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REPORT

drawn up on behalf of the Committee on Budgets

on the proposal from the Commission of the European Communities to the Council (Doc. 1-850/80 - COM(80) 760 final) for a regulation amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities

Rapporteur: Mr M. SIMONNET

PE 84.700/fin.

By letter of 29 January 1981, the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities.

On 9 February 1981 the President of the European Parliament referred this proposal to the Committee on Budgets as the committee responsible and to the Committee on Budgetary Control for an opinion.

At its meeting of 18 February 1981 the Committee on Budgets confirmed the appointment of Mr SIMONNET as rapporteur.

The committee considered the Commission's proposal at its meetings of 28/1/81, 18/2/81, 19/3/81, 12/5/81, 24/6/81, 27/1/82, 22/9/82, 29/9/82, 18/1/83, 16/3/83, 20/4/83 and 25/5/83.

At the last meeting the committee decided by 15 votes to 2 with 1 abstention to recommend to Parliament that it approve the Commission's proposal with the following amendment.

The Commission stated before the committee that it intended to amend certain of its proposals in the light of Parliament's decisions.

The committee then unanimously adopted the motion for a resolution as a whole.

Present: Mr LANGE, chairman, Mr NOTENBOOM, 1st vice-chairman, Mrs BARBARELLA, 2nd vice-chairman, Mr SIMONNET, rapporteur, Mr ABENS, Mr ADONNINO, Mr ARNDT, Mr BAILLOT, Mr FICH, Mr GOUTHIER, Mrs GREDAL (deputizing for Mrs HOFF), Mr KELLETT-BOWMAN, Mr LOUWES, Mr O'MAHONY, Mr NEWTON DUNN, Mrs NIKOLAOU, Mr ORLANDI and Mr SABY.

The opinion of the Committee on Budgetary Control is attached.

This report was tabled on 9 June 1983

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The Committee on Budgets hereby submits to the European Parliament the following amendments to the Commission's proposal and motion for a resolution together with explanatory statement:

AMENDMENT TABLED BY THE COMMITTEE ON BUDGETS

TEXT PROPOSED BY THE COMMISSION OF THE EUROPEAN COMMUNITIES

Proposal for a Council regulation (ECSC-EEC-EURATOM) amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities

Article 1

The Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities¹, as amended by Council Regulation No 1252/79 of 25 June 1979², is amended as follows:

1. Article 1:

Insert a new paragraph 1(a)

1(a) The provisions of this Financial Regulation shall apply to Parliament, the Council, the Commission, the Court of Justice and the Court of Auditors and save as otherwise provided to the Economic and Social Committee.

delete the analogous provisions in Art 18(4) of the F.R.

2. Article 1

Insert a new paragraph 1 b

b The financial regulations of Community bodies having legal personality and receiving subsidies from the general budget must not include provisions conflicting with those of this Financial Regulation.

3. Article 1(2): This paragraph is replaced by the following two paragraphs:

2. The appropriations entered in the budget shall be authorized for the duration of one financial year. They shall constitute the upper limit of expenditure which may be paid or authorized during each financial year. Expenditure may not be authorized for a period going beyond the financial year.

Article 1

The Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities¹, as amended by Council Regulation No 1252/79 of 25 June 1979², is amended as follows:

1. Article 1(2): The second subparagraph is replaced by the following:

'Without prejudice to paragraph 3 below, expenditure may not be authorized for a period going beyond the financial year.'

Operating expenditure arising from contracts which have been concluded in accordance with local usage for periods going beyond the financial year shall not be subject to the provisions of the preceding subparagraph. Such expenditure shall be charged to the budget for the financial year in which it is effected.'

¹ OJ No. L 356, 31.12.1977

² OJ No. L 160, 28.6.1979

3. Exceptionally, operating expenditure arising from contracts which have been concluded in accordance with local usage for periods going beyond the financial year and expenditure for repayment of loans and related costs shall be charged to the budget for the

financial year in which it is effected.

4. Article 1(3) and (4): replace with the following text:

4. The implementation of multiannual activities may give rise to commitment authorizations and payment appropriations.

Commitment appropriations under Article 176 of the Euratom Treaty shall be treated as commitment authorizations for the purposes of this Regulation.

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

They shall constitute the upper limit of the expenditure which each institution is authorized to commit for a given operation.

Payment appropriations shall cover, up to the limit of the amount entered in the budget, expenditure arising from commitments entered into in the current financial year and/or preceding financial years.

The entries intended for multiannual activities and consisting of commitment authorizations and payment appropriations shall be shown in the budget as follows:

- the commitment authorization 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 subsequent financial years shall be set out against the commitment authorizations in an indicative schedule in the remarks column.

Multiannual activities in respect of which a distinction is to be made between commitment authorizations and payment appropriations shall be decided on during the budgetary procedure. This principle shall not apply to research and investment appropriations covered by special provisions.

2. Article 1(3): The fourth subparagraph is replaced by the following:

'The entries intended for multiannual activities and consisting of commitment and payment appropriations shall be shown in the budget as follows:

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

3. Article 1: Paragraph 4 is deleted.

5. Article 1(5): delete this paragraph and insert the following new paragraph:

Estimates relating to appropriations or staff in legislative acts other than the general budget shall be merely indicative.

6. After Article 2: insert a new Article 2a:

Article 2a

2. Where proposals submitted to the Council and Parliament are likely to have budgetary consequences, including significant changes in the number of posts, the Commission shall in an annex provide a forecast of the amounts, relating, depending on the nature of the proposal, to one or more years.

7. Article 3(1): replace the text of the 2nd and 3rd subparagraphs with the following text:

All revenue shall be used to cover all expenditure; revenue shall not be assigned to a specific purpose;

In the case of budget headings under which commitment authorizations and payment appropriations have been entered, the amount entered as payment appropriations shall be used for the purposes of the preceding subparagraph.

8. Article 3(2), replace the first subparagraph with the following text:

2. Notwithstanding paragraph 1, certain revenue shall not be used for any other purpose, in particular:

- financial contributions from Member States to certain research programmes pursuant to Article 4(6) of the Decision of 21 April 1970 on own resources;
- revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts, bequests;
- contributions to Community activities from non-Member States or various bodies, and revenue from third parties;
- revenue from third parties in respect of work carried out at their request;
- the product of any loans raised, repayment of sums lent and related costs;
- the product of levies and taxes of various kinds, either existing or to be introduced, in connection with the common agricultural policy.

4. Article 1: Paragraph 5 is deleted.

55. Article 88: This article is replaced by the following:

(Para. 1 not affected by the amendment)

2. The figures given in programme decisions or corresponding decisions shall be merely indicative.

(Paras. 3 to 5 not affected by the amendment)

5. Article 3(2): The first subparagraph is replaced by the following:

'2. Notwithstanding paragraph 1, revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts, bequests, contributions to Community activities from non-member States or various bodies, and revenue from third parties in respect of work carried out at their request shall not be used for any other purpose.'

9. Article 3, insert a new paragraph 3

3. The balance of each financial year shall be entered as revenue in the case of a surplus or expenditure in the case of a deficit, in the budget of the second following financial year. For this purpose the Commission section of the budget shall contain token entries for the said revenue and expenditure.

The relevant entry shall then be updated by means of a supplementary or amending budget or, in the case of an item of expenditure, by means of a transfer in application of Article 21.

This measure shall be without prejudice to amendments made to the outturn in the decision granting discharge.

(Delete the Commission's proposed text of Article 27)

10. Article 5: replace the 2nd and 3rd paragraphs with the following:

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 payment may be made in advance.

Any readjustment of entries in respect of own resources following the final adoption in December of a supplementary or amending budget, shall be entered in the accounts for the financial year of the supplementary or amending budget in question if payment is made before 1 February of the following year.

(rest of the Article unchanged)

11. Article 5: add at the end the following new paragraph:

By way of derogation from 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 98.

27. Article 27: This article is replaced by the following:

'The balance from each financial year, calculated in accordance with Article 15 of Council Regulation (EEC, Euratom, ECSC) No 2891/77, shall be entered as revenue in the case of a surplus or expenditure in the case of a deficit in a supplementary or amending budget in the second financial year following the financial year in question.

However, if the situation requires, a decision may be taken to enter all or part of this balance in advance in a supplementary or amending budget in the financial year immediately following the financial year in question.'

7. Article 5: The last three paragraphs are replaced by the following:

'The readjustment of entries in respect of value added tax own resources or, if appropriate, of financial contributions, which under the second subparagraph of Article 10(3) of the Regulation is carried out when the first entry is made following the final adoption of the supplementary or amending budget, shall be entered in the accounts for the financial year of the supplementary or amending budget in question

The following paragraphs are not affected by the amendment.

12. Article 6: replace this article with the following text:

Article 6

The following rules shall govern the utilization of appropriations:

1. In the case of budget headings where there is no distinction between commitment authorizations and payment appropriations

(a) appropriations relating to remunerations and allowances of members and staff of the Institutions may not be carried over;

(b) a decision may be taken to carry over to the next financial year only the portion of the other appropriations still uncommitted as at 31 December;

(c) appropriations in respect of payments still outstanding by virtue of commitments duly entered into before 31 December 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 authorizations and payment appropriations:

(a) commitment authorizations not utilized by the end of the financial year shall remain available for the next financial year only;

(b) payment appropriations which have not been used at the end of the financial year shall be carried over automatically to the next financial year only.

3. In the case of appropriations which were entered in the budget chapter containing 'provisional appropriations' and which remain available at the end of the financial year:

(a) non-differentiated appropriations in respect of staff and administrative expenditure (Titles 1 and 2) may not be carried over;

(b) appropriations in respect of other expenditure may be carried over to the next financial year only.

8. Article 6: Paragraphs 2 to 8 are replaced by the following:

2. In the case of budget headings where a distinction is made between commitment appropriations and payment appropriations:

(a) commitment appropriations not committed at the end of the financial year for which they were entered in the budget shall remain available for the following financial year;

(b) payment appropriations which have not been used at the end of the financial year for which they were entered shall be carried over automatically to the next financial year only.

3. In the case of appropriations which were entered in the budget chapter containing "provisional appropriations" and which remain available at the end of the financial year:

(a) appropriations in respect of staff and administrative expenditure (Titles 1 and 2) may not be carried over;

(b) appropriations in respect of other expenditure may be carried over to the next financial year only.

4. In the case of appropriations on which a decision to carry-over may be taken, the Commission shall submit to the budgetary authority, not later than 31 March, the requests to carry-over appropriations, duly substantiated, made by Parliament, the Council, the Court of Justice, the Court of Auditors and by the Commission itself.

The Council shall consult Parliament and shall decide, acting by qualified majority, on the request to carry-over appropriations in respect of expenditure necessarily resulting from the Treaties or acts adopted in accordance therewith.

Parliament shall consult the Council and act on the requests to carry-over appropriations in respect of expenditure other than that necessarily resulting from the Treaties or acts adopted in accordance therewith.

If no decision is taken by the Budgetary Authority within six weeks, the requests to carry-over appropriations shall be deemed to have been approved.

5. Unused revenue and appropriations available at 31 December arising from the specific revenue referred to in Article 3(2) shall be carried over automatically.

Commitments entered in part II of the budget shall be carried over to the next financial year automatically where the operations authorized have not been effected by the end of the financial year.

6. Uncommitted and unused appropriations available at the end of the financial year - whether for the current financial year and not carried over or carried over from the previous financial year - shall lapse.

7. The appropriations for the Guidance Section of the European Agricultural Guidance and Guarantee Fund and for the European Regional Development Fund may be used by way of exception to finance projects for which they were not initially committed, under the conditions laid down in Regulations (EEC) No 3171/75¹ and (EEC) No 214/79² respectively.

4. In the case of the appropriations referred to in paragraphs 1 (b) and 3 (b), the Commission shall submit to the budgetary authority, not later than 1 February, the requests to carry over appropriations, duly substantiated, made by Parliament, the Council, the Court of Justice, the Court of Auditors and the Commission itself. However, requests relating to the carryover of appropriations from the Guarantee Section of the European Agricultural Guidance and Guarantee Fund may be submitted until not later than 15 March.

In the case of requests to carry over appropriations in respect of expenditure necessarily resulting from the Treaties or acts adopted in accordance therewith, the Council shall consult Parliament, which shall deliver its opinion in good time, i.e. normally within four weeks of receiving the request from the Council.

Unless the Council, acting by a qualified majority, decides otherwise within six weeks of receiving the request, the carryover of those appropriations shall be deemed to have been approved.

In the case of requests to carry over appropriations in respect of expenditure other than that necessarily resulting from the Treaties or acts adopted in accordance therewith, Parliament shall act within six weeks of receiving the request, after consulting the Council, which shall deliver its opinion in good time. If no decision is taken within this period, the requests shall be deemed to have been approved.

5. Unused revenue and appropriations available at 31 December arising from the specific revenue referred to in Article 3(2) shall be carried over automatically.

6. The appropriations referred to in paragraph 1 (b) which have not been committed by 31 December and in respect of which authorization has been given to carry them over to the next financial year shall lapse if they are not committed and paid by the end of the said financial year.

7. The appropriations for the Guidance Section of the European Agricultural Guidance and Guarantee Fund and for the European Regional Development Fund may be used by way of exception to finance projects for which they were not initially committed, under the conditions laid down in Regulations (EEC) No 3171/75⁽¹⁾ and (EEC) No 214/79⁽²⁾ respectively.

¹ OJ No L 315, 5.12.1975, p. 1

² OJ No L 35, 9.2.1979, p. 1

⁽¹⁾ OJ No L 315, 5. 12. 1975, p. 1.

⁽²⁾ OJ No L 35, 9. 2. 1979, p. 1.

8. A list of the automatic carry-overs shall be forwarded, complete with comments, to the budgetary authority before **31 May**.

An exhaustive list by chapter, article and item of all appropriations which have been carried over shall also be forwarded to the budgetary authority before 31 May.

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

13. Article 7: replace the 3rd paragraph with the following text:

(subparagraphs 1 and 2 become paragraphs 1 and 2)

3. Expenditure relating to rents or certain associated expenditure which is payable in advance in accordance with provisions laid down by law or contract may give rise to payments from 20 December onwards to be charged to the appropriations for the next financial year.
4. The advances intended, within the meaning of Articles 96 and 116, to finance the expenditure of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund, and expenditure on food aid, may be paid from 10 December onwards.

14. Article 8, replace this article with the following text:

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 EEC Treaty and Article 178 of the Euratom Treaty shall apply to the commitment and payment of expenditure of a kind 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.

8. Parliament and the Council shall be provided, for their information, before 15 April, with a list of the automatic carryovers.

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

9. *Article 7:* The third paragraph is replaced by the following:

'Expenditure relating to rents or certain associated expenditure which is payable in advance in accordance with local usage may give rise to payments from 20 December onwards to be charged to the appropriations for the next financial year.'

The advances intended, within the meaning of Articles 96 and 116, to finance the expenditure of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund, and expenditure on food aid, may be paid from 10 December onwards.'

10. *Article 8:* This article is replaced by the following.

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

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

- up to one quarter of the total appropriations after all transfers entered in the relevant chapter for the preceding financial year 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 provisional detailed commitments of the EAGGF Guarantee Section shall be treated as commitments for the purposes of these provisions.

2b. Payments may be made monthly in respect of any chapter:

- up to one-twelfth of the total appropriations after all transfers entered in the chapter concerned for the preceding financial year,
- 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. The draft budget referred to in paragraphs 2(a) and 2(b) above shall be the draft in the form in which it stands at the start of the financial year when the provisional twelfth arrangements began to be applied.

4. Where the absence of a budget is due to a vote of rejection by Parliament, the commitment authorizations and appropriations shall be those entered in the rejected draft budget or, where appropriate, in the new draft budget drawn up following the rejection decision, before the start of the financial year.

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

- up to one quarter of the total appropriations entered in the relevant chapter for the preceding financial year 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 provisional global commitments referred to in Article 96 of this Regulation shall be treated as commitments for the purposes of these provisions.

2b. 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;
- 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. The 'draft budget' referred to in paragraphs 2a and 2b shall be the draft in the form in which it stands at the start of the financial year when the provisional twelfth arrangements began to be applied.

4. Where the absence of a budget is due to the rejection of the draft budget by Parliament as provided for by Article 78(8) of the ECSC Treaty, Article 203(8) of the EEC Treaty, and Article 177(8) of the Euratom Treaty, the appropriations referred to in the second indent of paragraph 2a and in the second indent of paragraph 2b shall be those entered in the rejected draft budget or, where appropriate, in the new draft budget drawn up, following the rejection decision, before the start of the financial year.

5. If the continuity of Community activities or administrative needs so require, the Council, acting by a qualified majority, may for compulsory expenditure at the request of the Commission and after consulting Parliament authorize simultaneously two or more provisional twelfths for both commitment authorizations and payment appropriations in addition to those automatically made available under paragraph 2.

For non-compulsory expenditure the second subparagraph of Art. 78 b(2) of the ECSC Treaty, the third paragraph of Art. 204 of the EEC Treaty and the third paragraph of Art. 178 of the EAEC Treaty shall apply.

The additional twelfths shall be authorized in whole and may not be split.

For a financial year where this procedure is to be applied, the annual amount authorized for each chapter as twelfths may not exceed the amount in the chapter of the reference approved budget or the amount in the chapter of the draft budget or, in the absence thereof, the preliminary draft budget, whichever is the lowest.

6. The decisions referred to in the preceding paragraphs shall include the requisite measures in respect of resources for the purposes of this Article.

Delete

7. The Commission and the Budgetary Authority shall seek to limit the period for which the system of provisional twelfths is applied and to prevent in all circumstances its continuation beyond the first quarter of the relevant financial year.

5. At the request of the Commission, the Council, acting by a qualified majority, may, as dictated by administrative requirements and after consulting Parliament, authorize the simultaneous payment or commitment of two or more provisional twelfths in addition to those automatically made available under paragraphs 2a and 2b. The additional twelfths shall be authorized in whole and may not be split.

6. Decisions concerning several provisional twelfths and relating to expenditure other than that necessarily resulting from the Treaties or from acts adopted in accordance therewith shall be taken in accordance with the procedure laid down in Article 78b(2) of the ECSC Treaty, Article 204 of the EEC Treaty and the third paragraph of Article 178 of the Euratom Treaty.

7. If, for a given chapter, the expenditure required to prevent any interruption of Community action in the sector concerned cannot be met by application of the procedures referred to in paragraphs 2 to 6, appropriations available under the twelfths arrangement may, on a proposal from the Commission, be transferred between chapters.

Decisions on the proposal for transfer shall be taken in accordance with the procedure laid down in Article 78b(2) of the ECSC Treaty, Article 204 of the EEC Treaty and the third paragraph of Article 178 of the Euratom Treaty.

If, however, in the case of transfers involving both expenditure necessarily resulting from the Treaties or from acts adopted in accordance therewith and other expenditure, the Council and Parliament disagree on the amount to be transferred, the smaller of the amounts accepted by one of the two institutions shall be deemed to have been approved. Where one of the institutions rejects the principle of the transfer, such transfer shall not be made.

Delete

8. Article 92 shall apply in respect of research and investment appropriations.
9. The decisions referred to in the preceding paragraphs shall specify the requisite measures in respect of resources for the purposes of this Article.¹

15. Article 9: add the following phrase at the end:

Publication shall, under normal circumstances, take place within one month of the final adoption of the budget.

16. Article 10: replace paragraph 1 with the following text:

1. The budget shall be drawn up in ECUs.¹

¹ The ECU is the sum of specified amounts of the currencies of the Member States as set out in Council Regulation (EEC) No 3180/78 of 18 December 1978 changing the value of the unit of account used by the European Monetary Cooperation Fund.

11. Article 10: this article is replaced by the following:

1. The budget shall be drawn up in ECUs. The ECU is the sum of specified amounts of the currencies of the Member States as set out in Council Regulation (EEC) No 3180/78 of 18 December 1978 changing the value of the unit of account used by the European Monetary Cooperation Fund^{1,2}.

Any change in the composition of the ECU decided on by the Council in the context of the European Monetary System, as provided for by Article 2 of Regulation (EEC) No 3180/78, shall automatically apply to this provision.

17. Article 12(3): add the following subparagraph:

The preliminary draft budget shall be presented in the same form as required for the budget in Article 16 of this Regulation.

18. Article 12(4): amended as follows:

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

The other paragraphs are not affected by the amendment.

(a) in respect of staff:

- 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 and in particular the creation of new posts, a statement justifying such changes;

(b) in respect of expenditure including commitment authorizations and payment appropriations:

- a table showing all the commitment authorizations and the corresponding payment appropriations for the financial year under consideration, and for subsequent financial years;

(c) in respect of subsidies to the bodies set up pursuant to the Treaties or acts adopted in accordance therewith, and having legal personality an estimate of revenue and expenditure prefaced by an explanatory statement drawn up by the bodies concerned.

(d) in respect of management of the CAP, an annex giving details of the total revenue (including own resources) and expenditure.

19. Article 12(5)

- Delete the third indent proposed by the Commission

20. Article 12(b) and (7): amend the numbering as follows:

paragraphs 6 and 7 become Article 12a, paragraphs (1) and (2)

15. Article 12(5): a third indent is added as follows:

' - the plans referred to in Article 90.'

16. Article 12(6): this paragraph is replaced by the following:

'6. The Commission may, on its own initiative or if requested by Parliament, the Council, the Court of Justice or the Court of Auditors, present to the Council a letter of amendment to the preliminary draft budget necessitated by the receipt of new information which was not available at the time the preliminary draft was established.

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

21. Article 12(8): replace this paragraph with the following text:

Article 12b

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

Also, particularly to enable policies to be adapted, the Commission may submit preliminary draft amending budgets which do not alter the total amount of the annual budget and to which the corresponding necessary draft Regulations would be attached.

Draft supplementary budget means any proposal which would alter the total amount of expenditure or revenue; draft amending budget means any other proposed modification.

2. Draft supplementary or amending budgets shall be subject to the provisions of Article 78 of the ECSC Treaty, Article 203 of the EEC Treaty and Article 177 of the Euratom Treaty. They shall be submitted, examined, prepared 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.

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

7. If circumstances arise which it could not have taken into account when establishing the draft budget, the Council may, if necessary, send to Parliament a letter of amendment to the said draft; the time limit set in the second subparagraph of paragraph 6 shall apply.
8. In the event of unavoidable, exceptional or unforeseen circumstances, the Commission may submit preliminary draft supplementary and/or amending budgets.

Also, particularly to enable policies to be adapted, the Commission may submit preliminary draft amending budgets which do not alter the total amount of the annual budget and to which the corresponding necessary draft Regulations would be attached.

Requests for supplementary or amending budgets from Parliament, the Council, the Court of Justice or the Court of Auditors shall be forwarded by the Commission to the budgetary authority. The Commission may attach a dissenting opinion. These budgets shall be submitted, examined, prepared 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. The competent authorities shall discuss them in the light of their urgency. All preliminary draft supplementary 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.'

3. Requests for supplementary or amending budgets from Parliament, the Council, the Court of Justice or the Court of Auditors shall be forwarded by the Commission to the budgetary authority. The Commission may attach a dissenting opinion.

4. Where the Commission proposes a preliminary draft supplementary or amending budget, the Council must present a draft supplementary or amending budget.

5. Preliminary draft and draft supplementary or amending budgets shall be accompanied by justifications and information available on the implementation of the current budget at the time the request is submitted. The supplementary or amending budgets shall fix the level of budgetary authorization by stating which transfers have been taken into account.

6. All preliminary draft supplementary 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.

No supplementary or amending budget may be adopted after the financial year in question has closed.

22. Article 13: insert the following new paragraph 1a:

1a. The draft budget shall be established on the basis of the preliminary draft budget and reasons shall be given for departures from the latter and it shall show, in a separate column, the allocations of appropriations proposed in the preliminary draft for each budgetary item.

23. Article 14: replace this article with the following text:

1. The budget shall be adopted in accordance with Article 78 of the ECSC Treaty, Article 203 of the EEC Treaty and Article 177 of the Euratom Treaty. This decision shall have the effect of determining the basis of assessment and that rate of VAT allocated to the Community budget.

2. The final adoption of the budget shall, from 1 January of the following financial year or from the date of the adoption if it is later than 1 January, bind immediately each Member State to make over to the Commission the payments as specified in the texts in force.

24. Article 14: add the following new Article 14a:

Article 14a

The Commission and the budgetary authority may agree to bring forward certain dates for the adoption and forwarding 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 EEC Treaty and Article 177 of the Euratom Treaty.

25. Article 15(5): replace this paragraph with the following text:

5. A statement of revenue and expenditure in respect of the Office for Official Publications of the European Communities and of Community bodies having legal personality and receiving funds from the general budget shall be attached to the Commission section relating to staff and administrative appropriations.

26. Article 16(1) and (2): replace with the following text:

The budget shall show:

1. In the general statement of revenue:

- the basis for assessment and the rate of Value Added Tax (VAT) and 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 two Commission sections and the section for each of the other institutions:

18. Article 15(5): the first subparagraph is replaced by the following:

'5. The statement of revenue and expenditure in respect of the Office For Official Publications of the European Communities, drawn up in accordance with Article 118(2), shall be attached to the Commission section.'

19. Article 16: paragraph 2 is replaced by the following:

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 decimal classification,
- appropriate remarks on each revenue heading;

(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 decimal classification,
- appropriate remarks on each revenue heading;

(b) as regards the statement of expenditure: (b) as regards the statement of expenditure:

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

- the commitment authorizations for the financial year in question,
- the commitment authorizations for the preceding financial year,
- the appropriations made available for the financial year in question,
- the appropriations made available for the preceding financial year,
- the actual expenditure in the last financial year for which the accounts have been closed;

This expenditure shall be determined as follows:

- for the budget headings where the distinction between commitment authorizations and payment appropriations has not been made:
 - actual payments during the financial year against appropriations for the financial year and appropriations carried over from the previous financial year;
- for the headings where the distinction between commitment authorizations and payment appropriations has been made:
 - in commitments: commitments entered into during the financial year against authorizations for that financial year and against authorizations remaining from the preceding financial year;

(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;

This expenditure shall be determined as follows:

- for the budget 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 remaining from the preceding financial year;

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

(bb) in the case of the appropriations intended for the implementation of multiannual activities and consisting of commitment authorizations and payment appropriations:

in the remarks column, an indicative schedule of the payments relating to the financial year concerned and subsequent financial years;

(bc) appropriate remarks on each subdivision.

These remarks shall indicate:

- the legal basis if any
- all such explanations as may be necessary as to the nature and purpose of the appropriations.

3. As regards total staff:

- for each section of the budget, a list of posts fixing the number of permanent and temporary posts for each grade in each category and in each service,
- a list of posts paid from research and investment appropriations, classified by category and grade, distinguishing between permanent and non-permanent staff whose employment is 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 list of posts 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 for each Community body having legal personality and receiving subsidies from the general budget.

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

(bb) in the case of the appropriations intended for the implementation of multiannual activities and consisting of commitment appropriations and payment appropriations:

in the remarks column, an indicative schedule of the payments relating to the financial year concerned and subsequent financial years;

(bc) appropriate remarks on each subdivision;

3. As regards total staff:

- for each section of the budget, a list of posts fixing the number of posts for each grade in each category and in each service,
- a list of posts paid from research and investment appropriations, classified by category and grade, distinguishing between permanent and non-permanent staff whose employment is 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 list of posts must specify the number of highly qualified technical or scientific personnel who are accorded special advantages under the Staff Regulations applicable to these officials,
- a list of posts of the Official Publications Office fixing the number of posts for each grade in each category.

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

In cases of half-time work authorized by the appointing authority in accordance with Article 55a of the Staff Regulations of Officials of the European Communities, a post in a given grade may serve for the assignment of two officials of the same grade or of a lower grade. Such assignment shall automatically terminate when the authorization expires.'

However, in cases of half-time work authorized by the appointing authority in accordance with Article 55a of the Staff Regulations of Officials of the European Communities, a post in a given grade may serve for the assignment of two officials of the same grade or of a lower grade. Such assignment shall automatically terminate when the authorization expires.'

The lists of posts referred to in this article shall show next to the number of posts authorized for the financial year the number authorized for the preceding year.

Paragraph 3 becomes paragraph 4 .

Paragraph 3 becomes paragraph 4

27. Article 18(1): replace this paragraph with the following text:

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.

28. Article 19: replace with the following text:

Article 19

Each institution shall appoint a financial controller.

He shall be responsible for monitoring:

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

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.

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 within the framework of the implementing measures provided for in Article 121 shall be determined in such a way as to guarantee the independence of their duties. The measures taken in respect of their appointment and promotion, disciplinary action or transfers, and various procedures of

interruption or termination of appointment, shall be subject to 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.

29. Article 20: replace with the following text:

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

This accounting officer shall be appointed by the institution.

Without prejudice to the system provided for in Articles 4 and 5 of Regulation (EEC) No 729/70 on the financing of the common agricultural policy, and subject to the second paragraph of Article 48 on payments procedures to Article 49 on imprests and to Article 108 on the financing of external aid of this Financial Regulation, the accounting officer alone is empowered to manage funds and assets. He shall be responsible for their care.

The accounting officer shall be responsible for drawing up the financial statements provided for in Articles 73, 74, 75 and 76 of this Regulation.

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 implementing measures provided for in Article 121.

30. Article 21: replace the text of this article by the following text:

22. Article 20: this article is replaced by the following:

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

This accounting officer shall be appointed by the institution.

Without prejudice to the system provided for in Articles 4 and 5 of Regulation (EEC) No 729/70 and subject to the second paragraph of Article 48, to Article 49 and to Article 108 of this Financial Regulation, the accounting officer alone is empowered to manage funds and assets. He shall be responsible for their care.

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 implementing measures provided for in Article 121.'

23. Article 21: this article is replaced by the following:

1. Appropriations shall be classified by chapter and by article.

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

The Court of Justice and the Court of Auditors shall inform the Budgetary Authority and the Commission three weeks before making such transfers.

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

- transfer appropriations from one article to another within each chapter,
- transfer appropriations from one chapter to another within the titles relating to staff expenditure and administrative expenditure. - It shall inform the Budgetary Authority three weeks before making such transfers.

4. The Budgetary Authority may enter in the budget one or more lists of chapters between which the Commission may make transfers between chapters during the year after informing the Budgetary Authority three weeks in advance.

5. With regard to payment appropriations and commitment authorizations entered in the chapter containing the provisional appropriations of the budget, transfers to the budget heading initially intended may be made by the Commission upon satisfaction of the prior objective condition that gave rise to entry of the said appropriations under this special chapter. It shall inform the Budgetary Authority three weeks before making such transfers.

1. Appropriations shall be classified by chapter and by article.

2. The Commission may make proposals to the budgetary authority, as provided in paragraphs 3 and 4, for transfers within each budget section. Proposals made by the other institutions for transfers from one chapter to another shall be automatically forwarded to the authority; the Commission may attach its own opinion to such proposals.

3. The appropriations which may be transferred, as provided in paragraph 5, shall be as follows:

(a) within the category of appropriations where no distinction is made between commitment appropriations and payment appropriations:

(aa) appropriations for the current financial year;

(ab) appropriations carried over by virtue of Article 6(1)(c);

(b) within the category of appropriations where a distinction is made between commitment appropriations and payment appropriations;

(ba) commitment appropriations for the current financial year;

(bb) commitment appropriations remaining available by virtue of Article 6(2)(a) and Article 88(3);

(bc) payment appropriations carried over by virtue of Article 6(2)(b).

4. Appropriations may also be transferred, by decision of the budgetary authority as provided in paragraph 6, between headings where a distinction is made between commitment appropriations and payment appropriations and headings where no such distinction is made.

5. Transfer decisions shall be taken as follows:

(a) the budgetary authority shall take decisions, in accordance with the procedure laid down in paragraph 6, on:

6. The Commission may make proposals to the budgetary authority for transfers from one chapter to another within its own sections of the budget for chapters other than those mentioned in the preceding paragraphs.

7. Each section shall include a chapter entitled: global contingency reserve, from which appropriations may be transferred during the year to all other chapters of the budget.

8. The budgetary authority may take decisions on transfers of appropriations as follows:

(a) In the case of proposals for transfers relating to expenditure which is compulsory under the terms of the Treaties or of acts adopted pursuant thereto, 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 which is compulsory under the terms of the Treaties or of acts adopted pursuant thereto, the European Parliament shall, after consulting the Council, act within six weeks, except in urgent cases. The Council shall deliver its opinion within such a 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 to expenditure which is compulsory under the terms of the Treaties or of acts adopted pursuant thereto, and other expenditure, shall be deemed to be approved if neither the Council nor the European Parliament has taken a decision to the contrary within six weeks of the date on which the two institutions received the proposals.

- all transfers from one chapter to another provided for in paragraph 3(aa), (ba) and (bb), subject to paragraph 5(bb) and (c) below;

- all transfers from one article to another and from one chapter to another provided for in paragraphs 3(ab) and 4.

(b) the Commission shall take decisions, in accordance with its internal procedure, on:

(ba) all transfers of payment appropriations provided for in paragraph 3(bc) and (bd) from one article to another and from one chapter to another in its own section;

(bb) transfers of appropriations from one chapter to another within the titles relating to staff expenditure and administrative expenditure in its own section. It shall inform the budgetary authority two weeks before making such transfers;

(bc) in each section, transfers from one article to another within each chapter shall be made by the Commission, deciding according to the urgency of the matter. As regards sections which do not relate to the Commission, such transfers shall be deemed effective if, except in urgent cases, the Commission does not take a decision within six weeks from the date when the proposal was lodged.

(c) 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 Commission shall be informed of such transfers.

6. 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 Parliament, act by a qualified majority within six weeks, except in urgent cases. 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.

(d) If, in the case of the proposals for transfers referred to in the preceding subparagraph, the European Parliament and the Council reduce the proposal for a transfer by different amounts, whichever is the lower 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.

9. For the purposes of this article the two Commission sections shall be treated as a single section.

10. The appropriations which may be transferred shall be as follows:

- payment appropriations for the current financial year and payment appropriations carried over
- non-differentiated appropriations for the current financial year and non-differentiated appropriations carried over.

11. Payment appropriations may also be transferred, by decision of the budget authority between headings where a distinction is made between commitment appropriations and payment appropriations and headings where no such distinction is made.

12. 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 attest that the appropriations are available.

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

14. This article shall apply to the appropriations corresponding to revenue earmarked for a specific purpose under Article 3(2) only as long as the revenue is not used for any other purpose.

15. Transfers within the titles of the budget devoted to the EAGGF Guarantee Section appropriations shall be the subject of special provisions under Article 101 of this Regulation.

16. No transfer shall be made between Parts I and II of the budget.

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, Parliament shall, after consulting the Council, act within six weeks, except in urgent cases. The Council shall deliver its opinion within such a time as will permit Parliament to be apprised of it and to act within the time limit indicated. Where Parliament does not act within this time limit, the proposals for transfers shall be deemed to be approved.

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 Parliament has decided otherwise within six weeks of the date on which the two institutions received the proposals.

If, in the case of the proposals for transfers referred to in the preceding subparagraph, 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.

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 attest 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 3(2) only as long as the revenue is not used for any other purpose.
10. No transfer shall be made between Parts I and II of the budget.

31. Article 22(2): replace the first sentence with the following text:

2. By way of derogation from Articles 3 and 4, the following sums may be re-used on the line on which the initial expenditure was entered:

32. Article 22(2): replace letter g by the following text:

(g) proceeds from the sale of vehicles, equipment and installations and also apparatus, equipment and materials for technical and scientific purposes, disposed of when replaced or scrapped.

33. Article 22(4): delete this paragraph of the Financial Regulation.

34. Article 22: add the following new paragraph 6:

6. Where the beneficiaries of Community aid transfer back to the general budget amounts made available to them under the 'accelerated' payments scheme, such amounts shall be re-entered on the budget line to which the original expenditure was charged.

35. Article 23(1): replace the first paragraph with the following text:

Article 23

1. All measures which may give rise to or modify a debt due to the Communities must be preceded by a proposal from the competent authorizing officer. Such proposals shall be forwarded to the financial controller of the institution for his approval and to the accounting officer for the debt to be recorded for provisional registration. They shall mention, in particular, the type of revenue, the estimated amount thereof and the budget item to which it is to be booked and also the name and description of the debtor. The purpose of the approval of the financial controller shall be to establish that:

36. Article 23(1): replace the last subparagraph with the following text:

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.

24. Article 22(2): the first line is replaced by the following:

'2. By way of derogation from Articles 3 and 4, the following sums may be re-used:'

37. Article 24(2): replace the last subparagraph with the following text:

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.

38. Article 26: add the following new second paragraph:

2. The Commission shall inform the budgetary authority of any material delay or irregularity in making revenue available.

amend the numbering as follows:

- the first paragraph becomes paragraph 1.
- the new paragraph becomes paragraph 2.

39. Article 28(1): replace this paragraph with the following text:

1. The contributions provided for in Article 4(6) of the Decision of 21 April 1970 for the financing of specific supplementary research programmes 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 draft budget or, if this does not exist, in the preliminary draft budget.'

Paragraph 2 becomes paragraph 3.

Paragraph 3 becomes paragraph 4.

28. Article 28: the following paragraph 2 is inserted:

'2. If the budget is not finally adopted before the start of the financial year, the contribution provided for in paragraph 1 shall be based on the amount shown in the draft budget, as referred to in Article 8(3) and (4) of this Regulation or, if this does not exist, in the preliminary draft budget.'

Paragraph 2 becomes paragraph 3.

Paragraph 3 becomes paragraph 4.

40. Article 29: replace this article with the following text:

The Commission shall, four times a year, present to Parliament and the Council a report on the implementation of the budget and on the Communities' financial situation, covering both revenue and expenditure.

This report shall also give details of the utilization of appropriations carried forward from previous financial years, as well as of any changes brought about by the adoption of supplementary or amending budgets.

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

41. Article 30: replace this article with the following text:

1. The Member States shall credit the amounts due to the account of the Commission with the national treasuries in their national currency in accordance with the following provisions:

- (a) the own resources referred to in Article 2(a) and (b) of the Decision of 21 April 1970 (agricultural levies and customs duties) and the balance of VAT resources referred to in Article 10(4) of Council Regulation (EEC, Euratom, ECSC) No 2891/77, both amounts expressed in national currency, shall be credited to the abovementioned account as they stand;
- (b) the own resources accruing from VAT referred to in Article 4(1) of the Council Decision of 21 April 1970, the amounts of which are expressed in ECU in the general budget of the European Communities, and, where appropriate, the financial contributions based on GNP and the adjustments to such contributions provided for in Article 10(5) of Council Regulation (EEC, Euratom, ECSC) No 2891/77 shall be converted at the rate for the ECU applying on the first working day following the fifteenth of the month preceding the final date for entry in the said account.

29. Article 29: this article is replaced by the following:

'The Commission shall, four times a year, present to Parliament and the Council a report on the Communities' financial situation, covering both revenue and expenditure. This report shall also give details of appropriations carried forward from previous financial years, as well as of any changes brought about by the adoption of supplementary or amending budgets.'

30. Article 30: this article is replaced by the following:

1. The Member States shall credit the amounts due to the account referred to in Article 9(1) of Council Regulation (EEC, Euratom, ECSC) No 2891/77 in their national currency in accordance with the following provisions:
 - (a) the own resources referred to in Article 2(a) and (b) of the Decision of 21 April 1970 and the balance of VAT resources referred to in Article 10(4) of Council Regulation (EEC, Euratom, ECSC) No 2891/77, both amounts expressed in national currency, shall be credited to the abovementioned account as they stand;
 - (b) the own resources accruing from VAT referred to in Article 4(1) of the Council Decision of 21 April 1970, the amounts of which are expressed in ECU in the general budget of the European Communities, and, where appropriate, the financial contributions based on GNP and the adjustments to such contributions provided for in Article 10(5) of Council Regulation (EEC, Euratom, ECSC) No 2891/77 shall be converted at the rate for the ECU applying on the first working day following the fifteenth of the month preceding that in which they are credited to the account;

(c) the financial contributions referred to in Article 4(6) of the Decision of 21 April 1970 (for the financing of supplementary research programmes) shall be converted at the rate from the ECU applying on the last but one working day of the month preceding the final date for entry in the said account.

(d) all other contributions or additional payments referred to in Article 28(3) of this Financial Regulation and, in particular, interest on accounts opened by the Commission with national treasuries or equivalent accounts, shall be converted in accordance with whichever of the methods laid down at (a) to (c) above applies to the case to which, depending on their nature, such contributions or additional payments correspond.

2. The Commission shall enter the amounts credited to the account referred to in paragraph 1 in its accounts kept in implementation of the statement of revenue for the general budget of the European Communities on the basis of the rate for the ECU applying for the month in respect of which the entry is made.

42. Article 34: replace this article with the following text:

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

(a) the expenditure has been charged to the correct item in the budget;

(b) the appropriations are available;

(c) 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;

(d) the principles of sound financial management 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 121.

(c) the financial contributions referred to in Article 4(6) of the Decision of 21 April 1970 shall be converted at the rate for the ECU applying on the last but one working day of the month preceding that in which they are credited to the account;

(d) all other contributions or additional payments referred to in Article 28(3) of this Financial Regulation shall be converted in accordance with whichever of the methods laid down at (a) to (c) above applies to the case to which, depending on their nature, such contributions or additional payments correspond.

2. The Commission shall enter the amounts credited to the account referred to in paragraph 1 in its accounts kept in implementation of the statement of revenue for the general budget of the European Communities on the basis of the rate for the ECU applying for the month in which they are credited.

43. Article 35: replace the last subparagraph with the following text:

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; 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.

44. Article 40: replace the third indent with the following text:

- the amount to be paid (in figures and words), expressed in national currency or ECU.

45. Article 49: the text of the last indent but one to read as follows:

- the maximum time within which supporting documents must be produced,

46. Insert the following new Article 49a:

1. Within each institution the following shall be established:

(a) a table of posts

(b) an organization chart with a diagram of the organization of the departments,

2. The list of posts shall constitute an absolute limit for each institution both as to the total number of appointments and for each grade.

47. Amend as follows the heading of Section I of Title IV (after Article 49a)

CONTRACTS FOR THE SUPPLY OF GOODS AND SERVICES; CONTRACTS FOR PURCHASE, LEASE AND HIRE

48. Article 50: replace the first paragraph with the following text:

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 rental of buildings, all such contracts shall be concluded following an automatic public tendering or discretionary tendering procedure.

33. Article 40: the third indent is replaced by the following:

'- the amount to be paid (in figures and words), expressed in national currency or ECU.'

35. Article 50: paragraph 1 is replaced by the following:

'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 buildings, all such contracts shall be concluded following an automatic tendering or discretionary tendering procedure.

However, contracts may be made by private treaty in the circumstances referred to in Article 52.

Contracts may be made against invoice or bill of costs in the cases provided for in Article 57.

48a. Article 63: add the following paragraph:

Nevertheless, when assets, commitments, debts or proposals for revenue are in national currency, the accounting system should allow them where necessary to be recorded in the national currency as well as in ECU.

49. Article 64: replace this article with the following text:

The chart of accounts shall make a clear distinction between budgetary accounts and cash accounts. It shall comprise two parts:

(a) the balance sheet accounts, which disclose the assets of the institutions,

(b) accounts of budgetary expenditure and revenue, which show the detailed implementation of the budget.

The detailed conditions for the drawing up and operation of the chart of accounts shall be determined by the implementing measures laid down in Article 121, for transactions relating both to assets and to the implementation of the budget.

These 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.

(Consequently, delete Article 66 of the Financial Regulation.)

50. Article 70: amend the numbering of paragraphs as follows:

the third and fourth subparagraphs of paragraph 3 become paragraph 4; paragraph 4 becomes paragraph 5.

However, contracts may be made by private treaty in the circumstances referred to in Article 52.

Contracts may be made against invoice or bill of costs in the cases provided for in Article 57.

43. Article 64, second paragraph: this paragraph is replaced by the following:

'These entries shall make it possible to draw up a general monthly balance and a statement by chapter and article, of budgetary revenue and expenditure, which shall be forwarded to the financial controller and the authorizing officer.'

51. Article 73: replace the first paragraph with the following text:

The Commission shall draw up, not later than 1 June 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 in accordance with the Annex to this Regulation. The consolidated revenue and expenditure account shall include:

Throughout the article replace the words 'commitment appropriations' with the words 'commitment authorizations'.

52. Article 74: replace with the following text:

Each institution shall, not later than 1 March forward to the Commission the information required for drawing up the revenue and expenditure account and the balance sheet, together with a contribution to the analysis of the financial management referred to in Article 75.

53. Article 76: replace with the following text:

1. The Commission shall draw up not later than 1 June a consolidated balance sheet.

2. This document shall be submitted to the financial controller.

Delete the last sentence of Article 67.

54. Article 77: amend as follows:

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 June at the latest.

45. Article 73(1), (2), (3) and (4): these paragraphs are replaced by the following:

'The Commission shall draw up, not later than 15 April of the following year, a revenue and expenditure account for the Communities, which shall include the following documents classified in accordance with the budget nomenclature:

Rest of text not affected by amendment except for terms 'appropriations' and 'authorizations'.

46. Article 74: this article is replaced by the following:

'Each institution shall, not later than 1 March, forward to the Commission the information required for drawing up the revenue and expenditure account and the balance sheet, together with a contribution to the analysis of the financial management referred to in Article 75, after submitting them to its financial controller.'

47. Article 76: this article is replaced by the following:

'1. The Commission shall draw up, within the time limit provided for in Article 73, a 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, drawn up on the same date, shall be attached thereto.

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

48. Article 77: this article is replaced by the following:

'The Commission shall forward the revenue and expenditure account, the financial analysis and the balance sheet to Parliament, the Council and the Court of Auditors by 15 April at the latest.'

55. Article 78: replace with the following text:

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 officer is to work of the tasks delegated to him.'

2. The Parliament, the Council and the Commission shall inform the Court of Auditors, as soon as possible, of all decisions and measures taken in implementation of Articles 3(2), 6(8) and 8, 14(1) and 21.

3. The Court of Auditors shall be informed of the appointment of authorizing officers, financial controllers, accounting officers and administrators of advance funds, and of the Acts of delegation or nominations made in accordance with Articles 18, 19, 20 and 49.

(delete Article 105 of Financial Regulation)

56. Article 80: replace the first sentence by the following:

Change not affecting English text.

57. Article 80: add the following new subparagraph at the end:

Each institution may authorize the Court of Auditors at its request to have recourse to outside information.

58. Article 82: delete the words 'the revenue and expenditure account' in the penultimate line of the first paragraph.

59. Article 82: last paragraph: replace with the following text:

The granting 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.

60. Article 83: replace this article with the following text:

The annual report of the Court of Auditors provided for in Art. 78 of the ECSC Treaty, Art. 206a of the EEC Treaty and Art. 180a of the Euratom Treaty shall be governed by the following provisions:

49. Article 78: this article is replaced by the following:

'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 officer is to work of the tasks delegated to him.'

(see present text of Article 105 of Financial Regulation)

52. Article 83: this article is replaced by the following:

'1. The Court of Auditors shall, by 15 July at the latest, adopt the report provided for in Article 78f(4) of the ECSC Treaty, Article 206a(4) of the EEC Treaty and Article 180a(4) of the Euratom Treaty. It shall transmit the report without delay to the institutions of the Communities.'

1. The first part of the report
 discusses the general situation
 and the progress made during
 the year. It also mentions
 the various projects that
 are being carried out.

2. The second part of the report
 deals with the financial
 aspects of the work. It
 provides a detailed account
 of the income and expenses
 for the year.

3. The third part of the report
 discusses the personnel
 and the organization of the
 work. It mentions the
 names of the staff members
 and their respective duties.

4. The fourth part of the report
 discusses the future plans
 for the year. It mentions
 the various projects that
 are to be carried out and
 the resources that will be
 required.

5. The fifth part of the report
 discusses the conclusions
 drawn from the work. It
 mentions the various findings
 and the implications of the
 work.

6. The sixth part of the report
 discusses the various
 projects that are being
 carried out. It mentions
 the names of the projects
 and the progress made
 during the year.

7. The seventh part of the report
 discusses the financial
 aspects of the work. It
 provides a detailed account
 of the income and expenses
 for the year.

8. The eighth part of the report
 discusses the personnel
 and the organization of the
 work. It mentions the
 names of the staff members
 and their respective duties.

9. The ninth part of the report
 discusses the future plans
 for the year. It mentions
 the various projects that
 are to be carried out and
 the resources that will be
 required.

10. The tenth part of the report
 discusses the conclusions
 drawn from the work. It
 mentions the various findings
 and the implications of the
 work.

the Commission's proposed paragraph 5 becomes paragraph 6.

63. Article 84 of the Financial Regulation, now Article 85: replace this article with the following text:

The Court of Auditors may also, at any time, submit observations on specific questions and deliver opinions at the request of one of the institutions of the Communities.

It shall transmit any observations made (...) to the institutions or body concerned.

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

Should the Court of Auditors decide to have such observations or opinions published in the Official Journal of the European Communities, it shall include after them any comments submitted pursuant to the previous paragraph.

64. TITLE VII
SPECIAL PROVISIONS APPLICABLE TO RESEARCH
AND INVESTMENT PROGRAMMES

replace the text of this title with the following text:

Article 86

The provisions of this title shall apply, by way of derogation from the provisions of this Regulation, to commitment authorizations and payment appropriations for research programmes, in particular those adopted by the Council pursuant to Article 7 of the EAEC Treaty and Article 235 of the EEC Treaty.

Article 87

1. Analytical expenditure accounts shall be drawn up in respect of the implementation of research programmes by the establishment of the Joint Research Centre. These accounts

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.'

53. Article 84: this article is replaced by the following:

'The Court of Auditors may, at any time, submit observations on specific questions and deliver opinions at the request of one of the institutions of the Communities.

It shall transmit any observations made or opinions given pursuant to the preceding paragraph to Parliament, the Council, the Commission and, where appropriate, to the institution or body concerned.

The Commission and, where appropriate, the institution concerned shall have six weeks in which to forward to the Court of Auditors, and to Parliament and the Council, any comments they wish to make on the observations or opinions in question.

Should the Court of Auditors decide to have such observations or opinions published in the Official Journal of the European Communities, it shall include after them any comments submitted pursuant to the previous paragraph.'

must enable the expenditure allocated to each programme from the budget to be identified.

2. These accounts shall show the conformity between the budget and the cost of the main instruments of implementation such as:

- staff expenditure
- general services and operating expenditure
- scientific and technical services and major installations
- direct scientific expenditure

3. The detailed procedures for drawing up these analytical accounts shall be determined by the implementing measures provided for in Article 121.

Article 88

The commitment authorizations in respect of research and investment activities shall remain in force until they are cancelled via the budgetary procedure.

Article 89

With regard to contracts entered into and acquisitions of immovable property by the research services, derogations may be made from the figure contained in Articles 52 and 54 of this Regulation by means of the implementing measures provided for in Article 121.

Delete the Commission text of Articles 88 to 94 and the texts of Articles 86 and 87 of the existing Financial Regulation.

Delete

Delete

55. Article 88: this article is replaced by the following:

- '1. An overall allocation covering several years (hereinafter called 'tranche') shall be made for each type of action project referred to in Article 87 corresponding to a research and investment objective defined by the Council in the programme decisions or corresponding decisions.

In budgetary terms, the tranche shall be the total allocation provided in the budget for each research and investment objective, taking into account any financial reserves, except where the objective as defined by the Council in the programme decisions or corresponding decisions comprises several specific stages, each forming a self-contained whole.

2. The figures given in programme decisions or corresponding decisions shall be merely indicative.
3. Amounts authorized annually in the budget to cover research and investment expenditure shall comprise commitment appropriations and payment appropriations.
4. The commitment appropriations within each tranche are intended to enable the Commission to meet all the legal obligations which it may contract.

They constitute the upper limit of expenditure to which the Commission may commit itself during the financial year in question for the implementation of the operations to which the expenditure relates.

However, with regard to additional revenue as specified in the first subparagraph of Article 3(2), additional appropriations may be made available corresponding to the amounts provided for in agreements and contracts with third parties. These appropriations shall be made available under the relevant budget heading.

Notwithstanding Article 6(2)(a), the commitment appropriations shall remain valid until cancelled under the budgetary procedure.

Delete

5. The payment appropriations represent the upper limit of expenditure which may be paid or authorized for payment during each financial year to cover commitments entered into during the current year or earlier financial years.

However, with regard to additional revenue as specified in the first subparagraph of Article 3(2), additional appropriations may be made available corresponding to the additional amounts actually received under agreements or contracts with third parties. These appropriations shall be made available under the relevant budget heading.

Payment appropriations not used by the end of the financial year for which they were entered shall be carried over automatically in accordance with Article 6(2)(b), without prejudice to Article 6(5).'

Delete

56. Article 90(2): a fourth indent is added at (b) as follows:

'- the major installations;'

Delete

57. Article 91(2): the second subparagraph is replaced by the following:

'The charges to the appropriation accounts shall not exceed the amount of the appropriations entered in the articles and items in Part I of the financial plans referred to in Article 90(2)(a).'

Delete

58. Article 91(3): the fourth subparagraph is replaced by the following:

'The charges booked to research and investment objectives and other activities in Part I of the financial plan shall be allocated monthly in the budget to the articles and items in the special chapter provided for in Article 87.'

Delete

59. Article 92: a paragraph 3 is added as follows:

'3. The general provisions relating to provisional twelfths set out in Article 8(3), (4), (5), (6), (7) and (9) shall apply to research appropriations.'

Delete

60. Article 94: this article is replaced by the following:

'1. For the purposes of applying Article 21, the items of the chapter provided for in Article 87 shall be treated as chapters.

2. Notwithstanding Article 21(2), the Commission may, within the limits and subject to the conditions fixed at the final adoption of the budget, transfer appropriations from one article to another and from one item to another within the special chapter referred to in Article 87, the said articles and items being specified, provided that such transfers relate to direct action projects and do not include action projects financed according to a special budgetary scale.

Delete

3. Notwithstanding Article 52(a), a contract for scientific and technical supplies and for works may be made by private treaty where the amount does not exceed 45,000 ECU without prejudice to those cases where private treaties are allowed under Article 52(b), (c) and (d) and subject to the general obligation to invite competitive tenders, as far as possible and by all suitable means, from those capable of supplying the goods and services required by the contract.

Delete

4. Notwithstanding Article 54, the following shall be submitted, before the decision of the authorizing officer, for the opinion of an Advisory Committee on procurements

and contracts, whose composition and functioning shall be determined by the implementing measures provided for in Article 121:

- (a) contracts of a scientific or technical nature, for sums exceeding 200,000 ECU, and the acquisition of immovable property;
- (b) contracts for supplies and equipment of a nature other than scientific or technical, for sums exceeding 45,000 ECU;
- (c) contracts for supplies and equipment of a nature other than scientific or technical for sums exceeding 15,000 ECU, to which points (c), (d) and (e) of Article 52 apply.

5. Notwithstanding the provisions of the first paragraph of Article 60, scientific and technical equipment may be sold, without first being advertised, following a decision taken by the authorizing officer after he has consulted the Advisory Committee on procurements and contracts.'

65. TITLE VIII: replace the heading with the following text:

SPECIAL PROVISIONS APPLICABLE TO THE EUROPEAN
AGRICULTURAL GUIDANCE AND GUARANTEE FUND

66. Title VIII: replace the terms 'provisional global commitments' in the existing Financial Regulation with the term 'provisional detailed commitments'

67. Article 95: replace this article with the following text:

This title shall apply to the operations of the European Agricultural Guidance and Guarantee Fund, Guarantee Section, in accordance with Regulation (EEC) No 729/70 of 21 April 1970.

In accordance with Article 4(2) of this Regulation, the Commission shall place the necessary appropriations for these operations at the disposal of the Member States.

The operations of the EAGGF, Guarantee Section, shall normally be effected through the authorities or bodies referred to in Article 4 of Regulation (EEC) No 729/70, under the implementing provisions adopted pursuant to Article 5(3) of the said Regulation.

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

68. Article 96: add the following new paragraph at the end:

Payment of the advances shall be made within the limits of the amounts to be committed.

The appropriations made available for advances shall be to cover exclusively expenditure which has given rise to payment in the Member States between 1 January and 31 December of the financial year in question. No expenditure may be made by the Member States to the account of the EAGGF, Guarantee Section, in excess of this limit.

69. Article 97(1): replace the 2nd sub-paragraph with the following text:

Subject to Article 98(1), the commitment shall be entered into within two months following receipt of the statements forwarded by the Member States and the charging as a payment shall, in general, be carried out within the same period.

70. Article 99: replace this article with the following text:

1. Not later than 28 February the Member States shall also send to the Commission, together with the necessary documentation, summary annual accounts for the financial year ended, amending where necessary the monthly accounts for the purpose of clearance of the accounts as provided for in Article 5(2) of Regulation (EEC) No 729/70.

The object of clearance of the accounts shall be: (i) to determine the amount of expenditure effected in each Member State during the financial year in question and acknowledged as being to the account of the EAGGF, Guarantee Section, and (ii) to determine the amount of the funds remaining available in the Member States. If the accounts of a paying agency or department have not reached the Commission by 31 March, the Commission may clear the accounts of that agency or department solely on the basis

61. Articles 98, 99, 100 and 101: these articles are replaced by the following:

Article 98

not affected by the amendment

Article 99

- '1. Any difference which may exist between the total expenditure charged to the accounts for a financial year pursuant to Articles 97 and 98 and the total expenditure established by the Commission when clearing the accounts as provided for in Article 5(2)(b) of Regulation (EEC) No 729/70 shall be charged, under a single article, as over- or under-expenditure to the financial year in which the accounts are cleared.
2. For the purposes of paragraph 1, the adjustments referred to in Article 98(2) shall be deemed to have been charged to the accounts of the original financial year.'

of the financial statements referred to in Article 5(1)(a) of Regulation (EEC) No 729/70 as described by implementing measures adopted in application of Article 5(3) of the said Regulation.

2. On the basis of the abovementioned accounts or statements and of the findings of audits of documents and on the spot under the terms of Article 9 of Regulation (EEC) No 729/70, the Commission, after consulting the Fund Committee referred to in Article 13 of the Regulation, shall clear the accounts before the end of the year following the financial year in question.

3. The Commission shall forward the draft clearance decisions to the Member States which shall have two months in which to formulate their observations. The Commission shall publish the clearance decisions together with any relevant observations by Member States.

4. Any difference which may exist between the total expenditure charged to the accounts for a financial year pursuant to Articles 97 and 98 and the total expenditure established by the Commission when clearing the accounts as provided for in Article 5(2) (b) of Regulation (EEC) No 729/70 shall be charged, under a single article, as over- or under-expenditure to the financial year in which the accounts are cleared.

71. Article 101: replace this article with the following text:

Article 100 not affected by the amendment

Article 101

1. Appropriations made available in one chapter of expenditure may not be allocated to another chapter of expenditure.

1. Appropriations made available in one chapter of expenditure may not be allocated to another chapter of expenditure.

2. Transfers provided for under Art. 21 of this regulation may, in the case of appropriations in the Guarantee Section of the EAGGF, be made up to 31 March of the following year.

2. Transfers from one chapter to another and transfers within a chapter shall be made by decision of the Commission in accordance with the procedure provided for in Article 13 of Regulation (EEC) No 729/70, which must be completed not later than 28 February.

3. The procedure referred to in paragraph 2 shall also apply to transfers between the EAGGF Guarantee chapters and the food aid chapter, insofar as such transfers are made necessary by changes, in relation to the appropriations authorized, in the parts of the expenditure chargeable to the respective chapters.

3. The procedure referred to in paragraph 2 shall also apply to transfers between the EAGGF Guarantee chapters and the food aid chapter, insofar as such transfers are made necessary by changes, in relation to the appropriations authorized, in the parts of the expenditure chargeable to the respective chapters.

(4. delete)

4. The Commission shall inform the budgetary authority of such transfers immediately.'

72. Article 101a: insert the following new Article 101a and delete in Article 123(1) the same text proposed by the Commission:

64. Article 108 becomes Article 123 and is amended as follows:

1. Appropriations for the Guidance Section of the European Agricultural Guidance and Guarantee Fund entered in the budget for the financial year 1976 and in the budgets of previous financial years shall be carried over under the following conditions:

'1. Appropriations for the Guidance Section of the European Agricultural Guidance and Guarantee Fund entered in the budget for the financial year 1976 and in the budgets of previous financial years shall be carried over under the following conditions:

(a) where they relate to payment remaining due under commitments, they shall be carried over automatically for a period of five years reckoned from 31 December of the financial year during which they were committed;

(a) where they relate to payments remaining due under commitments, they shall be carried over automatically for a period of five years reckoned from 31 December of the financial year during which they were committed;

(b) upon expiry of that period, the Commission may submit to the Council and forward to Parliament, by 1 February, the lists of appropriations remaining committed, for which a duly substantiated request for carryover is being made. The decision shall be taken in accordance with the second subparagraph of Article 6(3).

(b) upon expiry of that period, the Commission may submit to the Council and forward to Parliament, by 1 February, the lists of appropriations remaining committed, for which a duly substantiated request for carryover is being made. The decision shall be taken in accordance with the second subparagraph of Article 6(3).

2. not affected by the amendment at this point but deleted under point 86 concerning Article 106 of the Financial Regulation, which becomes Article 121.

73. Article 102: replace this article with the following text:

62. Title IX: this title is replaced by the following:

1. Subject to express derogation, the provisions of titles I to VI and XI shall apply to foreign aid financed from the Community budget, insofar as they are not incompatible with the express provisions of this title.

SPECIAL PROVISIONS APPLICABLE TO EXTERNAL AID

Article 102

2. The appropriations assigned by the Community to its development cooperation policy shall be used either under global cooperation agreements of a contractual nature or as aid granted unilaterally.

'1. The appropriations assigned by the Community to its development cooperation policy shall be used either under global cooperation agreement of a contractual nature or as aid granted unilaterally.

2. These appropriations may be earmarked for grants, special loans, risk capital, or interest rate subsidies, and shall be paid out by the Commission, which may confer on the European Investment Bank general authority on behalf of the Community to administer a part thereof.

3. These appropriations may be earmarked for grants, special loans, risk capital, or interest rate subsidies, and shall be paid out by the Commission, which may confer on the European Investment Bank authority on behalf of the Community to administer a part thereof.

This provision shall not prejudice audit powers of the Court of Auditors under Article 206a of the Treaty.

4. The appropriations paid out by the Commission shall be used in accordance with the following provisions.

5. The amount of special loans and risk capital granted shall be shown in the balance sheet provided for in Article 76.

74. Article 103: insert the following new paragraph 2 in the Commission's text; old paragraph 2 becomes paragraph 3.

2. The financing agreement shall determine the financial commitment of the Community for the measure concerned. No item of expenditure in excess of this amount may be charged to the budget without an additional commitment in accordance with the terms of Article 105.

(paragraph 2 becomes 3)

75. Article 105: add the following new paragraph 4 to the Commission's text:

4. Additional commitments to cover any exceeding of the allocation for a project, shall be made:

- where the commitment fixed by a financing decision in accordance with special adoption procedures has been exceeded by more than 15%,

- where the initial commitment fixed by a financing decision of the chief authorizing officer has been exceeded by 15% or less.

3. The appropriations paid out by the Commission shall be used in accordance with the following provisions.'

Article 103

- '1. A financing agreement shall be drawn up between the Commission, acting for the Community, and the government or the competent authority of the recipient State in respect of any investment project on which the Commission takes a financing decision.
2. 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.'

Article 104

not affected by the amendment

Article 105

paragraphs 1 to 3 not affected by the amendment

76. Article 106: replace paragraphs 3 and 4 of the Commission's text with the following:

3. He shall transmit to the Commission for agreement the results of the examinations of the tendering procedure and a proposal for the award of the contract. He shall sign contracts and riders thereto and estimates and notify the Commission thereof. For contracts, riders thereto and estimates, the Commission shall enter into individual commitments in accordance with the procedures laid down in Articles 32 to 35. Individual commitments shall be set against the commitments under the financing agreements provided for in Article 103(2).

4. The national authorizing officer shall clear and authorize expenditure against appropriations committed by the Commission. He shall remain financially liable to the Commission until the Commission clears the operations for the execution of which he is responsible.

77. Article 107: replace paragraph 4 of the Commission's proposal with the following text:

4. During the course of the project the delegate 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.

For these purposes he shall approve all payment authorizations issued by the national authorizing officer. This approval shall not constitute clearance by the Commission within the terms of Article 108(7), and shall not discharge the national authorizing officer from his liability under Article 106(4). The delegate shall be bound to comply with this Financial Regulation in the performance of his duties.

The delegate shall be responsible to the Commission for failure to observe the provisions of this Regulation or serious misconduct or negligence in the performance of his duties.

Article 106

Paragraphs 1 and 2 not affected by the amendment

3. He 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. He shall sign contracts and riders thereto and estimates and notify the Commission thereof.

4. The national authorizing officer shall clear and authorize expenditure against appropriations committed by the Commission. He shall remain financially liable until the Commission clears the operations for the execution of which he is responsible.'

Article 107

Paragraphs 1 to 3 not affected by the amendment

4. The delegate shall make sure, on behalf of the Commission, that the projects financed by the Community are executed properly from the financial and technical angles. To this end he shall approve all payment authorizations issued by the national authorizing officer. This approval shall not constitute the Commission's clearance of the operation concerned and shall not discharge the national authorizing officer from his liability under Article 106(4).'

78. Article 108: add the following new paragraph 7 to the Commission's text:

7. Payments made in the currency of the recipient State shall be subject to a clearance procedure before they are finally charged to the budget appropriations. Clearance shall consist of an examination by the competent department of the Commission and by the financial controller to establish that validation, authorization and payment have been properly effected.

79. Article 113: amend the Commission's text as follows:

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

- the award of contracts after restricted invitations to tender;
- the conclusion of contracts by private treaty;
- the performance of contracts through public works departments.

80. Article 114: amend as follows the Commission's text of the first paragraph of this article:

The Commission and the relevant authorities of the recipient State shall ensure that Articles 112 and 113 are observed for each operation and that the tender selected is economically the most advantageous, with due regard notably to the price, utilization costs, technical value, the qualifications of and the guarantees offered by the tenderers, the nature and conditions of execution of the works or supplies

81. Article 115(1): amend as follows the Commission's text of this paragraph:

1. For technical cooperation projects, service contracts shall be concluded with a consultancy bureau, a consultant engineer or an expert. Such contracts shall be made following competitive tendering.

Article 108

Paragraphs 1 to 6 not affected by the amendment

Articles 109 to 112:

not affected by the amendment

Article 113

'In urgent cases or where the nature, small scale or particular characteristics of certain works or supplies so warrant, the relevant authorities of the recipient State may, in agreement with the Commission, exceptionally authorize:

- the award of contracts after restricted invitations to tender;
- the conclusion of contracts by private treaty
- the performance of contracts through public works departments.'

Article 114

'The Commission and the relevant authorities of the recipient State shall ensure that Articles 112 and 113 are observed for each operation and that the tender selected is economically the most advantageous, with due regard notably to the qualifications of and the guarantee offered by the tenderers, the nature and conditions of execution of the works or supplies, and the price, utilization costs and technical value of those works or supplies.

Paragraphs 2 and 3 not affected by the amendment.

Article 115

'1. For technical cooperation projects, service contracts shall be concluded with a consultancy bureau, a consultant engineer or an expert. Such contracts shall be made by private treaty or, where justified on technical, economic or financial grounds, following competitive tendering.

82. Article 116: replace the Commission's text with the following:

1. Every food-aid programme shall as soon as possible be made the subject of a proposal for commitment in accordance with the procedure laid down in Articles 32 to 35.

The advances paid to Member States shall be entered globally against the abovementioned commitments; the sum set aside for the commitments may not be exceeded.

(3rd subparagraph deleted)

2. Expenditure effected by the Member States using the cash funds advanced by the Commission in application of Article 3 of Regulation (EEC) No 2681/74 shall be entered as payments following examination of the statements forwarded by the Member States in accordance with the implementing measures under Article 5 of the abovementioned Regulation and approval by the financial controller.

Subject to paragraph 3 of this article, expenditure shall be entered as payments within two months of receipt of the statements forwarded by the Member States.

This article shall apply without prejudice to the clearance of accounts provided for in Article 8 of Regulation (EEC) No 249/77.

3. Articles 32 to 48 shall apply as regards the commitment and payment of expenditure effected by the Commission direct, particularly in respect of purchases on the world market, the occasional transport or storage of goods, or quality controls on products supplied.

4. The Commission may decide, up to 31 March the following financial year, on transfers from one article to another within the chapter relating to food aid.

Article 116

1. Every food-aid programme shall as soon as possible be made the subject of a proposal for commitment in accordance with the procedure laid down in Articles 32 to 35.

The advances paid to Member States shall be entered globally against the abovementioned commitments; the sum set aside for the commitments may not be exceeded.

Articles 97, 98 and 99 shall apply as regards entry as payment of expenditure effected by the Member States using the funds advanced by the Commission, and as regards the clearance of accounts.

2. Articles 32 to 48 shall apply as regards the commitment and payment of expenditure effected by the Commission direct, particularly in respect of purchases on the world market, the occasional transport or storage of goods, or quality controls on products supplied.

3. The Commission may decide, up to 28 February of the following financial year, on transfers from one article to another within the chapter relating to food aid.

5. Expenditure shall be taken into account in respect of a financial year on the basis of payments made up to 31 December by the departments referred to in Article 3 of Regulation (EEC) No 2681/74 provided that their authorization has reached the accounting officer by 31 March following.

6. Any differences between the expenditure charged to the accounts of a financial year in application of Article 106(3) and that recognized by the Commission when clearing the accounts in accordance with Article 8 of Regulation (EEC) No 249/77 shall be entered in the accounts as over- or under-expenditure in respect of the financial year in which the clearance took place.

7. The provisions of Article 101(3) shall apply to transfers made necessary by changes, in relation to the appropriations authorized, in the parts of the expenditure chargeable to the EAGGF Guarantee chapters and the food aid chapter.

4. The provisions of Article 101(3) shall apply to transfers made necessary by changes, in relation to the appropriations authorized, in the parts of the expenditure chargeable to the EAGGF Guarantee chapters and the food aid chapter.'

83. Article 117: amend the Commission's text as follows:

Article 117

1. Each agreement for the financing of an investment project and each agreement relating to a food aid operation shall make express provision for the Court's power of audit.

'1. The Community's Court of Auditors may, on the basis of records and, if necessary, on the spot, conduct a full audit of the accounts, records of accounting operations and any other documents relating to projects which are kept by recipients of Community aid.

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

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 may do so only by agreement with the relevant authorities of the State concerned. Such audits would be limited to the inspection arrangements implemented pursuant to the provisions governing Community aid and would not apply in respect of the execution arrangements which are the responsibility of the national authorizing officer.'

84. Article 118: Article 103 of the Financial Regulation becomes Article 118 and paragraphs 1 to 4 are replaced by the following:

63. Article 103 becomes Article 118.

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 the section of the budget relating to the Commission, shall be set out in detail in an Annex to that section.

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 Community's institutions.

3. Where necessary, the estimates may be adjusted during the financial year by the Management Committee of the Office which shall decide on the transfers required within the Annex as a result of such adjustments. It shall inform the Budgetary Authority three weeks before effecting these transfers.

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.

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

85. Title XI (after Article 118) replace the heading with the following text:

FINAL PROVISIONS

86. Article 121: Article 106 of the Financial Regulation becomes Article 121 and is replaced with the following text:

1. After 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 106 becomes Article 121.

Text proposed by the Commission for Article 108(2) becomes Article 123(2)

2. The conditions under which the ECU is to be applied to revenue and expenditure shall be determined by the implementing measures.

(Delete paragraph 2 of the Commission's text of Art. 108 of the Financial Regulation, now Art. 123)

87. Article 122: Article 107 of the Financial Regulation becomes Art. 122 and is replaced with the following text:

Any amendments to this Financial Regulation, proposed by the Commission, shall be adopted by the Council after conciliation with the European Parliament.

87. Article 124: Article 109 of the Financial Regulation becomes Article 124 and is replaced by the following text:

The following shall be repealed:

- the Financial Regulations of 25 April 1973¹, 18 March 1975², 21 December 1977³ and 25 June 1979⁴
- all other provisions contrary to this Financial Regulation.

2. The conditions under which the ECU is to be applied to revenue and expenditure shall be determined by the implementing measures provided for in Article 121.'

Article 107 becomes Article 122.

65. Article 109 becomes Article 124.

¹ OJ No L 116, 1.5.1973, p. 1

² OJ No L 73, 21.3.1975, p. 45

³ OJ No L 356, 31.12.1977, p. 1

⁴ OJ No L 160, 28.6.1979, p. 1

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending the Financial Regulation of 21 December 1977 applicable to the budget of the European Communities

The European Parliament,

- having regard to the financial provisions of the EEC Treaty (Articles 199 to 209), of the ECSC Treaty (Article 78 to 78 h) and of the EAEC Treaty (Articles 171 to 183),
 - having regard to Article 107 of the Financial Regulation of 21 December 1977,
 - having regard to the proposal from the Commission to the Council (COM(80) 760 final)¹,
 - having been consulted by the Council pursuant to Article 209 of the Treaty establishing the EEC (Doc. 1-850/80),
 - having regard to the opinion of the Court of Auditors²,
 - having regard to the report of the Committee on Budgets and the opinion of the Committee on Budgetary Control (Doc. 1-434/83),
 - having regard to the result of the votes on the proposal from the Commission,
1. Proposes that the Commission's proposal be modified by the above amendment;
 2. Asks the Commission to amend its initial proposal, in accordance with Article 149 of the Treaty, to take account of the amendment tabled by Parliament;

¹ OJ No. C 119, 21 May 1981

² OJ No. C 232, 11 September 1981

3. Asks for the immediate opening of the conciliation procedure, should Council intend to depart from the opinion of the European Parliament;
4. Instructs its President to forward to the Council, the Commission and the Court of Auditors the proposal from the Commission as voted by Parliament and the corresponding resolution as Parliament's opinion.

EXPLANATORY STATEMENT

It does not appear necessary to provide an explanatory statement for each amended article. Most articles require no further commentary.

1. ARTICLE 1

Paragraph 1a new

The Financial Regulation applies to all Community institutions.

2. Paragraph 1b new

The Financial Regulations of 'satellite bodies' cannot contain provisions contrary to this Financial Regulation.

3. Paragraph 2

Budget entries represent a ceiling and not just an authorization of expenditure.

4. Paragraph 4

The terms 'commitment authorization' appear preferable to 'commitment appropriation'. These authorizations represent a ceiling and not simply an authorization to commit expenditure.

5. Paragraph 5

Only the budget can contain budgetary decisions, in particular in fixing ceilings. Legislative acts cannot do so.

6. ARTICLE 2a

Parliament must know, when delivering its opinion on a proposal, what the proposal will cost and any effects it may have on the creation of posts.

7. ARTICLE 3

It appears necessary to reaffirm in paragraph 1 the rule of the unity of the budget before setting out in paragraph 2 the only exceptions to this rule.

8. Paragraph 3

It appears preferable to carry over the balance from a financial year to the budget of the second rather than the first financial year following, as a way of preventing certain supplementary budgets.

9. ARTICLE 6

Paragraphs 1 to 3

On the question of carry-overs, we propose a different wording from the Commission but without altering the substance.

Paragraph 4

Between the present deadline (21 April) and the deadline proposed by the Commission (1 February), we propose the half-way date of 31 March.

Paragraph 8

It appears advisable to ask the institutions for a more exhaustive list while giving them a longer deadline.

10. ARTICLE 8

Paragraph 2a

We propose to substitute the concept of provisional 'detailed' commitments of the EAGGF for the term provisional 'global' commitments.

Paragraph 5

We propose for provisional twelfths to apply the distinction between compulsory and non-compulsory expenditure, with the differences in the powers of the two branches of the budgetary authority which that involves.

Paragraph 10

The Financial Regulation should encourage the budgetary authority and the Commission to shorten as far as possible the period for which the system of provisional twelfths is applied.

11. ARTICLE 12b

The third subparagraph of paragraph 1 gives the definition of the supplementary budget and of the amending budget.

Paragraph 4 obliges the Council to present a draft supplementary or amending budget when the Commission has proposed a preliminary draft budget.

12. ARTICLE 13

The application of paragraph 2 will permit Members of the European Parliament to have before them, when voting the budget, for each line, the figure for the preliminary draft and that for the draft budget.

13. ARTICLE 14

Paragraph 1 states that the VAT rate for the year is determined by the adoption of the budget.

Paragraph 2 specifies that the Member States must, as soon as the budget is adopted, make available to the Commission the sums that are due.

14. ARTICLE 14a

This article legalizes the practice of the 'pragmatic calendar'.

15. ARTICLE 15

The budgets of the 'satellite bodies' are published in an annex to the general budget.

16. ARTICLE 16

The second paragraph specifies in particular that the legal basis of an item of expenditure shall be indicated in the remarks.

The third paragraph lays down that the establishment plan for each 'satellite body' shall be entered in the budget remarks.

17. ARTICLE 21

This article is devoted to the important question of transfers.

The second paragraph gives the Court of Justice and the Court of Auditors the power to carry out themselves transfers within their own budgets, provided they inform the budget authority and the Commission three weeks in advance.

Paragraph 4 gives the Commission the power to carry out transfers between chapters which appear on lists drawn up by the budgetary authority.

Paragraph 5 authorizes the Commission to transfer provisional appropriations to a budgetary line when the condition permitting the expenditure is fulfilled.

Paragraph 7 provides for the creation of a general reserve which can be used to provide appropriations for all the other chapters of the budget. This reserve should prevent the use of amending budgets.

Paragraph 10 proposes a more simple wording than the Commission's text but without fundamental change.

18. ARTICLE 22

Paragraphs 2 to 6 specify that sums may be reused on the line on which the initial expenditure was entered.

19. ARTICLE 30

Paragraph 1 (d) lays down that sums paid by Member States into Commission accounts can earn interest.

20. ARTICLE 49a

To make it possible to audit the management of posts, each institution must draw up a list of posts which is to represent a strict limit for that institution and an establishment plan with a diagram of the organization of the departments.

21. ARTICLE 80

To allow the Court of Auditors access to bank accounts of a Community institution, the last subparagraph of this article provides for cooperation between the two institutions.

22. ARTICLES 83 and 85

The powers of the Court of Auditors as regards the annual report and those concerning comments and opinions are set out under two separate subparagraphs in paragraph 4 of Article 206a of the Treaty of Rome.

It appears advisable to devote two separate articles of the Financial Regulation to these two categories of powers:

- Article 83 in the proposal thus deals with the annual report;
- Article 85 deals with observations and opinions.

In the proposed version of Article 83 the annual report should contain a section for each institution audited and the replies of each institution to the comments of the Court of Auditors should be published immediately after the comments.

The Court of Auditors may also draw up observations and opinions.

There is a two way procedure for the observations: communication to the institution or body concerned, simultaneous publication of the observations of the Court of Auditors and the replies of the institutions.

23. ARTICLES 86, 87, 88 and 89

Title VII on research and investment appropriations contained nine articles. It appeared possible to reduce them to four, while maintaining the special provisions necessary for the management of these appropriations, particularly analytical expenditure accounts.

24. ARTICLES 95 to 101a

These deal with the EAGGF.

Article 95 specifies that the bulk of EAGGF appropriations for the Guarantee Section are made available to the Member States by the Commission in the form of advances.

Article 96 specifies that the advances constitute provisional detailed commitments and represent a limit on the expenditure of the Member States.

OPINION OF THE COMMITTEE ON BUDGETARY CONTROL

Draftsman: Mr A. GOUTHIER

On 16 February 1981 the Committee on Budgetary Control appointed Mr A. Gouthier draftsman.

The committee considered the draft opinion at its meetings of 24 February 1981, 19 May 1981, 2 November 1982 and 15 February 1983. At its meetings of 17 March 1983 and 24 March 1983 it adopted the conclusions unanimously with one abstention.

The following took part in the vote: Mr Aigner, chairman; Mrs Boserup, vice-chairman; Mr Price, vice-chairman; Mr Gouthier, draftsman; Mr Arndt, Mr Kellett-Bowman, Mr Ka Kalliopi Nikolaou, Mr Patterson, Mr Saby, Mr Konrad Schön and Mrs Van Hemeldonck.

C O N T E N T S

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A - Introduction

The Commission's proposal¹ for amending the Financial Regulation has considerable implications as regards institutional balance in the implementing phase of the Community budget and therefore merits particularly careful consideration by the Committee on Budgetary Control.

The proposal has already been considered in detail by the working party set up by the Committee on Budgets with the help of officials of the Commission and the Court of Auditors. Subsequently, Mr Simonnet, the Committee on Budgets' draftsman, drew up general guidelines² and a comparative table³ of the amendments to the Financial Regulation proposed by the Commission, the Court of Auditors and himself.

In your draftsman's view, therefore, the task of the Committee on Budgetary Control is not to go through the Articles of the Financial Regulation one by one but to define a position on some general problems that arise from amending the Financial Regulation, in particular in areas that fall specifically within the committee's terms of reference. With reference to the work currently being done by the Committee on Budgets, therefore, some specific amendments will have to be tabled to the proposal amending the Financial Regulation.

B - General problems

In considering the questions of substance raised by the Commission's proposal, it is clear that it does comply with the need to implement the budget more efficiently, mainly by allowing for a greater degree of autonomy in the use of appropriations. But this requirement must be set against the need to safeguard the intervention and control powers of the European Parliament as principal arm of the budgetary authority and as the authority empowered to grant a discharge.

Although Article 205 of the EEC Treaty lays down that the Commission 'shall implement the budget' it specifies that it must do so in accordance with the provisions of the Financial Regulation which must lay down

¹Doc. 1-850/80

²PE 80.096

³PE 78.450/rev.

the limits and conditions under which 'the Commission may ... transfer appropriations from one chapter to another or from one sub-division to another' (Article 205, third paragraph). This leads us to the main problem raised by the proposal under consideration, i.e., :

1. - The transfer procedure

The Commission demands (Article 21(5)(ba)) the power autonomously to transfer payment appropriations in the case of differentiated appropriations. This increase in the Commission's autonomy would, admittedly, make it possible to match appropriations more rapidly to spending requirements, but if the European Parliament surrendered its powers to act at this stage it would seriously compromise its control powers which would then be confined mainly to the discharge stage; it would have only the rather drastic option of either granting or refusing to grant a discharge, whereas constant monitoring of the implementation of the budget through the procedure for authorizing transfers would be preferable.

Your draftsman understands that the Committee on Budgets is considering a bold innovation which would allow the Commission to transfer appropriations between specific headings to be specified in the budget; whilst this proposal cannot be rejected out of hand, it should be noted that in practice it would be extremely difficult to define such headings, and disputes could arise between the two branches of the budgetary authority during the procedure.

It is therefore proposed that a number of changes be made to Article 21(3) and (5) of the Commission proposal. These changes would also prevent the transfer of payment appropriations carried over and of commitment appropriations remaining available. The transfer of carry-overs has frequently been criticized by the Court of Auditors, and it does seem to infringe the principle of specificity as well as the principle of the annuality of the budget.

2. - Carry-overs

For non-automatic carry-overs the Commission proposes a procedure similar to that currently in force for transfers: depending upon the classification (CE/NCE) of the budget heading in question, one branch of the budgetary authority would have decision-making power subject to consultation of the other branch.

This proposal should obviously be approved.

3. - Provisional twelfths

If the provisional twelfths arrangement is to remain an exceptional measure entailing further restrictions on the implementation of expenditure, the Commission proposal to sanction transfers under the provisional twelfths arrangement in the Financial Regulation should be rejected.

The Court of Auditors and the Committee on Budgets' draftsman do not, however, share your draftsman's opinion on this point.

(Delete Article 8(7)).

4. - EAGGF, Guarantee Section

In many ways this is the main problem both because of the amount of appropriations allocated to this section and the fact that the deadlines and procedures for closing the EAGGF, Guarantee Section, accounts largely determine the timing of the statement and auditing of the accounts as well as the discharge procedure.

(a) One peculiarity of the EAGGF is that expenditure is effected first of all at national level and then at Community level; but it should be noted that advances paid by the Commission (provisional global commitments) are entered in the budget as payment commitments and thus as payments only two or three months later when the Commission receives documents from the Member States justifying the expenditure effected .

In its opinion, the Court of Auditors points out that advances paid to the Member States should be covered by the annual management of the budget and that the accounts should make it clear how the advances have been managed; the Court of Auditors therefore proposes that advances should be entered under separate budget headings but entered in the accounts immediately as commitments or payments. The Commission would have two months after receipt of the supporting documents from the Member States to examine the documents and effect the final commitments and payments.

The Committee on Budgets, for its part, has adopted a guideline, which your draftsman feels should be endorsed, calling for the introduction of 'detailed provisional commitments', that is, specified by product, to facilitate more thorough control of the trend in expenditure.

(Amend Articles 96, 97 and 100 accordingly)

As regards the annuality rule and the payment of advances, the latter should remain 'within the limits of the total amount of appropriations entered in the Guarantee Section of the European Agricultural guidance and Guarantee Fund', in conformity with the present Regulation (Art. 96). In the case of advances to be paid in December in respect of the following financial year, the date fixed for payment (10 December) is in advance of the date on which the budget is adopted. However, it should not be forgotten that the budget might be rejected and that the provisional twelfths arrangement would then become applicable. Consequently, provision should be made for the December advances to be paid only from the date on which the budget is adopted and for the provisional twelfths arrangement to be applied in the event of its rejection.

(Amend and supplement the fourth paragraph of Article 7 accordingly).

(b) Another major problem that affects the statement and auditing of the accounts as well as the timetable for the discharge procedure, is the length of the EAGGF, Guarantee Section supplementary period. The Commission proposes that this period (during which commitments and payments as well as transfers for the preceding financial year may be effected) should be reduced from three to two months so that the deadline is brought forward from 31 March to 28 February. This would be in line with suggestions made in the past by the European Parliament, but it should be borne in mind that the price to pay, from what emerges from the Commission's proposal, would be too high from the point of view of the accuracy of the revenue and expenditure account and the significance of the discharge procedure.

If the supplementary period were reduced, adjustments to so-called 'category two' expenditure (intervention buying, storage and reselling) would not necessarily have to be charged to the financial year in question but could be charged to the following financial year. As a

result the revenue and expenditure account on which the Court of Auditors and the European Parliament are required to deliver an opinion as part of the discharge procedure would not provide a sufficiently accurate reflection of the implementation of the budget for the financial year concerned, especially in the light of the very large amount of expenditure involved. (Delete Article 98(2)).

(c) As regards transfers from one chapter to another within the EAGGF, Guarantee Section, and from the Guarantee Section to food aid, the Commission proposes that the procedure provided for in Article 13 of Regulation No. 729/70 be adopted (i.e. consultation of the Fund Committee; in the event of a divergent opinion, the Council, acting by a qualified majority, may adopt a different decision within one month).

The result of granting the Commission greater autonomy would be to perpetuate the European Parliament's exclusion from the decision-making process whilst, although the Council could take the final decision, its powers would be considerably reduced.

Your draftsman's view is that at the present stage of the Community's development, it is necessary to strengthen the democratic controls over implementation of Community policies: therefore, whilst he is in favour of strengthening the Commission's powers to implement the budget of the EAGGF, Guarantee Section, he would point out that the European Parliament should be consulted as well as the Fund Committee; as regards transfers between the EAGGF, Guarantee Section and food aid, the Committee on Budgetary Control¹ is in favour of centralizing all food aid funds in the interests of budgetary transparency, whereas the Commission's proposal would obviously tend to perpetuate the present situation. (Amend Article 101(2); delete Article 101(3)).

N.B.: The deletion of Article 101(3) will be necessary only in the event of rejection of amendment No. 1, which maintains the existing procedure for transfers from one chapter to another.

5. - Discharge procedure

As mentioned above, the Commission proposes that the discharge procedure timetable be changed and the current deadline brought forward considerably.

¹ See Doc. 1-98/82, IRMER report, paragraph 7

If the deadlines were brought forward, the discharge debate and decision would be more relevant, something that Parliament and this committee in particular feel there is a need for, but this must under no circumstances be done by weakening the economic significance and reliability of the revenue and expenditure account. The stated objective can be achieved only by developing the electronic processing systems for accounting data in collaboration with the Member States; this would make it possible to bring forward the deadlines without reducing the value of the data on the basis of which the Court of Auditors and Parliament exercise their powers of control. (Amend Articles 73, 74 and 77).

It would also be appropriate for the Financial Regulation to help in some way to define the scope and implications of the discharge decision or a decision to postpone or refuse the discharge.

In this connection, Mr AIGNER has tabled a series of proposals¹ for amending the Rules of Procedure of the European Parliament that would make refusal to grant a discharge tantamount to a motion of censure on the Commission.

A further problem is raised by the adjustments that might have to be made to the revenue and expenditure accounts following Parliament's decision to give (or to refuse to give) a discharge. These adjustments should not be left to the discretion of the Commission: rather they should be subject to a precise procedure, so that it remains a firm principle that the Commission cannot alter the revenue and expenditure accounts submitted on 1 June unless expressly instructed to do so by the budgetary authority.

Your draftsman therefore proposes that Article 85 should provide for a suitable procedure.

(Supplement Article 85 accordingly).

6. - Powers of the Court of Auditors

As regards the elaboration and publication of the annual report of the Court of Auditors, the present Financial Regulation provides for a two-way procedure, in three stages: the comments of the Court of Auditors are forwarded to the institutions, the institutions submit their replies and then the final report, accompanied by the replies, is published.

¹ See PE 80.367

The Commission's proposal is aimed at eliminating this two-way process, claiming that this is not provided for in Article 206(a)(4) of the EEC Treaty, and at preventing the Court from having the 'last word', a privilege it enjoys under the present system.

The Committee on Budgetary Control has always been particularly concerned with ensuring that the role of the Court of Auditors is protected and increased in order to ensure the most efficient implementation of the Community budget; it is therefore not acceptable that the procedure laid down in the present Financial Regulation, which defines the Court's role and provides for its development, should be telescoped, abolishing the two-way dialogue.

7. - Specific points

(a) - Satellite bodies

The budgets of satellite bodies (which the draftsman of the Committee on Budgets defines as Community bodies with a legal personality that receive subsidies from the general budget) should be included in the general budget, even if only as an annex; the list of posts of such bodies should also be incorporated into the budget (add a paragraph 6 to Article 15 and a fourth indent to Article 16(3)).

This could entail a revision of the Financial Regulations of the different bodies and these regulations must not conflict with the general Financial Regulation; even though this is obvious, special provision should be made to this effect (insert a new paragraph 1a in Article 1).

(b) - Expenditure ceilings

Article 88(2) states that figures for total expenditure authorized in research sector decisions are merely indicative. In the light of statements made by the three institutions, this should apply to all Community policies. A statement of principle should therefore be made to this effect (add a paragraph 2a to Article 1).

(c) - Role of the financial controller

The separation of the roles of the authorizing officer, the accounting officer, and the financial controller is one of the cornerstones of the system established in the Financial Regulation together with the independence granted to the financial controller for the purposes of the institution's internal audits.

While, therefore, the role of the financial controller should be safeguarded through notification by the other institutions of measures which concern him and of decisions to overrule his withholding of approval, he obviously must not become divorced from his own institution to the point that he becomes more like an agent of the external audit system than an internal auditor.

The Commission's proposals do not substantially alter the present situation; the following adjustments should therefore be made:

- in the case of measures which may give rise to or modify a debt due to the Communities, the authorizing officer's proposal should be submitted not only to the financial controller for approval but also to the accounting officer for the debt to be recorded for provisional registration (amend Article 23(1) accordingly);
- provision for earlier notification of the institution's decision to overrule its financial officer's refusal to grant approval: within one month instead of once every three months for instance (amend Articles 23, 24 and 35 accordingly).

(d) Administration of imprests

A measure of centralization is desirable to ensure that the management of imprest funds is properly controlled and that there is no lack of financial accountability in any of the administrations concerned.

If the accounting officer of the institution was alone authorized to replenish the imprest funds, responsibility would be narrowed down and centralized, which would make for more effective control. (Amend the first paragraph of Article 49 accordingly).

e) Supplementary and amending budgets; balance of a financial year

Article 27 of the present Financial Regulation states that 'the balance from each financial year, calculated in accordance with Council Regulation No. 2891/77, shall be entered as revenue in the case of a surplus or expenditure in the case of a deficit in the budget of the subsequent financial year upon adoption of the amending budget referred to in Article 16 (2) of the abovementioned regulation.'

That article imposes an obligation to increase or reduce, through an amending budget, the estimated revenue entered in the budget for the financial year, to adjust it to the actual revenue from VAT for the previous financial year.

However, this amending budget must take into account the 'balance of each financial year' as defined in Article 15 of Regulation 2891/77, that is to say the difference between total revenue collected and all payments carried out (taking into account carryovers and cancellations).

It therefore appears evident that the budgetary authority has the obligation to adopt this amending budget. However, in doing so, the budgetary authority may decide whether to use any surplus to subsidize new expenditure or to reduce the rate of VAT provided for under revenue, whereas in the case of a deficit, and in the absence of any new revenue, that rate must unavoidably be increased.

The amendment proposed by the Commission is designed to make it possible to enter the balance of a financial year in the second financial year following the financial year in question; it specifies that this must be done in an amending budget.

In the opinion of your draftsman, and in that of the draftsman of the Committee on Budgets, it should instead be possible to enter the balance in the general budget for the financial year $n + 2$: this would lead to considerable savings in paperwork and provide a more accurate overall view of the funds available and of forecast expenditure (amend Article 27 to this effect).

Your draftsman understands that the Committee on Budgets is examining a proposal to introduce a special procedure to deal with the surplus of a

financial year: in particular, if it were used to reduced the VAT rate for the current financial year, such a reduction would be adopted on the basis of a proposal from the Commission, provided neither branch of the budgetary authority had expressed a contrary position.

As stated above, it would appear more advisable instead to take this surplus into account in the drafting of budget n + 2, to make it possible to evaluate fully the financial resources available and the expenditure which is possible.

PROPOSED AMENDMENTS

No. 1 - Article 21(3)(ab), (bb) and (bc)

Delete the text of the Commission proposal.

Article 21(5)(a), first indent

Replace 'and (bb)' in the Commission proposal with 'and (bc)'.

Article 21(5)(a), second indent

Replace 'in paragraphs 3(ab) and 4' with 'in paragraph 4' in the Commission text.

Article 21(5)(ba)

Text of Commission proposal to read as follows: 'all transfers from one article to another in its own section'; rest deleted.

No. 2 - Article 8 (7)

Delete the text of the Commission's proposal.

No. 3 - Article 96, first paragraph

Replace the expression 'provisional global commitments' by 'detailed provisional commitments'.

Second paragraph

Replace the expression 'provisional global commitments' by 'detailed provisional commitments'.

Delete the sentence '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.'

Article 97, paragraph 2:

Replace the expression 'provisional global commitments' by 'detailed provisional commitments.'

No. 4 - Article 98, paragraph 1:

Replace '28 February' with '31 March'.

Article 98, paragraph 2:

Delete the text of the Commission proposal.

No. 5 - Article 101(2)

Replace '28 February' with '31 March'.

Add the following subparagraph:

'The Commission shall also consult Parliament, which shall deliver its opinion within one month.'

No. 6 - Article 101(3) and (4)

Delete the text of the Commission proposal.

N.B.: This amendment will be withdrawn if Amendment No. 1 is adopted.

No. 7 - Article 7, fourth paragraph

Amend and supplement the fourth paragraph of the Commission proposal as follows:

'Advances in respect of the following financial year which are intended, within the meaning of Articles 96 and 116, to finance the expenditure of the Guarantee Section of the EAGGF and expenditure on food aid may be paid as from 10 December of the current

financial year if, on that date, the budget for the following financial year has been adopted. If this is not the case, the advances may be paid only after the budget has been finally adopted, except where the procedures specified in Article 8 are applicable. Utilization of the funds thus paid shall be in conformity with the rules laid down by Articles 96 and 116.'

No. 8 - Article 73, first paragraph

Replace '15 April' with '1 June'.

Article 74

Replace '1 March' with '1 April'.

Article 77

Replace '15 April' with '1 June'.

No. 9 - New article

Article 84(a)

The European Parliament shall decide on the discharge on the basis in particular of the accounts showing the Community's total revenue and expenditure as examined by the Court of Auditors. Even in the event of refusal to grant a discharge, the figures established by Parliament shall be taken to be the final accounts for the financial year.

Article 85

Add the following paragraphs to Article 85:

'2. If the European Parliament decides to postpone the discharge, the Commission shall within three months adopt the measures needed to take account of the comments made by Parliament and shall also make such adjustments to the revenue and expenditure accounts and the balance sheet as are necessary to that end.

3. The Commission shall, if necessary, forward to the European Parliament, the Council and the Court of Auditors the adjusted revenue and expenditure accounts and balance sheet within three months of the date on which the discharge was postponed.

The Commission shall also forward to the European Parliament a report on the measures taken in accordance with the preceding paragraph.

4. The Court of Auditors shall draw up an opinion on the adjustments to the revenue and expenditure accounts and balance sheet specified in paragraph 2 within two months of the date on which they were forwarded by the Commission. It shall be communicated to Parliament and the Council.

5. If the measures taken by the Commission in accordance with paragraph 2 and any adjustments made to the revenue and expenditure accounts and the balance sheet are considered satisfactory by the European Parliament, the latter, on a recommendation from the Council acting by a qualified majority, shall give a discharge to the Commission in respect of the implementation of the budget.

No. 10 - Article 83

Retain the existing text of the Financial Regulation.

Article 84

Retain the existing text of the Financial Regulation.

No. 11 - Article 15

Add the following new paragraph 6:

'The statement of revenue and expenditure of Community bodies having legal personality and receiving funds from the general budget shall also be attached to the Commission section relating to staff and administrative appropriations.'

Article 16 (3)

Add the following fourth indent:

' - a list of posts for each Community body having legal personality and receiving funds from the general budget.'

No. 12 - Article 1

Insert the following new paragraph 1a:

'The financial regulations of Community bodies having legal personality and receiving funds from the general budget must not conflict with this financial regulation.'

No. 13 - Article 1

Insert the following new paragraph 2a:

'The appropriations entered in the budget represent the limit on expenditure for the measures in question. Any ceilings laid down in implementing legislation must be held to be purely indicative.'

No. 14 - Article 23

The second sentence in paragraph 1 to read as follows:

'These proposals shall be forwarded to the Financial Controller for his approval and to the Accounting Officer for the debt to be recorded for provisional registration.'

No. 15 - Article 23 (1), last sentence;
Article 24 (2), last sentence;
Article 35, third paragraph, last sentence;

Replace 'every three months' with 'within one month'.

No. 16 - Article 49, first paragraph

Insert the following sentence at the end of the first paragraph:
'Only the accounting officer of the institution may replenish the imprest funds, other than in the exceptional cases defined in the implementing measures relating to this Regulation.'

No. 17 - Article 27

This article to read as follows:

- '1. The balance from each financial year, calculated on the basis of Regulation 2891/77, shall be established by the discharge decision.
2. This balance shall be entered as revenue in the case of a surplus or expenditure in the case of a deficit in the budget of the second financial year following the financial year in question.

This measure shall not prejudice any modifications made to the final accounts in the discharge decision.'

COMMITTEE ON BUDGETS

CORRIGENDUM

to

WORKING DOCUMENT B

REVISION OF THE FINANCIAL REGULATION

- comparative table of the amendments proposed by the Commission, the Court of Auditors and the rapporteur -

Rapporteur : Mr M. SIMONNET

Further to the decisions taken at the meeting of the Committee on Budgets of 20/21 April 1983, document PE 78.450/rev. 2 of 8 April 1983 should be amended as follows :

- Page 125, heading of Title VIII:
'Special provisions applicable to the European Agricultural Guidance and Guarantee Fund, Guarantee Section : delete the words
'Guarantee Section'
- page 148 to 155 Titles X and XI : replace by the pages attached hereto.

2.5.1983

TITLE X

SPECIAL PROVISIONS RELATING TO THE OFFICE FOR OFFICIAL PUBLICATIONS OF THE EUROPEAN COMMUNITIES

Article 103

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 the section of the budget relating to the Commission, shall be set out in detail in an Annex to that section. The appropriations shown under this specific budget heading may be transferred in accordance with the conditions set out in Article 21.

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 Community's Institutions as defined by the Decision of 16 January 1969 setting up the Office⁽¹⁾. Where necessary, the estimates may be adjusted during the financial year by the Management Committee of the Office which shall decide on the transfers required within the Annex as a result of such adjustments.

3. 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.

A paper setting out the basic data underlying the estimate of the allocation of the Office's services as between the Institutions shall be provided as a supporting document for the preliminary draft budget.

4. Each Institution shall, for guidance, enter in its section of the budget a *pro forma* appropriation corresponding to the services which it expects the Office to render to it during the financial year concerned.

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.

TITLE X

SPECIAL PROVISIONS RELATING TO THE OFFICE FOR OFFICIAL PUBLICATIONS OF THE EUROPEAN COMMUNITIES

Article 118

2. The appropriations for the Office, the total amount of which should be entered under a special ~~budget heading within the Commission section~~ relating to staff and administrative appropriations, all be set out in detail in an Annex to that section. The appropriations shown under this specific budget heading may be transferred in accordance with the conditions set out in Article 21.

4. Each Institution shall, for guidance, enter in its section of the budget a *pro forma* appropriation corresponding to the services which it expects the Office to render to it during the financial year concerned. The Commission shall enter this appropriation in its section relating to staff and administrative appropriations.

TITLE X

SPECIAL PROVISIONS RELATING TO THE OFFICE
FOR OFFICIAL PUBLICATIONS OF THE EUROPEAN
COMMUNITIES

Article 118

TITLE X

SPECIAL PROVISIONS RELATING TO THE OFFICE
FOR OFFICIAL PUBLICATIONS OF THE EUROPEAN
COMMUNITIES

Article 118

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 the section of the budget relating to the Commission, shall be set out in detail in an Annex to that section.

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 Community's Institutions.

Where necessary, the estimates may be adjusted during the financial year by the Management Committee of the Office which shall decide on the transfers required within the Annex as a result of such adjustments. It shall inform the Budgetary Authority three weeks before effecting these transfers.

3. 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.

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

(Delete the third subparagraph of paragraph 3 and paragraph 4.)

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.

Delete paragraphs 3 and 4

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 22 (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 73 and 76.

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.

TITLE XI

TRANSITIONAL AND FINAL PROVISIONS

Article 104

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.

TITLE XI

TRANSITIONAL AND FINAL PROVISIONS

Article 119

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.

Paragraph 6, second subparagraph, last sentence:
Delete from 'the net proceeds' to the end.

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 22 (2).

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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.

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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 73 and 76.

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.

TITLE XI

TRANSITIONAL AND FINAL PROVISIONS

Article 119

(Commission text)

TITLE XI

FINAL PROVISIONS

Article 119

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 105

The European Parliament, the Council and the Commission shall inform the Court of Auditors, each regarding the matters concerning it, as soon as possible, of all decisions and measures taken in implementation of Articles 3, 6 (3) and (8) and 8, 14 and 21.

The Court of Auditors shall be informed of the appointment of authorizing officers, financial controllers, accounting officers and administrators of advance funds, and of the Acts of delegation or nominations made in accordance with Articles 18, 19, 20 and 49.

The Commission shall inform the Court of Auditors of the implementing measures provided for in Article 106. Moreover, the Institutions shall forward to the Court of Auditors any rules of procedure in respect of financial matters.

Article 106

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 107

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 108

1. When the accounts for the financial year 1977 are closed, the Commission shall draw up a statement of sums paid, comparing the sums actually paid by the Member States with those due to have been paid under the statements of revenue and expenditure for the financial years in question. This shall be followed by an adjustment of the difference shown in the statement.

The second paragraph of Article 5 of this Regulation shall apply to revenue from own resources recorded in November and December 1977; this revenue shall be entered in the accounts for the financial year 1978.

2. The provisions of this Financial Regulation shall be re-examined, in accordance with the procedure laid down for this purpose in the Treaties, after the Court of Auditors has issued its opinion on these provisions.

All appropriate measures shall be taken to ensure continuity of control after the members of the Court of Auditors have been appointed.

3. Appropriations committed but not paid at the end of the financial year 1977 shall be regarded as appropriations carried over automatically under Article 6 (1) (c).

Appropriations for the Guidance Section of the European Agricultural Guidance and Guarantee Fund entered in the budget for the financial year 1976 and in the budgets of previous financial years shall be carried over under the following conditions:

Article 120

The European Parliament, the Council and the Commission shall inform the Court of Auditors, each regarding the matters concerning it, as soon as possible, of all decisions and measures taken in implementation of Articles 3, 6 (3) and (8) and 8, 14 and 21.

The Court of Auditors shall be informed of the appointment of authorizing officers, financial controllers, accounting officers and administrators of advance funds, and of the Acts of delegation or nominations made in accordance with Articles 18, 19, 20 and 49.

The Commission shall inform the Court of Auditors of the implementing measures provided for in Article 121. Moreover, the Institutions shall forward to the Court of Auditors any rules of procedure in respect of financial matters.

Article 121

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 122

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 123

Appropriations for the Guidance Section of the European Agricultural Guidance and Guarantee Fund entered in the budget for the financial year 1976 and in the budgets of previous financial years shall be carried over under the following conditions:

Delete the last subparagraph which is to be incorporated, in amended form, in Article 121.

Article 121

Insert the following at the beginning of the paragraph:

'In the six months following the adoption of this Financial Regulation, in consultation

Add the following subparagraph:

The Institutions shall forward to the Court of Auditors any rules of procedure in respect of financial matters.

Article 122

(Commission text)

Article 123

Article 121

1. After 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.
2. The conditions under which the ECU is to be applied to revenue and expenditure shall be determined by the implementing measures (former Article 123(2))

Article 122

Any amendments to this Financial Regulation, proposed by the Commission shall be adopted by the Council after conciliation with the European Parliament.

Article 123

(transferred to Article 101a)

(a) where they relate to payments remaining due under commitments, they shall be carried over automatically for a period of five years reckoned from 31 December of the financial year during which they were committed;

(b) upon expiry of that period, the Commission may submit to the Council and forward to the European Parliament, by 1 May, the lists of appropriations remaining committed, for which a duly substantiated request for carry-over is being made. The decision shall be taken in accordance with the second subparagraph of Article 6 (3).

4. Commitment authorizations for the European Social Fund made available under the 1976 budget and to be charged against operations during the financial year 1978 on the basis of Article 104 of the Financial Regulation of 25 April 1973 shall remain in force during the financial year for which they were granted and the sums committed under these authorizations shall be added to the commitment appropriations for the financial year for which they were made available.

5. As an exception in the case of the Guidance Section of the European Agricultural Guidance and Guarantee Fund, a special entry shall be made in the remarks column of the budget regarding the appropriations reserved for improving agricultural structures which have been carried over from previous financial years but commitment of which is not planned during the financial year concerned. In that year they shall not require to be covered by revenue.

6. Commitment appropriations entered in the budgets for 1976 and 1977 for the European Regional Development Fund and not committed by the end of the financial year for which they were entered in the budget shall remain available for the two subsequent financial years.

7. The conditions under which the European unit of account is to be applied to revenue and expenditure shall be determined by the implementing measures provided for in Article 106.

Article 109

The following shall be repealed:

- the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities ⁽¹⁾, and the Financial Regulation of 18 March 1975 amending it ⁽²⁾,
- all other provisions contrary to this Financial Regulation.

Article 110

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.

Done at Brussels, 21 December 1977.

For the Council
The President

J. CHABERT

(1) OJ No L 116, 1.5.1973, p.1

(2) OJ No L 73, 21.3.1975, p.45

(a) where they relate to payments remaining due under commitments, they shall be carried over automatically for a period of five years reckoned from 31 December of the financial year during which they were committed;

(b) upon expiry of that period, the Commission may submit to the Council and forward to the European Parliament, by 1 Feb. the lists of appropriations remaining committed, for which a duly substantiated request for carry-over is being made. The decision shall be taken in accordance with the second subparagraph of Article 6 (3).

2. The conditions under which the ECU is to be applied to revenue and expenditure shall be determined by the implementing measures provided for in Article 121.

Article 124

The following shall be repealed:

- the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities, and the Financial Regulation of 18 March 1975 amending it ²,
- all other provisions contrary to this Financial Regulation.

Article 125

This Financial Regulation shall enter into force on.

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

(1) OJ No L 116, 1.5.1973, p.1

(2) OJ No L 73, 21.3.1975, p.45

Article 124

Add the following at the end of the second indent after the words

'.... this Financial Regulation' :
'as last amended by Council Regulation (ECSC, EEC, EAEC) of ...'

Article 125

(Commission text)

Article 124

The following shall be repealed:

- the Financial Regulations of 25 April 1973(1), 18 March 1975 (2), 21 December 1977 (3) and 25 June 1979 (4)
- all other provisions contrary to this Financial Regulation.

Article 125

This Financial Regulation shall enter into force on

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

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- (1) OJ No L 116, 1. 5.1973, p. 1
 - (2) OJ No L 73, 21. 3.1975, p.45
 - (3) OJ No L 356, 31.12.1977, p. 1
 - (4) OJ No L 160, 28.6.1979, p. 1