed eligible. The authorising officer shall inform the beneficiary in question as soon as possible.

Time for the purposes of the remainder of the payment period shall begin to run again from the date on which the properly formulated payment request is first registered.

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

Article 51

Rate of conversion between the euro and other currencies

Conversion between the euro and another currency shall be made using the monthly accounting rate of the euro. The accounting rate shall be established by the Agency by means of any source of information it regards as reliable, on the basis of the rate on the penultimate working day of the month preceding that for which the rate is established.

The rate to be used for conversion between the euro and other currencies shall be that of the month in which the payment order or recovery order is drawn up by the authorising officer or reconciliation made by the imprest holder.

TITLE IX

THE GRANTING OF ADVANCES

Article 52

Apart from the advances provided for in the conditions of employment of staff or provisions laid down by regulation, the authorising officer may grant advances to cover expenditure to be incurred by an official or other servant on behalf of the Agency.

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

Article 53

The granting of such advances and the designation of the member of staff shall be the subject of a decision by the Executive Director or a delegated authority, on a proposal from the authorising officer and the accounting officer has given a favourable opinion. Such decisions shall specify the amount of the advance and the period during which it is to be used.

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

Article 54

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

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

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

TITLE X

BANK ACCOUNTS

(Article 43, 48 of the Financial Regulation)

Article 55

1. For the requirements of treasury management, the accounting officer may open accounts in the name of the agency with financial institutions or national central banks including direct debit or credit card facilities or cause such accounts to be opened. In duly warranted circumstances, he/she may open accounts in currencies other than the euro.
2. The accounting officer shall negotiate the operating terms for accounts with financial institutions, in accordance with the principles of sound financial management, efficiency and competitive tendering.
3. At least every five years the accounting officer shall relaunch competitive tendering between financial institutions with which the accounts have been opened.
4. The accounting officer shall ensure strict compliance with the operating terms for accounts opened with financial institutions.

Article 56

The terms governing the opening, operation and use of accounts shall provide, depending on internal control requirements, that cheques, bank credit transfer orders or any other banking operations must be signed by one or more duly authorised members of staff.

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

Article 57

1. The accounting officer shall ensure that the balance on the bank accounts provided for in Article 56 does not deviate from the cashflow forecasts and in any event:
 - a) that none of the accounts is in debit;
 - b) that the balance of accounts held in other currencies is periodically converted into euro.
2. The accounting officer may not maintain balances in foreign currency accounts, which might cause excessive losses to the Agency as a result of exchange rate fluctuation.

Article 58

The accounting officer shall conduct transfers between accounts opened in the name of the Agency with financial institutions, and conduct currency conversion operations.

Article 59

As a general rule, payment of:

- the monthly remunerations of staff, and
- expenditure relating to supplies or services exceeding EUR 420,

must be made by cheque, post office giro, direct debit or bank credit transfer.

Article 60

Direct debit

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

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

TITLE XI
IMPRESTS
(Article 44 of the Financial Regulation)

Article 61

Creation of an imprest account

1. Imprest accounts may be set up when, because of its nature or particular urgency, the payment of certain expenditure cannot be effected by means of a payment order signed by the authorising officer.
2. In proposals for decisions setting up imprest accounts the authorising officer responsible shall ensure that:
 - a) Priority is given to the use of budgetary procedures where there is access to other central computerised accounting system;
 - b) Imprest accounts are used only in substantiated cases.
3. By way of derogation from Articles 66-67 of the Financial Regulation the imprest administrator shall be authorised to make provisional withdrawals and effect the payment of expenditure subject to the subsequent application of Articles 64-67 of the Financial Regulation.
4. The creation of an imprest account, and the appointment of an imprest administrator shall be the subject of a decision by the accounting officer, on a duly substantiated proposal from the authorising officer responsible. That decision shall set out the respective responsibilities and obligations of the imprest administrator and the authorising officer.
5. Amendment of the operating terms for an imprest account shall also be the subject of a decision by the accounting officer on a duly substantiated proposal from the authorising officer concerned.

Article 62

The decisions referred to in Article 61 shall be communicated to the authorising officers, the accounting officer and the Court of Auditors.

Article 63

1. The decision setting up an imprest shall specify, in particular:
 - a) the maximum amount which can be set aside as an imprest and its purpose;
 - b) whether a bank and/or post office giro account is to be opened in the Agency's name;
 - c) the nature and maximum amount of every item of expenditure which may be effected by the imprest administrator to third parties or collected from them;
 - d) the frequency with which supporting documents must be produced and the procedure for producing them;
 - e) the procedure to be followed if the imprest has to be replenished;
 - f) the time within which imprest system transactions must be settled;
 - g) the procedure to be followed for payment by direct debit;
 - h) The period of validity of the authorisation given to the imprest administrator by the accounting officer;
 - i) The identity of the appointed imprest administrator.

2. The imprest administrator may make payments to third parties on the basis of and within the limits of:
 - a) Prior budget and legal commitments signed by the authorising officer responsible;
 - b) The positive residual balance of the imprest account, in cash or at the bank.
 - c) Payments from imprest accounts may be made by bank credit transfer, cheque or other means of payment.

Article 64

In accordance with of Article 44 of the Financial Regulation, only the accounting officer may replenish the imprest accounts.

However, where appropriate, miscellaneous local revenue such as that arising from:

- sales of equipment,
- publications,
- miscellaneous repayments,
- interest, etc.,

shall be entered directly into the appropriate imprest accounts and the situation shall be regularised in accordance with the applicable provisions of the Financial Regulation and this Regulation.

The amounts in question shall be deducted by the accounting officer when he/she subsequently replenishes these imprest accounts.

Article 65

1. Payments made shall be followed by formal final validation decisions and/or payment orders signed by the authorising officer responsible.
2. Every imprest administrator shall be accountable to the authorising officer for the settlement of sums due to third parties and to the accounting officer for the making of payments

Article 66

The imprest administrator shall keep an account of the funds at his/her disposal and of the expenditure effected and amounts received, in accordance with the instructions of the accounting officer.

Article 67

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

Article 68

1. The accounting officer shall carry out, or have carried out by a staff member in his own department or in the authorising officer department specially empowered for that purpose, checks, which should normally be effected at any time and without warning, to verify the existence of the funds allocated to the imprest administrators and the bookkeeping and to check that imprest transactions are settled within the time-limit set.
2. The accounting officer shall communicate the findings of those checks to the authorising officer responsible and the internal audit.

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

Article 69

1. For the purposes of Article 70 of the Financial Regulation, '*computer systems*' means computerised management and accounting programmes, which require the intervention of the authorising officer and the accounting officer, which are set up on the basis of a prior agreement between these departments.
2. Use of such systems is subject to the following rules:
 - a) the system must check the availability of appropriations for the operation proposed and reject any operation for which appropriations are not available;
 - b) the system must ensure that each operation is handled only by those members of staff empowered to do so in the departments of the authorising officer, and the accounting officer, and ensure effective separation of the functions of these two departments;
 - c) the Agency shall ensure that its internal and external procedures guarantee the security of the information and of the operation of the system;
 - d) the Agency shall ensure that the physical security of the system is guaranteed;
3. The Agency may, where the authorising officer and the accounting officer consider by common accord that the system offers guarantees satisfying its security requirements, substitute computer media for paper documents, in particular electronic approval, commitment proposals, payment orders and recovery orders.

Article 70

Description of IT systems

Where computer systems and subsystems are used to process budget implementation operations, a full and up-to-date description of each system or subsystem shall be required.

Each description shall define the content of all data fields and describe how the system treats each individual operation. It shall show how the system guarantees the existence of a complete audit trail for each operation.

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

TITLE XIII
RULES APPLICABLE TO THE INTERNAL AUDITOR
(Articles 71, 72 and 73 of the Financial Regulation)

Article 71

The internal audit staff shall be chosen by the Agency from nationals of the Member States on the grounds of particular qualifications.

Article 72

1. The internal audit shall be independent and shall be accountable only to the Management Board and the Executive Director. It may not receive any instructions nor accept any constraint as regards the performance of the duties assigned pursuant to the provisions of the Financial Regulation.
2. The internal audit shall operate in accordance with Articles 4, 5, 6, 7, 15, 18, 22, 25 and 26 of the Financial Regulation and may conduct controls by sampling and batch methods. The internal audit shall have access to the Agency's accounting systems. The control shall be based on the files relating to revenue and expenditure and may, if necessary, be conducted on the spot.
3. The Executive Director, proceeding in accordance with this Article, may act to have the internal audit declared liable for its actions.
4. Measures relating to disciplinary procedures, transfers and the various kinds of interruption and termination of service shall be the subject of a reasoned decision of the Executive Director, which is sent to the European Parliament and to the Court of Auditors for information. Both the internal audit in question and the Agency shall be entitled to bring an action before the Court of Justice, particularly in matters relating to their independence.

Article 73

Work programme

1. The internal audit shall operate following an annual work programme submitted in advance to the Executive Director.
2. The Executive Director may ask the internal audit to carry out audits not included in the work programme referred to in paragraph 1.

Article 74

1. The internal audit shall summarise its work in an annual audit report to the management board and the Executive Director and in addition the internal audit reports may be presented to the management board at any time and on any subject having financial implications, especially as regards the application of Article 25 of the Financial Regulation (sound financial management).
2. The annual report shall indicate the number and type of internal audits carried out, the principal recommendations made and the action taken on those recommendations.
3. The Executive Director shall consider whether the recommendations made in the reports of its internal auditor are suitable for an exchange of best practices with other EU bodies.

Article 75

The internal audit shall include all necessary supporting documents and other documents required. On-the-spot checks may be carried out.

TITLE XIV
PROCUREMENT
(Article 74 of the Financial Regulation
Articles 88-107 of the general Financial Regulation
Title V of the general Implementing Rules)

Article 76

Definitions and scope

1. References to 'Departments of the Community institutions' in the general Financial Regulation and its Implementing Rules shall read 'the Agency'.
2. References to 'Community' in the general Financial Regulation and its Implementing Rules shall read 'Agency'.

Article 77

Functioning of the Advisory Committee on Procurement and Contracts (ACPC)

1. The authorising officer shall submit to the ACPC a report justifying the suggested choice of contractor in compliance with the selection and award criteria laid down in advance in the documents relating to the call for tenders and the procurement rules.
2. The ACPC shall be required to give its opinion, in an ex ante control capacity, on:
 - a) all proposed contracts for works, supplies or services, including studies, involving amounts of EUR 75 000 and above, excluding the services defined in Article 62(3) of Council Regulation No 726/2004;

and
 - i) the conclusion of standard-form general contracts and the terms under which they operate;
 - ii) proposed purchases of immovable property, irrespective of the amount involved;
 - b) any proposed agreement supplementary to any contract as referred to in a) whenever there are significant changes, particularly when the effect of such supplementary agreement would be to alter the amount involved in the original contract;
 - c) any proposed supplementary agreement the effect of which would be to raise the total amount involved in a contract already concluded to an amount above the limits referred to in a);
 - d) proposed invitations to tender which are particularly important or are of a special nature;
 - e) questions arising at the time of conclusion or in the course of performance of contracts (e.g. cancellation of orders, requests for remission of penalties for delay, departures from the specifications and general conditions of contract), should the matter be sufficiently serious to justify a request for an opinion;
 - f) at the request of the competent authorising officer or of a member of the ACPC, proposed contracts involving an amount below the limits referred to in a), where he/she considers that such contracts involve questions of principle or are of a special nature.

3. The ACPC shall make:
 - a) recommendations with regard to general supply policy and shall carry out, or have carried out, such investigations and studies as may be necessary;
 - b) recommendations with regard to general conditions for procurement and contracts.
4. The files submitted to the ACPC for ex ante review shall be accompanied by a report drawn up and presented by the competent staff member or by an alternate designated by the authorising officer.

This report shall include:

 - a) the report by the evaluation committee
 - b) technical and financial assessment of each tender, including a comparative table of unit prices;
 - c) the grounds for the choice of tenderer recommended.
5. Every case shall be the subject of an opinion, which shall be signed by the Chairman of the ACPC. Such opinions shall be communicated to the departments concerned.
6. The ACPC shall draw up its own rules of procedure.

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

CHAPTER 1
Presentation of the accounts

Article 78

Report on budgetary and financial management during the year

(Article 76 of the Financial Regulation)

The report on budgetary and financial management during the year shall give an accurate description of:

- a) the achievement of the objectives for the year, in accordance with the principle of sound financial management;
- b) the financial situation and the events which have had a significant influence on activities during the year.

Article 79

Exception to the accounting principles

(Article 78 of the Financial Regulation)

Where, in a specific case, the accounting officers consider that an exception should be made to the content of one of the accounting principles defined in Articles 80 to 87 that exception shall be duly substantiated and reported in the annex to the financial statements referred to in Article 96.

Article 80

Going-concern principle

(Article 78 of the Financial Regulation)

1. The going-concern principle means that for the purposes of preparing the financial statements, the Agency shall be deemed to be established for an indefinite duration.
2. Where there are objective indications that the Agency is to cease its activities, the accounting officer shall present that information in the annex, indicating the reasons. The accounting officer shall apply the accounting rules with a view to determining the liquidation value of the Agency.

Article 81

Principle of prudence

(Article 78 of the Financial Regulation)

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

Article 82

Principle of consistent accounting methods

(Article 78 of the Financial Regulation)

1. The principle of consistent accounting methods means that the structure of the components of the financial statements and the accounting methods and valuation rules may not be changed from one year to the next.
2. The Agency's accounting officer may not depart from the principle of consistent accounting methods other than in exceptional circumstances, in particular:
 - a) in the event of a significant change in the nature of the entity's operations;
 - b) where the change made is for the sake of a more appropriate presentation of the accounting operations.

Article 83

Principle of comparability of information

(Article 78 of the Financial Regulation)

1. The principle of comparability of information means that for each item the financial statements shall also show the amount of the corresponding item the previous year.
2. Where, pursuant to paragraph 1, the presentation or the classification of one of the components of the financial statements is changed, the corresponding amounts for the previous year shall be made comparable and reclassified.

Where it is impossible to reclassify items, this shall be explained in the annex referred to in Article 96.

Article 84

Materiality principle

(Article 78 of the Financial Regulation)

1. The materiality principle means that all operations which are of significance for the information sought shall be taken into account in the financial statements. Materiality shall be assessed in particular by reference to the nature of the transaction or the amount.
2. Transactions may be aggregated where:
 - a) the transactions are identical in nature, even if the amounts are large;
 - b) the amounts are negligible;
 - c) aggregation makes for clarity in the financial statements.

Article 85

No-netting principle

(Article 78 of the Financial Regulation)

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

Article 86

Principle of reality over appearance

(Article 78 of the Financial Regulation)

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

Article 87

Accrual-based accounting principle

(Article 79 of the Financial Regulation)

1. The accrual-based accounting principle means that transactions and events shall be entered in the accounts when they occur and not when amounts are actually paid or recovered. They shall be booked to the financial years to which they relate.
2. The accounting methods provided for in Article 85 of the EMEA Financial Regulation in accordance with Article 133 of the general Financial Regulation shall specify the obligating event for the entry of each transaction in the accounts.

Article 88

Valuation of assets and liabilities

(Article 79 of the Financial Regulation)

1. Assets and liabilities shall be valued at purchase price or production cost. However, the value of non-financial fixed assets and formation expenses shall be written down for depreciation. In addition a write-down may be applied where the value of an asset decreases and an increase in the value of a liability may be covered by a provision.
2. The accounting rules and methods referred to in Article 85 of the EMEA Financial Regulation in accordance with Article 133 of the general Financial Regulation may lay down that all items or only some of them are to be valued at a value other than their purchase price.

Article 89

Provisions

(Article 79 of the Financial Regulation)

A provision shall be made only if the following conditions are satisfied:

- a) a current obligation exists as a result of a past event;
- b) resources representing economic benefits will probably have to be used to extinguish the obligation;
- c) the amount of the obligation can be reliably estimated.

Article 90

Structure of the balance sheet

(Article 80 of the Financial Regulation)

1. The balance sheet shall be made up of the various items classified by titles and subtitles.
2. Assets items shall be classified by increasing degree of liquidity, and liability items by increasing degree of callability.

Article 91

Presentation of the balance sheet

(Article 80 of the Financial Regulation)

For the presentation of the balance sheet, the accounting officer shall use at least the following headings:

Assets

- Formation expenses
- Intangible fixed assets
- Tangible fixed assets
- Financial fixed assets
- Debtors: due in over one year
- Stocks
- Debtors: due in one year or less
- Cash and cash equivalents
- Prepayments and accrued income

Liabilities

- Capital (made up of the economic result for the year, the result brought forward from earlier years and reserves)
- Provisions
- Creditors: due in over one year
- Creditors: due in one year or less
- Accruals and deferred income

Article 92

Economic outturn account

(Article 80 of the Financial Regulation)

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

Article 93

Presentation of the economic outturn account

(Article 80 of the Financial Regulation)

For the presentation of the economic outturn account, the accounting officer shall apply the following minimum layout:

Operating income

- *Operating charges*

= Operating result

+/- Financial result

= Result from ordinary activities

+/- Exceptional result

= Result for the year

Article 94

Cash flow table

(Article 80 of the Financial Regulation)

The cash flow table shall show treasury movements.

The treasury shall be made up of the following:

- a) cash in hand;
- b) bank accounts and deposits payable on demand; and
- c) other disposable assets which can quickly be converted to cash and whose value is stable.

Article 95

Cash flow classification

(Article 80 of the Financial Regulation)

1. The cash flow table shall show treasury movements broken down into operating flows, investment flows and financial flows.
2. The operating cash flow shall show treasury movements resulting from ordinary activities.
3. The investment cash flow shall show treasury movements resulting from the acquisition or sale of fixed assets.
4. The financial cash flow shall show the treasury movements resulting from borrowing and lending and any other financial source.

Article 96

Annex to the financial statements

(Article 80 of the Financial Regulation)

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

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

Article 97

Explanatory notes

(Article 80 of the Financial Regulation)

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

Article 98

Budgetary outturn account

(Article 81 of the Financial Regulation)

The budgetary outturn account shall contain:

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

Article 99

Annex to the budgetary outturn account

(Article 81 of the Financial Regulation)

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

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

CHAPTER 2

Accounting

(Chapter 2 of the Financial Regulation)

Section 1

Organisation of the accounts

Article 100

Organisation of the accounts

(Article 84 of the Financial Regulation)

1. The accounting officer of the Agency shall draw up and keep updated documents describing the organisation of the accounts and accounting procedures of his institution.
2. In drawing up the financial statements, as little use as possible shall be made of information from outside the accounts.
3. Budget revenue and expenditure shall be recorded in the computerised system referred to in Article 101, according to the economic nature of the operation, as current revenue or expenditure or as capital.

Article 101

Computerised systems

(Article 84 of the Financial Regulation)

1. The accounts shall be kept with the help of an integrated computerised system.
2. Where accounts are kept using computerised systems and subsystems, such systems and subsystems shall be described in full. That description shall define the content of all data fields and specify how the system treats individual operations. It shall state how the system guarantees the existence of a complete audit trail for each operation and for any change made to the computerised systems and subsystems so that it is possible at any time to identify the nature of the change and the person who made it. The description of computerised accounting systems and subsystems shall indicate any links between those systems and the central accounting system, particularly as regards the transfer of data and the reconciliation of balances.

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

Section 2

Accounting ledgers

Article 102

Accounting ledgers

(Article 87 of the Financial Regulation)

1. The Agency shall keep a journal, a general ledger and an inventory.
2. The accounting ledgers shall consist of electronic documents which are identified by the accounting officer and offer full guarantees for use as evidence.
3. Entries in the journal shall be transferred to the general ledger, itemised according to the chart of accounts referred to in Article 105.
4. The journal and the general ledger may be split into as many special journals and special ledgers as are necessary to meet requirements.
5. Entries recorded in special journals and special ledgers shall be centralised at least every month in the journal and in the general ledger.

Article 103

Trial balance

(Article 87 of the Financial Regulation)

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

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

Article 104

Inventory

(Article 87 of the Financial Regulation)

1. The inventory is a statement of all assets and liabilities and commitments of all kinds, indicating for each item the quantity and value on the inventory date.
2. The data in the inventory shall be kept and organised in such a way as to justify the content of each of the accounts included in the trial balance.
3. As regards the inventory of fixed assets, the provisions of Articles 113 to 120 shall apply.

Section 3

Chart of accounts

Article 105

Chart of accounts

(Article 87 of the Financial Regulation)

1. The chart of accounts shall be adopted by the Agency's accounting officer.
2. The chart of accounts shall divide the accounts into classes.

Each class may be subdivided into groups or subgroups, as required.

3. The chart of accounts must contain at least the following classes:
 - a) for the balance-sheet accounts:
 - (i) class 1:accounts for capital, provisions and creditors due in over one year;
 - (ii) class 2:accounts for formation expenses, fixed assets and debtors due in over one year;
 - (iii) class 3:stock accounts;
 - (iv) class 4:accounts for debtors and creditors due in one year or less;
 - (v) class 5:financial accounts;
 - b) for the revenue and expenditure accounts:
 - (i) class 6:charges accounts;
 - (ii) class 7:income accounts;
 - c) for the special accounts:
 - (i) classes 8 and 9:special accounts;
 - d) for off-balance-sheet transactions:
 - (i) class 0:off-balance-sheet transactions.
4. The contents of each account and class and its operation shall be laid down in the chart of accounts.

Section 4

Registration

Article 106

Entries in the accounts

(Article 87 of the Financial Regulation)

1. Entries shall be made using the double entry method, whereby any movement or variation recorded in the accounts shall be represented by an entry establishing an equivalence between the amount debited and the amount credited in the various accounts affected by that entry.
2. The euro counterpart of a transaction denominated in a currency other than the euro shall be calculated and entered in the accounts.

Transactions in foreign currencies in accounts which can be re valued shall be re valued at least each time the accounts are closed.

That revaluation shall be based on the rates laid down in accordance with Article 51.

The rate to be used for conversion between the euro and another currency to draw up the balance sheet at 31 December of year N shall be that of the last working day of year N.

Article 107

Accounting records

(Article 87 of the Financial Regulation)

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

Article 108

Supporting documents

(Article 87 of the Financial Regulation)

1. Each entry shall be based on a dated and numbered supporting document, produced on paper or on a medium which guarantees the reliability and safeguarding of its content for the periods laid down in Article 38 (6) of the Financial Regulation.
2. Operations of the same type, carried out in the same place and on the same day may be summarised in a single supporting document.

Article 109

Recording in the journal

(Article 87 of the Financial Regulation)

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

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

Article 110

Validation of entries

(Article 87 of the Financial Regulation)

1. Entries in the journal and in an inventory ledger shall be made final by means of a validation procedure prohibiting any change to or deletion of the entry.
2. A closure procedure designed to freeze the chronology of records and guarantee their inviolability shall be implemented at the latest before the final financial statements are presented.

Section 5
Reconciliation and verification

Article 111

Reconciliation of accounts

(Article 87 of the Financial Regulation)

1. The balance of accounts in the trial balance shall be reconciled periodically, and at least at the annual closure, with the data from the management systems used by authorising officers for the management of assets and liabilities and for the daily input into the accounting system.
2. Periodically, and at least whenever the accounts are closed, the accounting officer shall check that the data in the inventory ledger referred to in Article 102 correspond to the actual situation, in particular as regards:
 - a) cash at bank, by reconciliation of the statements of account from financial institutions;
 - b) cash in cash offices, by reconciliation with the data in the cash book.

The fixed assets accounts shall be reviewed in accordance with Article 117.

3. The inter-institutional liaison accounts shall be reconciled and cleared monthly.
4. The suspense accounts shall be reviewed annually by the accounting officer so that they can be cleared as soon as possible.

Section 6

Budget accounts

Article 112

Content and keeping of budget accounts

(Article 89 of the Financial Regulation)

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

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

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

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

3. The budget accounts may be organised in such a way as to develop a cost accounting system.
4. The budget accounts shall be kept using computer systems, in books or on file cards.

CHAPTER 3

Property inventories

(Chapter 3 of the Financial Regulation)

Article 113

Property inventories

(Article 90 of the Financial Regulation)

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

Article 114

Safeguarding property

(Article 90 of the Financial Regulation)

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

Article 115

Entry of items in the inventory

(Article 90 of the Financial Regulation)

All items acquired whose purchase price or production cost is EUR 420 or more, with a period of use greater than one year, and which are not consumables shall be entered in the inventory and recorded in the fixed assets accounts.

Article 116

Content of the inventory for each item

(Article 90 of the Financial Regulation)

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

Article 117

Inventory checks

(Article 90 of the Financial Regulation)

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

Article 118

Resale of property

(Article 90 of the Financial Regulation)

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

Article 119

Procedure for sale of fixed assets

(Article 90 of the Financial Regulation)

1. Sales of fixed assets shall be advertised locally in appropriate fashion, if the unit purchase value is EUR 8 100 or more. The period between publication of the last announcement and conclusion of the sales contract shall be no less than fourteen calendar days.

Those sales shall be the subject of a notice of sale published in the Official Journal of the European Union, if the unit purchase value is EUR 391 100 or more. Appropriate advertising may also be placed in the Member States' press. The period between the date of publication of the notice in the Official Journal of the European Union and conclusion of the sales contract shall be no less than one month.

2. The Agency may forgo advertising where the cost of advertising exceeds the expected return from the operation or no particular benefit would be gained.
3. The Agency shall always endeavour to obtain the best price for sales of fixed assets.

Article 120

Procedure for disposing of fixed assets

(Article 90 of the Financial Regulation)

A statement or record shall be drawn up by the authorising officer and endorsed by the accounting office 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 indicate in particular whether the item must be replaced at the expense of an official or other servant of the Communities or any other person.

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

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

Article 121

The Agency shall provide the Court of Auditors with the facilities and the information, which the Court may consider necessary for the performance of its task.

In particular, the Agency shall place at the disposal of the Court of Auditors documents concerning the conclusion of contracts, accounts of cash or materials, accounting records or supporting documents including related administrative documents, documents relating to revenue and expenditure, inventories and organisation charts of its departments which the Court of Auditors may consider necessary for auditing the revenue and expenditure account on the basis of records or on the spot, and documents and data created or stored on electronic media.

To this end, staff members whose operations are inspected by the Court of Auditors shall in particular:

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

Article 122

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

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

When aid is granted to bodies outside the Agency, the recipients shall be required to give their written agreement to submit to an audit by the Court of Auditors on the use made of the aid granted.

TITLE XVII
FINAL PROVISIONS

Article 123

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

It shall apply from 1 July 2004.

Done at London, 10 June 2004

Prof. Hannes Wahlroos
Chairman of the Management Board