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►**B** **COMMISSION REGULATION (EC, Euratom) No 2343/2002**

of ►C1 19 November 2002 ◄

on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities

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THE COMMISSION OF THE EUROPEAN COMMUNITIES,

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

Having regard to the opinion of the European Parliament [2],

Having regard to the opinion of the Council [2],

Having regard to the opinion of the Court of Auditors [2],

Whereas:

(1) The Community bodies set up to assume the burden of carrying out certain Community activities have legal personality and hence their own budget governed by specific financial rules.

(2) In order to guarantee a certain degree of consistency in these rules compared with Regulation (EC, Euratom) No 1605/2002 (hereinafter 'the general Financial Regulation') and pursuant to Article 185(1) of that Regulation, this framework Financial Regulation must lay down the rules governing the establishment, implementation and scrutiny of the budget of the said Community bodies which actually receive grants charged to the Community budget (hereinafter 'Community bodies'). It is on the basis of this framework Financial Regulation that each of those Community bodies will adopt its own financial rules, which, as indicated in the abovementioned Article 185, may depart from the framework Financial Regulation in accordance with the specific management needs of those bodies, but only with the Commission's consent.

(3) Like the general Financial Regulation, this framework Financial Regulation confines itself to stating the broad principles and basic rules governing the whole of the budgetary sector concerned, while detailed provisions may subsequently be adopted by these bodies in order to make their financial rules easier to read.

(4) For the purposes of establishing and implementing the budget, the four fundamental principles of budgetary law (unity, universality, specification, annuality), and the principles of equilibrium,

[1] OJ L 248, 15.9.2002, p. 1.
[2] Not yet published in the Official Journal.

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unit of account, sound financial management and transparency must be reasserted.

(5) It is necessary to define the powers and responsibilities of the accounting officer, the internal auditor and authorising officers. The last mentioned are fully responsible for all revenue and expenditure operations executed under their authority and must be held accountable for their actions, including, where necessary, through disciplinary proceedings.

(6) Like the institutions, these Community bodies must not be allowed to raise loans, in accordance with Article 14 of the general Financial Regulation.

(7) The internal audit function within the Community bodies must be performed by the Commission's internal auditor, who will therefore act as the guarantor of the overall consistency of the system and its working methods in accordance with Article 185(3) of the general Financial Regulation.

(8) The timetable for establishing the budget, presenting the accounts and granting discharge must be aligned on the equivalent provisions of the general Financial Regulation, and the authority responsible for granting the Community bodies discharge will now be the same as for the general budget (Article 185(2) of the general Financial Regulation).

(9) The accounting rules applied by the Community bodies must allow for consolidation with the accounts of the institutions, and to this end they must be adopted by the Commission's accounting officer in accordance with Article 133 of the new general Financial Regulation.

(10) In accordance with Article 46 of the general Financial Regulation, the establishment plan must now be submitted to the budgetary authority for approval.

(11) Each body could have access to the panel referred to in Article 66(4) of the general Financial Regulation set up by the Commission to examine irregularities so that a similar assessment can be made of identical cases.

(12) Since they receive a grant charged to the Community budget, the Community bodies must strictly observe the same requirements as the institutions in the award of public contracts and grants, in so far as such contracts and grants are authorised by the Instruments setting up those bodies; in this respect a reference to the relevant provisions of the general Financial Regulation will suffice.

(13) Like the institutions, the Community bodies may, for the performance of the tasks entrusted to them, employ external private sector bodies only where necessary and not for tasks involving any public service mission or any use of discretionary powers of judgement, in order to guarantee that each body is accountable for the implementation of its budget and adheres to the objectives assigned to it on its creation.

(14) In support of their requests for payment of the Community subsidy, Community bodies must submit a cash-flow forecast, and the funds paid by the Communities in respect of that subsidy must bear interest for the benefit of the Communities.

(15) There must be specific provisions organising the collection of fees and charges, which are one of the resources of these bodies.

(16) In view of the statutory requirements arising from the instruments setting up Community bodies, the procedure for presenting the accounts should be adapted and provision made for the management board to give its opinion on the accounts.

(17) The new budget structure adopted in the general financial regulation must also be used by the Community bodies in so far as this is justified by the nature of their activities.

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(18) The only provisions of the general Financial Regulation that must be included in this Regulation are those which are relevant to the Community bodies.

In particular this Regulation must therefore not include the provisions relating to areas of activity that have no connection with the Community bodies, the various methods of implementation embodying the concept of externalisation and the information on the budget to be sent to the European Parliament and the Council. Additionally, only some of the categories of assigned revenue in the general Financial Regulation should be taken into consideration and, finally, the procedure for transfers of appropriations and establishment of the budget must be less detailed and less complex,

HAS ADOPTED THIS DECISION:

TITLE I

SUBJECT MATTER

Article 1

This Regulation spells out the essential rules which the financial rules of each Community body may depart from only where their specific operating needs so require and with the Commission's prior consent in accordance with Article 185 of Council Regulation (EC, Euratom) No 1605/2002 (hereinafter ‘the general Financial Regulation’).

Article 2

For the purposes of this Regulation:

1. ‘Community body’ shall mean any body referred to in Article 185(1) of the general Financial Regulation;

2. ‘Management board’ shall mean the main internal body of the Community body that is responsible for taking decisions on financial and budgetary matters, irrespective of the name given to it in the constituent instrument of the Community body;

3. ‘Director’ shall mean the person responsible for implementing the decisions of the management board and the Community body's budget as authorising officer, irrespective of the title given to him/her in the constituent instrument of the Community body;

4. ‘Constituent instrument’ shall mean the instrument of Community law governing the main aspects of the creation and operation of the Community body;

5. ‘Budgetary authority’ shall mean the European Parliament and the Council of the European Union.

TITLE II

BUDGETARY PRINCIPLES

Article 3

The establishment and implementation of the budget of the Community body (hereinafter referred to as ‘the budget’) shall comply with the principles of unity and budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as provided for in this Regulation.

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CHAPTER 1

Principles of unity and of budget accuracy

Article 4

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

Article 5

The budget shall comprise:

(a) own revenue consisting of all fees and charges which the Community body is authorised to collect by virtue of the tasks entrusted to it, and any other revenue;

(b) revenue made up of any financial contributions of the host Member States;

(c) a subsidy granted by the European Communities;

(d) revenue assigned to specific items of expenditure in accordance with Article 19(1);

(e) the expenditure of the Community body, including administrative expenditure.

Article 6

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

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

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

CHAPTER 2

Principle of annuality

Article 7

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

Article 8

1. The budget shall contain differentiated and non-differentiated appropriations, which shall consist of commitment appropriations and payment appropriations.

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

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

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

Article 9

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

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

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

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

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

Article 10

1. Appropriations which have not been used at the end of the financial year for which they were entered shall be cancelled.

However, they may, by decision of the management board taken not later than 15 February, be carried over to the next financial year only, in accordance with the paragraphs 2 to 8.

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

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

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

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

6. Appropriations carried over which have not been committed by 31 March of year N+1 shall be automatically cancelled.

Appropriations carried over in this way shall be identified in the accounts.

7. The appropriations available at 31 December arising from the assigned revenue referred to in Article 19 shall be carried over automatically.

The appropriations available corresponding to assigned revenue carried over must be used first.

Article 11

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

Article 12

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

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Article 13

1. As from 15 November of each year, routine administrative expenditure may be committed in advance against the appropriations provided for the following financial year. Such commitments may not, however, exceed one quarter of the appropriations on the corresponding budget heading for the current financial year. They may not apply to new expenditure of a kind not yet approved in principle in the last budget duly adopted.

2. Expenditure which must be paid in advance, for example rents, may give rise to payments from 1 December onwards to be charged to the appropriations for the following financial year.

Article 14

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

2. Commitments may be made per chapter up to a maximum of one quarter of the total appropriations authorised in the chapter in question for the previous financial year, plus one twelfth for each month which has elapsed.

Payments may be made monthly per chapter up to a maximum of one twelfth of the appropriations authorised in the chapter in question for the previous financial year.

The limit of the appropriations provided for in the statement of estimates of revenue and expenditure may not be exceeded.

3. At the request of the director, if the continuity of action by the Community body and management needs so require, the management board may simultaneously authorise two or more provisional twelfths for both commitments and payments over and above those automatically made available by the provisions of paragraphs 1 and 2.

The additional twelfths shall be authorised in full and shall not be divisible.

CHAPTER 3

Principle of equilibrium

Article 15

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

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

3. The Community body may not raise loans.

4. Funds paid to the Community body shall constitute for its budget a balancing subsidy which shall count as prefinancing within the meaning of Article 81(1)(b)(i) of the general Financial Regulation.

Article 16

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

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

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2. If the balance of the outturn account provided for in Article 81 is negative, it shall be entered in the budget for the following financial year.

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

CHAPTER 4

Principle of unit of account

Article 17

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

However, for cash-flow purposes, the accounting officer and, in the case of imprest accounts, imprest administrators, shall be authorised to carry out operations in national currencies as laid down in the financial rules of each Community body.

CHAPTER 5

Principle of universality

Article 18

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

Article 19

1. The following items of revenue shall be used to finance specific items of expenditure:

(a) revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests;

(b) contributions to the Community body's activities from Member States, non-member countries or miscellaneous bodies, in so far as this is provided for in the agreement concluded between the Community body and the Member States, non-member countries or bodies in question.

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

3. The budget shall carry headings to accommodate the categories of assigned revenue referred to in paragraph 1 and wherever possible shall indicate the amount.

Article 20

1. The Director may accept any donation made to the Community body, such as foundations, subsidies, gifts and bequests.

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

Article 21

1. The financial regulation of each Community body shall specify the cases where certain amounts may be deducted from requests for payment, invoices or statements, which shall then be passed for payment of the net amount.

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Discounts, refunds and rebates on invoices and payment requests shall not be recorded as revenue of the Community body.

2. The cost of products or services provided to the Community body shall be charged to the budget for the full ex-tax amount, where they incorporate taxes refunded:

(a) either by the Member States pursuant to the Protocol on the Privileges and Immunities of the European Communities, provided that it applies to the Community body;

(b) or by a Member State or non-member country on the basis of other relevant agreements.

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

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

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

CHAPTER 6

Principle of specification

Article 22

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

Article 23

1. The director may make transfers from one article to another within each chapter.

He/she shall inform the management board as soon as possible of the transfers made pursuant to the first paragraph.

2. The director may make transfers from one title to another and from one chapter to another within a total limit of 10 % of the appropriations for the financial year. Beyond this limit, he/she may propose to the management board transfers of appropriations from one title to another or from one chapter to another within a title. The management board shall have one month in which to oppose such transfers; after this time limit they shall be deemed to be adopted.

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

Article 24

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

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

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CHAPTER 7

Principle of sound financial management

Article 25

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

2. The principle of economy requires that the resources used by the Community body for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.

The principle of efficiency is concerned with the best relationship between resources employed and results achieved.

The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

3. Specific, measurable, achievable, relevant and timed objectives shall be set for all sectors of activity covered by the budget. Achievement of those objectives shall be monitored by performance indicators for each activity and information shall be provided to the management board by the director. This information shall be provided annually and at the latest in the documents accompanying the preliminary draft budget.

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

CHAPTER 8

Principle of transparency

Article 26

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

2. The budget and amending budgets, as finally adopted, shall be published in the *Official Journal of the European Communities* within two months of their adoption.

TITLE III

ESTABLISHMENT AND STRUCTURE OF THE BUDGET

CHAPTER 1

Establishment of the budget

Article 27

1. The budget shall be established in accordance with the provisions of the constituent instrument of that Community body.

2. In accordance with its constituent instrument, the Community body shall send the Commission an estimate of its revenue and expenditure and the general guidelines underlying that estimate, together with its work programme, by 31 March each year at the latest.

3. The estimate of revenue and expenditure of the Community body shall include:

(a) an establishment plan setting the number of permanent and temporary posts authorised within the limits of the budget appropriations, by grade and by category;

(b) where there is a change in the number of persons in post, a statement justifying the request for new posts;

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(c) a quarterly estimate of cash payments and receipts;

(d) information on the achievement of all previously set objectives for the various activities as well as new objectives measured by indicators; evaluation results shall be consulted and referred to as evidence of the likely merits of a proposed budget amendment.

4. As part of the procedure for adopting the general budget, the Commission shall send the Community body's statement of estimates to the budgetary authority and propose the amount of the subsidy for the Community body and the number of staff it considers that the body needs.

5. The budgetary authority shall adopt the establishment plan of the Community body and any subsequent amendment thereto in accordance with Article 32(1).

6. The budget and the establishment plan shall be adopted by the management board. They become definitive after final adoption of the general budget setting the amount of the subsidy and the establishment plan and if necessary the budget and the establishment plan shall be adjusted accordingly.

Article 28

Any amendment to the budget, including the establishment plan, shall be the subject of an amending budget adopted by the same procedure as the initial budget, in accordance with the provisions of the constituent instrument and Article 27.

CHAPTER 2

Structure and presentation of the budget

Article 29

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

Article 30

In so far as it is justified by the nature of the Agency's activities, the statement of expenditure must be set out on the basis of a nomenclature with a classification by purpose. This nomenclature shall be determined by the Community body and shall make a clear distinction between administrative appropriations and operating appropriations.

Article 31

The budget shall show:

1. in the statement of revenue:

   (a) the estimated revenue of the Community body for the financial year in question;

   (b) the estimated revenue for the preceding financial year and the revenue for year $n - 2$;

   (c) appropriate remarks on each revenue line;

2. in the statement of expenditure:

   (a) the commitment and payment appropriations for the financial year in question;

   (b) the commitment and payment appropriations for the preceding financial year, and the expenditure committed and the expenditure paid in year $n - 2$;

   (c) a summary statement of the schedule of payments due in subsequent financial years to meet budget commitments entered into in earlier financial years;

   (d) appropriate remarks on each subdivision.

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Article 32

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

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

However, save in the case of grades A 1, A 2 and A 3, the management board may modify the establishment plan by up to 10 % of posts authorised, subject to two conditions:

(a) that the volume of staff appropriations corresponding to a full financial year is not affected;

(b) that the limit of the total number of posts authorised by the establishment plan is not exceeded.

2. By way of derogation from the second subparagraph of paragraph 1, the effects of part-time work authorised by the appointing authority in accordance with the Staff Regulations may be offset by other appointments.

TITLE IV

IMPLEMENTATION OF THE BUDGET

CHAPTER 1

General provisions

Article 33

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

Article 34

1. The director may delegate his/her powers of budget implementation to staff of the Community body covered by the regulations and rules applicable to officials and other servants of the European Communities (hereinafter referred to as the 'Staff Regulations'), in accordance with the conditions laid down by the financial rules, within the meaning of Article 185 of the general Financial Regulation, adopted by the management board. Those so empowered may act only within the limits of the powers expressly conferred upon them.

2. The delegatee may subdelegate the powers received as provided for in the rules for implementing this Regulation referred to in Article 99. Each act of subdelegation shall require the explicit agreement of the director.

Article 35

1. All financial actors within the meaning of Chapter 2 of this title shall be prohibited from taking any measures of budget implementation which may bring their own interests into conflict with those of the Community body. Should such a case arise, the actor in question must refrain from such measures and refer the matter to the competent authority.

2. There is a conflict of interests where the impartial and objective exercise of the functions of an actor in the implementation of the budget or an internal auditor is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with the beneficiary.

3. The competent authority referred to in paragraph 1 shall be the immediate superior of the member of staff concerned. If the member

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of staff is the director, the competent authority shall be the management board.

Article 36

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

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

CHAPTER 2

Financial actors

Section 1

Principle of segregation of duties

Article 37

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

Section 2

Authorising officer

Article 38

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

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

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

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

The authorising officer shall establish within his/her departments an expertise and advice function designed to help him/her control the risks involved in his/her activities.

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

6. The authorising officer shall conserve the supporting documents relating to operations carried out for a period of five years from the date of the decision granting discharge in respect of implementation of the budget.

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Article 39

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

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

3. Each operation shall be subject of at least one ex ante verification. The purpose of this verification shall be to ascertain that:

(a) the expenditure is in order and conforms to the relevant provisions;

(b) the principle of sound financial management referred to in Article 25 has been applied.

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

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

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

Article 40

1. The authorising officer shall report to the management board on the performance of his/her duties in the form of an annual activity report (hereinafter 'authorising officer's report'), together with financial and management information. This report shall indicate the results of his/her operations by reference to the objectives set, the risks associated with these operations, the use made of the resources provided and the way the internal control system functions. The internal auditor within the meaning of Article 71 shall take note of the annual activity report and any other pieces of information identified.

2. By no later than 15 June each year, the management board shall send the budgetary authority and the Court of Auditors an analysis and an assessment of the authorising officer's annual report on the previous financial year. This analysis and assessment shall be included in the annual report of the Community body, in accordance with the provisions of the constituent instrument.

Article 41

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

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Article 42

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

Section 3

Accounting officer

Article 43

1. The management board shall appoint an accounting officer, covered by the Staff Regulations, who shall be responsible in the Community body for:

(a) proper implementation of payments, collection of revenue and recovery of amounts established as being receivable;

(b) preparing and presenting the accounts in accordance with Title VII;

(c) keeping the accounts in accordance with Title VII;

(d) implementing, in accordance with Title VII, the accounting rules and methods and the chart of accounts in accordance with the provisions adopted by the Commission's accounting officer;

(e) laying down and validating the accounting systems and where appropriate validating systems laid down by the authorising officer to supply or justify accounting information;

(f) treasury management.

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

3. Subject to paragraph 4 of this Article and Article 44, the accounting officer is alone empowered to manage monies and other assets. He/she shall be responsible for their safekeeping.

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

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

Section 4

Imprest administrator

Article 44

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

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

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CHAPTER 3

Liability of the financial actors

Section 1

General rules

Article 45

1. Without prejudice to any disciplinary action, authorising officers by delegation and subdelegation may at any time have their delegation or subdelegation withdrawn temporarily or definitively by the authority which appointed them.

The authorising officer may at any time withdraw his/her agreement to a specific subdelegation.

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

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

Article 46

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

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

Section 2

Rules applicable to authorising officers by delegation and subdelegation

Article 47

1. The authorising officer shall be liable to payment of compensation as laid down in the Staff Regulations. Accordingly, he/she may be required to make good, in whole or in part, any damage suffered by the Communities as a result of serious misconduct on his/her part in the course of or in connection with the performance of his/her duties, in particular if he/she determines entitlements to be recovered or issues recovery orders, commits expenditure or signs a payment order without complying with this Financial Regulation and its implementing rules.

The same shall apply where, through serious misconduct, he/she fails to draw up a document establishing an amount receivable or if he/she fails to issue a recovery order or is, without justification, late in issuing it, or if he/she fails to issue a payment order or is late in issuing it, thereby rendering the agency liable to civil action by third parties.

2. An authorising officer by delegation or subdelegation who considers that a decision falling under his/her responsibility is irregular or contrary to the principles of sound financial management shall inform the delegating authority in writing. If the delegating authority then gives a reasoned instruction in writing to the authorising officer

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by delegation or subdelegation to implement the decision in question, the latter must implement it and may not be held liable.

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

4. The panel set up by the Commission to determine whether a financial irregularity has occurred and what the consequences, if any, should be, in accordance with Article 66(4) of the general Financial Regulation, may exercise the same powers in respect of the Community body as it does in respect of Commission departments, if the management board so decides.

If it does not so decide, the management board shall set up a functionally independent panel that is specialised in this field.

On the basis of the opinion of this panel, the director shall decide whether to initiate disciplinary proceedings or proceedings for the payment of compensation. If the panel detects systemic problems, it shall send a report with recommendations to the authorising officer and to the Commission's internal auditor. If the opinion implicates the director, the panel shall send it to the management board and the Commission's internal auditor.

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

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

Section 3

Rules applicable to accounting officers and imprest administrators

Article 48

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

(a) he/she loses or damages monies, assets and documents in his/her keeping or causes them to be lost or damaged by his/her negligence;

(b) he/she alters bank accounts or postal giro accounts without notifying the authorising officer in advance;

(c) he/she recovers or pays amounts which are not in conformity with the corresponding recovery or payment orders;

(d) he/she fails to collect revenue due.

Article 49

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

(a) he/she loses or damages monies, assets and documents in his/her keeping or causes them to be lost or damaged by his/her negligence;

(b) he/she cannot provide proper supporting documents for the payments he/she has made;

(c) he/she makes payments to persons other than those entitled;

(d) he/she fails to collect revenue due.

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CHAPTER 4

Revenue operations

Section 1

General provisions

Article 50

The Community body shall present to the Commission requests for payment of all or part of the Community subsidy, supported by a cash-flow forecast, under terms and at intervals agreed with the Commission.

Article 51

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

Section 2

Estimate of amounts receivable

Article 52

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

Section 3

Establishment of amounts receivable

Article 53

1. Establishment of an amount receivable is the act by which the authorising officer or authorising officer by delegation:

(a) verifies that the debt exists;

(b) determines or verifies the reality and the amount of the debt;

(c) verifies the conditions in which the debt is due.

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

3. Without prejudice to the provisions laid down in the rules, contract or agreement applicable, any debt not repaid on the due date laid down in the debit note shall bear interest in accordance with the detailed rules for implementation of the general Financial Regulation.

4. In duly substantiated cases, certain routine revenue items may be established provisionally.

Provisional establishment shall cover the recovery of several individual amounts which need not therefore be established individually.

Before the end of the financial year, the authorising officer shall amend the amounts established provisionally to ensure that they correspond to the amounts receivable actually established.

Section 4

Authorisation of recovery

Article 54

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

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Section 5

Recovery

Article 55

1. Amounts wrongly paid shall be recovered.

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

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

Such a waiver shall be by decision of the authorising officer, which must be substantiated. The authorising officer may not delegate such a decision.

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

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

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

Article 56

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

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

Article 57

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

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

Article 58

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

(a) the debtor undertakes to pay interest at the rate specified the detailed rules for implementation of the general Financial Regulation for the entire additional period allowed, starting from the date on which the payment was originally due;

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

Section 6

Specific provisions applicable to fees and charges

Article 59

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

2. As a general rule, the Community body shall provide services by virtue of the tasks entrusted to it only after the corresponding fee or charge has been paid in its entirety.

3. If, by way of exception, a service has been provided without prior payment of the corresponding charge or fee, sections 3, 4 and 5 of this chapter shall apply.

CHAPTER 5

Expenditure operations

Article 60

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

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

3. The work programme of the Community body shall be equivalent to a financing decision for the activities it covers, provided that they are clearly identified and the underlying criteria are spelled out precisely.

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

Section 1

Commitment of expenditure

Article 61

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

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

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

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

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

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

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Article 62

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

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

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

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

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

Article 63

When adopting a budget commitment, the authorising officer responsible shall ensure that:

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

(b) the appropriations are available;

(c) the expenditure conforms to the applicable provisions, in particular those of the constituent instrument, the financial rules of each Community body and all acts adopted pursuant to them;

(d) the principle of sound financial management is complied with.

Section 2

Validation of expenditure

Article 64

Validation of expenditure is the act whereby the authorising officer responsible:

(a) verifies the existence of the creditor's entitlement;

(b) verifies the conditions in which payment is due;

(c) determines or verifies the reality and the amount of the claim.

Article 65

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

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

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

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Section 3

Authorisation of expenditure

Article 66

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

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

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

Section 4

Payment of expenditure

Article 67

1. Payment shall be made on production of proof that the relevant action has been carried out in accordance with the provisions of the basic act within the meaning of Article 49 of the general Financial Regulation or the contract or grant agreement, and shall cover one of the following operations:

(a) payment of the entire amount due;

(b) payment of the amount due in any of the following ways:

(i) prefinancing, which may be divided into a number of payments;

(ii) one or more interim payments;

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

Prefinancing shall count in full or in part against the interim payments.

The entire prefinancing and interim payments shall count against the payment of balances.

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

Article 68

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

Section 5

Time limits for expenditure operations

Article 69

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

CHAPTER 6

IT systems

Article 70

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

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CHAPTER 7

Internal auditor

Article 71

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

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

Article 72

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

He/she shall be responsible:

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

(b) for assessing the suitability and quality of the internal control systems applicable to every budgetary implementation operation.

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

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

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

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

Article 73

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

TITLE V

PROCUREMENT

Article 74

As regards procurement, the relevant provisions of the general Financial Regulation and the detailed rules for implementing that Regulation shall apply.

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TITLE VI

GRANTS AWARDED BY THE COMMUNITY BODY

Article 75

Where the Community body may award grants in accordance with its constituent instrument, the relevant provisions of the general Financial Regulation and the detailed rules for implementing that Regulation shall apply.

TITLE VII

PRESENTATION OF THE ACCOUNTS AND ACCOUNTING

CHAPTER 1

Presentation of the accounts

Article 76

The annual accounts of the Community body shall comprise:

(a) the financial statements of the Community body;

(b) the reports on implementation of the budget of the Community body.

The accounts of the Community body shall be accompanied by a report on budgetary and financial management during the year.

Article 77

The accounts must comply with the rules and be accurate and comprehensive and present a true and fair view:

(a) as regards the financial statements, of the assets and liabilities, charges and income, entitlements and obligations not shown as assets or liabilities and cash flow;

(b) as regards reports on budgetary implementation, of revenue and expenditure operations.

Article 78

The financial statements shall be drawn up in accordance with the generally accepted accounting principles specified in the detailed rules for implementing the general Financial Regulation, namely:

(a) going concern basis;

(b) prudence;

(c) consistent accounting methods;

(d) comparability of information;

(e) materiality;

(f) no netting;

(g) reality over appearance;

(h) accrual-based accounting.

Article 79

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

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

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Article 80

1. The financial statements shall be presented in euro and shall comprise:

(a) the balance sheet and the economic outturn account, which represent the assets and liabilities and financial situation and the economic outturn at 31 December of the previous year; they shall be presented in accordance with the structure laid down by the Council Directive on the annual accounts of certain types of companies, but with account being taken of the specific nature of the Community body's activities;

(b) the cash-flow table showing amounts collected and disbursed during the year and the final treasury position;

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

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

Article 81

The budgetary implementation reports shall be presented in euro. They shall comprise:

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

(b) the annex to the budgetary outturn account, which shall supplement and comment on the information given in that account.

Article 82

The accounting officer shall send to the Commission's accounting officer by no later than 1 March of the following year its provisional accounts, together with the report on budgetary and financial management during the year, referred to in Article 76(7) of this Regulation, so that the Commission's accounting officer can consolidate the accounts as provided for in Article 128 of the general Financial Regulation.

Article 83

1. In accordance with Article 129(1) of the general Financial Regulation, the Court of Auditors shall, by 15 June at the latest, make its observations on the provisional accounts of each institution and each body referred to in Article 185 of the general Financial Regulation.

2. On receiving the Court of Auditors' observations on the provisional accounts of the Community body, the Director shall draw up the final accounts of the Community body, under his/her own responsibility, and send them to the management board, which shall give an opinion on these accounts.

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

4. The final accounts of the Community body shall be published in the *Official Journal of the European Communities* on 31 October of the following financial year.

5. The director shall send the Court of Auditors a reply to the observations made in its annual report by 30 September at the latest.

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CHAPTER 2

Accounting

Section 1

Common provisions

Article 84

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

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

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

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

Article 85

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

Section 2

General accounts

Article 86

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

Article 87

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

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

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

Article 88

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

Section 3

Budgetary accounts

Article 89

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

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

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CHAPTER 3

Property inventories

Article 90

1. The Community body shall keep inventories showing the quantity and value of all the tangible, intangible and financial assets constituting Community property in accordance with a model drawn up by the accounting officer of the Commission.

The Community body shall check that entries in the inventory correspond to the actual situation.

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

TITLE VIII

EXTERNAL AUDIT AND DISCHARGE

CHAPTER 1

External audit

Article 91

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

Article 92

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

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

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

Article 93

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

CHAPTER 2

Discharge

Article 94

1. The European Parliament, upon a recommendation from the Council, shall, before 30 April of year $n + 2$ give a discharge to the director in respect of the implementation of the budget for year n.

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

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

Article 95

1. The discharge decision shall cover the accounts of all the revenue and expenditure of the Community body, the resulting balance and the

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assets and liabilities of the Community body shown in the financial statement.

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

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

Article 96

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

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

TITLE IX

TRANSITIONAL AND FINAL PROVISIONS

Article 97

The time limits referred to in Article 83 shall apply for the first time in respect of budgetary year 2005.

For earlier years these time limits shall be:

(a) 15 September for Article 83(3);

(b) 30 November for Article 83(4);

(c) 31 October for Article 83(5).

Article 98

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

Article 99

The management board shall, as far as is necessary, adopt detailed rules for implementing the financial regulation of the Community body, on a proposal from its director.

Article 100

Once this Regulation has entered into force, each body referred to in Article 185 of the general Financial Regulation shall adopt a new financial regulation in view of its entry into force for 1 January 2003 or, in any event, within six months of the date on which it falls within the scope of the said Article 185, following the granting of a subsidy charged to the general budget.

Article 101

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

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