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## Financial Regulation applicable to the Budget of the European Schools

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Decision of the Board of Governors of 5 September 2017 (written procedure No 2017/46, initiated on 18 August 2017, ended on 5 September 2017) – Document 2017-02-D-13-en-3, Annex 1

### Amended by

1. Decision of the Board of Governors at its meeting of 1-3 December 2020 - Document 2020-02-D-41-en-5
2. Decision of the Board of Governors at its meeting of 8-10 December 2021 - Document 2021-10-D-36-en-3

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**Preamble**

THE BOARD OF GOVERNORS OF THE EUROPEAN SCHOOLS

Having regard to the Convention defining the Statute of the European Schools of 21 June 1994<sup>1</sup> (hereinafter the 'Convention') and in particular Articles 6, 10, 12, 13, 20, 21, 24 and 25 thereof;

Having regard to the Agreement concluded on 7 November 1977 with the European Patent Office, and in particular Articles 2, 3, 4, 8 and 10 thereof;

Whereas account should be taken of the legal and political development of the European Union;

Whereas the powers of the Court of Auditors are determined by Article 287 of the Treaty on the Functioning of the European Union and cannot be limited by this Financial Regulation;

Whereas the effect of the principles of sound financial management resulting from this Regulation will be to provide a rigorous framework for the utilisation of financial resources;

Whereas the management of the Schools should be strengthened in a coordinated and uniform manner, given their geographical dispersion and their number;

Whereas the accountability and transparency of the overall European Schools system should be strengthened and the financial governance reinforced via a centralisation of the Authorising Officer and Accounting Officer functions;

Whereas pursuant to Article 6 of the Convention, each European School is free to manage the appropriations in its own section of the budget under the conditions laid down in the Financial Regulation referred to in Article 13 (1) of the Convention. Therefore, the provisions related to the new financial governance should be established within the framework of the financial autonomy set out in Article 6 of the Convention;

Whereas the Court of Auditors was consulted on 2 December 2016 and delivered its opinion on 30 March 2017; and, for the review conducted in 2020, for which it was consulted on 29 April 2020 and delivered its opinion on 22 October 2020;

Whereas the European Patent Office was consulted on 2 December 2016 and delivered its opinion on 19 December 2016; and, for the review conducted in 2020, for which it was consulted on 29 April 2020 and delivered its opinion on 27 May 2020;

HAS ADOPTED THIS FINANCIAL REGULATION

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<sup>1</sup> *Official Journal L 212* , 17/08/1994 P. 0003 - 0014

**TITLE I**

**GENERAL PRINCIPLES**

**Article 1**

**Scope of the budget**

1. The budget of the European Schools (hereinafter referred to as 'the budget') is the instrument which sets out forecasts of, and authorises in advance, the expected revenue and expenditure of the Schools for each year, in accordance with the structure described in Article 25.
2. For the purposes of this Financial Regulation, the budget of the Schools shall comprise, on a cash basis:
  - a) contributions from the Member States through the continuing payment of the remuneration for seconded or assigned teaching staff and, where appropriate, a financial contribution decided on by the Board of Governors acting unanimously;
  - b) the contribution from the European Union, which is intended to cover the difference between the total amount of expenditure by the Schools and the total of other revenue;
  - c) contributions from non-Union organisations with which the Board of Governors has concluded an Agreement;
  - d) the School's own revenue, notably the school fees charged to parents by the Board of Governors;
  - e) miscellaneous revenue;
  - f) the expenditure of the Schools.
3. References to the Schools shall include the Office of the Secretary-General unless stated otherwise.
4. Where reference is made to the Union this means the European Union.

**Article 2**

**Principle of sound financial management. Principles of economy, efficiency and effectiveness**

Budget appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness.

- a) The principle of economy requires that the resources used by the Schools for the pursuit of their activities shall be made available in due time, in appropriate quantity and quality and at the best price.
- b) The principle of efficiency concerns the best relationship between resources employed and results achieved.
- c) The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.

### Article 3

#### Financial statement

Where proposals submitted to the Board of Governors may have budgetary consequences and/or lead to changes in the number of posts, the Schools shall draw up a financial statement, enabling the budgetary implications of the decisions to be quantified and the Schools' activities to be regularly assessed from the angle of sound financial management.

### Article 4

#### Internal control of budget implementation

1. The budget shall be implemented in compliance with effective and efficient internal control.
2. For the purposes of the implementation of the budget, internal control means a process applicable at all levels of management and designed to provide reasonable assurance of achieving the following objectives:
  - a) effectiveness, efficiency and economy of operations;
  - b) reliability of reporting;
  - c) safeguarding of assets and information;
  - d) prevention, detection, correction and follow-up of fraud and irregularities;
  - e) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the nature of the payments concerned.
3. Effective internal control shall be based on best international practices and include, in particular, the following:
  - a) segregation of tasks;
  - b) an appropriate risk management and control strategy;
  - c) avoidance of conflicts of interests;
  - d) adequate audit trails and data integrity in data systems;

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

4. Efficient internal control shall be based on the following elements:

- a) the implementation of an appropriate risk management and control strategy; coordinated among appropriate actors involved in the control chain;
- b) the accessibility for all appropriate actors in the control chain of the results of controls carried out;
- c) the timely application of corrective measures;
- d) the elimination of multiple controls;
- e) improving the cost-benefit ratio of controls.

#### Article 5

##### Principle of universality. Definition and scope

Without prejudice to Article 8, all revenue and expenditure shall be entered in full without any adjustment against each other. Without prejudice to Article 6, all revenue shall be used to cover all expenditure; revenue shall not be assigned to a specific purpose.

#### Article 6

##### Assigned revenue

Assigned revenue shall be used to finance specific items of expenditure and may not be used for any other purpose. The following shall constitute assigned revenue:

- a) revenue arising from the repayment of amounts wrongly paid against budget appropriations;
- b) insurance payments received;
- c) revenue from the sale of publications;
- d) refunds arising from subsequent reimbursement of taxes – incorporated in the price of the supply of goods or services provided to the Schools – effected by Member States pursuant to the agreements signed by the Member State in which one or more European Schools are located and the Board of Governors;
- e) revenue from third parties in respect of the supply of goods and services against payment;

- f) proceeds from the sale of vehicles, equipment and installations which are being replaced;
- g) donations and subsidies other than those included in the budget.
- h) revenue received from parents for the payment of school trips. A Memorandum of the authorising officer of the European Schools shall specify the trips concerned and detail the particularities of their financial management.

## Article 7

### Donations

1. The Schools may accept donations and subsidies. Where such donations and subsidies are not included in the budget, they may be re-used in accordance with Article 14(3).
2. The Schools may only accept donations which may involve some financial charge subject to prior authorisation from the Board of Governors.
3. Notwithstanding paragraph 1, this revenue, earmarked for a specific purpose, may not be used for any other purpose.

## Article 7 bis

### Corporate sponsorship

1. Corporate sponsorship' means an agreement by which a legal person supports in-kind an event or an activity for promotional or corporate social responsibility purposes.
2. On the basis of specific internal rules, which shall be published on their respective websites, the Schools may exceptionally accept corporate sponsorship provided that:
  - a) there is due regard to the principles of non-discrimination, proportionality, equal treatment and transparency at all stages of the procedure for accepting corporate sponsorship;
  - b) it contributes to the positive image of the Schools and is directly linked to the core objective of an event or of an activity;
  - c) it does neither generate conflict of interests nor concern exclusively social events;
  - d) the event or activity is not exclusively financed through corporate sponsorship;
  - e) the service in return for the corporate sponsorship is limited to the public visibility of the trademark or name of the sponsor;
  - f) the sponsor is not, at the time of the sponsorship procedure, in one of the situations referred to in Articles 136(1) and 141(1) of the Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules

applicable to the general budget of the Union and is not registered as excluded in the database referred to in Article 142(1) of the said financial rules.

3. Where the value of the corporate sponsorship exceeds EUR 5 000, the sponsor shall be listed in a register kept at the School that includes information on the type of event or activity being sponsored and the terms of the sponsorship. The information recorded in this register shall be communicated annually to the Office of the Secretary-General, and it shall be made as well accessible to any interested party, at its request.

## Article 8

### Rules on deductions and exchange rate adjustments

1. By way of derogation from Article 5, the following may be deducted from all payment requests, invoices or statements, which shall then be passed for payment of the net amount:
  - a) fines imposed on parties to procurement contracts;
  - b) adjustment of amounts unduly paid, which may be achieved by means of deduction beforehand when another validation is being effected with regard to the same third party;
  - c) the value of apparatus and equipment for educational, teaching and technical purposes and the value of vehicles, equipment and installations taken in part exchange in accordance with commercial usage upon purchase of new apparatus, vehicles, equipment and installations of the same kind;
  - d) discounts, refunds and rebates on invoices and bills shall not be recorded as separate revenue.
2. Notwithstanding Article 5, repayments made by third parties may be deducted from expenditure in cases where the School has effected a payment for which it is legally liable to its creditors but where all or part thereof has been paid on behalf of those third parties.
3. By way of derogation from Article 5, adjustments may be made in respect of exchange differences occurring in budget operations.

The final gain or loss shall be included in the balance for the year.

## Article 9

### Principle of specification

Appropriations shall be earmarked for specific purposes for the Schools or for the Office of the Secretary-General, by section, class, chapter, article and item.



## Article 10

### Transfers

1. Subject to paragraph 2, authorising officers may initiate transfers from one item to another, from one article to another and from one chapter to another within each budget section. In each School, the Administrative Board shall be informed of these transfers at its next meeting.
2. Transfers from items relating to remuneration and allowances of staff to items relating to other types of expenditure shall be subject to prior agreement of the Administrative Board in so far as the budgetary section of a School is concerned, and to the prior agreement of the Secretary-General in so far as the Office of the Secretary-General is concerned. These transfers shall also be subject to the prior agreement of the Budgetary Committee.
3. Without prejudice to paragraph 2, the Authorising Officer of the European Schools, may implement transfers from one section of the budget to another. The Budgetary Committee shall be informed of these transfers at its following meeting. Where the Authorising Officer of the European Schools and the Authorising Officer by delegation disagree on such transfers, the agreement of the Board of Governors shall be required.
4. Appropriations corresponding to assigned revenue as referred to in Article 6 may be transferred only if such revenue is to be used for the purpose for which it is assigned.
5. No transfer shall be possible from other budget lines to the school trips budget line.
6. Every proposal for a transfer must be duly substantiated. The authorising officer responsible shall certify that the appropriations are available and that the transfer is consistent with the basic principles of implementation of the budget.

## Article 11

### Principle of unity and budgetary accuracy

1. No revenue shall be collected and no expenditure effected unless credited to or charged against an article in the budget, except as otherwise provided for in Article 19, such exceptions remaining, however, subject to the provisions of Title V.
2. No expenditure may be committed or authorised in excess of the authorised appropriations.
3. An appropriation may be entered in the budget only if it is for an item of expenditure considered necessary.

## Article 12

### Principle of annuality. Definition and budgetary accounting for revenue and appropriations

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

3. The revenue of a financial year shall be entered in the accounts for the financial year on the basis of the amounts collected during that financial year.
4. The appropriations authorised for a financial year shall be used solely to cover expenditure properly entered into and paid in the financial year for which they were granted, except as otherwise provided for in Article 14, and to cover the amounts due against commitments from preceding financial years for which no appropriation was carried forward.
5. The commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December.
6. The payments of a financial year shall be entered in the accounts for that financial year on the basis of the payments effected by the accounting officer by 31 December of that year at the latest.
7. By way of derogation from paragraph 4, expenditure resulting from contracts which have been concluded in accordance with local usage for periods going beyond the financial year shall be charged to the budget for the financial year in which it is effected.

#### Article 13

##### Commitment of appropriations

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

#### Article 14

##### Cancellation and carry-over of appropriations

The following rules shall govern the utilisation of appropriations:

1. Appropriations relating to remuneration and allowances of staff may not be carried over to the next financial year.
2. Appropriations in respect of payments still outstanding as on 31 December by virtue of commitments duly entered into between 1 January and 31 December shall be carried over automatically to the next financial year only.
3. Without prejudice to the rules set out in the Memorandum on the management of school trips, unused revenue referred to in Article 6 and available as on 31 December shall be carried over automatically. Such assigned revenue must be re-used before the end of the financial year following that in which the revenue was collected. The accounting system shall include suspense accounts in order to record the re-use of sums in respect of revenue and of expenditure.
4. The following appropriations shall be cancelled at the end of the financial year:
  - a) appropriations carried over automatically which have not been paid;
  - b) unused appropriations for the financial year which have not been carried over.
5. A list of automatic carry-overs shall be annexed to the revenue and expenditure accounts at the end of the financial year.

6. For the purpose of implementing the budget, the utilisation of appropriations carried over shall be shown separately, according to the original nomenclature, in the accounts for the current financial year.
7. Appropriations carried over may not be transferred.

## Article 15

### Rules applicable in the event of late adoption of the budget

1. If the budget has not been definitively adopted at the beginning of the financial year, the provisions stated in paragraphs 2 to 7 of this Article shall apply to commitment and payment of expenditure already approved in principle in the last budget duly adopted.
2. An item of expenditure shall be regarded 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.
3. Commitments may be entered into for up to one quarter of the total appropriations in respect of the relevant chapter for the preceding financial year, account being taken of all transfers, plus one twelfth for each completed month, without exceeding the appropriations provided for in the draft budget drawn up in accordance with Article 21 or, in the absence thereof, in the preliminary draft budget.
4. Payments may be made monthly in respect of any chapter up to one twelfth of the appropriations in respect of the relevant chapter for the preceding financial year, account being taken of all transfers, as long as this measure does not have the effect of placing at the disposal of the European Schools, for any month, appropriations in excess of one twelfth of those provided for in the draft budget drawn up in accordance with Article 21 or, in the absence thereof, in the preliminary draft budget.
5. At the request of the Administrative Board and/or of the Secretary-General, and without prejudice to paragraph 4, the Board of Governors, consulted by means of the written procedure, may, as dictated by administrative requirements, authorise the simultaneous expenditure of two or more provisional twelfths.
6. The decisions referred to in paragraph 5 shall include the requisite measures in respect of revenue for the purposes of this Article.
7. The application of the measures provided for in paragraph 6 may not, with regard to the contribution of the Union, result in the appropriations entered in the general budget of the Union being exceeded.

## Article 16

### Principle of equilibrium

1. Revenue and expenditure shall be in balance.

2. Expenditure may not exceed the amount of the Union contribution, plus own revenue and any other revenue referred to in Article 1. The Union contribution to the Schools shall constitute a balancing contribution for the budget of the Schools.
3. The Schools shall implement rigorous cash management, taking due account of assigned revenue, in order to ensure that their cash balances are limited to duly justified requirements.

## Article 17

### Principle of transparency

1. The budget of the Schools shall be established and implemented and the accounts presented in accordance with the principle of transparency.
2. The budget and the amending budgets, as adopted, shall be published at the initiative of the Secretary-General on the webpage of the Office of the Secretary General within three months of their adoption.
3. The final consolidated accounts and the report on budgetary and financial management shall be published on the webpage of the Office of the Secretary-General.
4. The information on recipients, as well as the nature and purpose of the measure financed from the budget of the Schools as a result of public procurement procedures, shall be made available on the webpage of the Secretary-General in an appropriate and timely manner and with due observance of the requirements of confidentiality and security, in particular the protection of personal data.

Where natural persons are concerned, publication shall be limited to the name and locality of the recipient, the amount awarded and the purpose of the award. As far as personal data referring to natural persons are concerned, the information published shall be removed two years after the end of the financial year in which the funds were awarded.

Publication shall be waived if it risks threatening the rights and freedoms of individuals concerned, as protected by the Charter of Fundamental Rights of the European Union, or harming the commercial interests of the recipients.

The information shall be published no later than 30 June of the year following the financial year in which the funds were awarded.

## Article 18

### Principle of unit of accounts

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

The monthly values of the euro in national currencies shall be used for conversion purposes.

The monthly values for each currency shall be fixed on the basis of the exchange rates on the penultimate working day of the month preceding the one for which the values are being determined, as published in the Official Journal of the European Union, C Series.

Where proposals for commitment of expenditure and establishment of amounts receivable are drawn up in national currencies, they shall be converted into euro at the rates in force during the month in which they were entered in the accounts.

The corresponding payment order and the recovery order must be drawn up in the same currency.

The December euro rates shall be used to calculate commitments still to be paid at the end of the financial year and to determine appropriations to be carried over.

## Article 19

### Extra-budgetary activities

1. The authorising officer of the European Schools shall detail in a Memorandum the activities that fall under the provision of this article. As guiding principles for the decision, he/she shall consider the materiality in terms of the amounts involved and the scope (number of pupils) participating in the activity..
2. Revenue and expenditure related to the activities falling under the scope of the provision shall be recorded in the accounts. The transactions are then subject to the provisions of Title V.
3. New extra-budgetary activities shall be created at the request of the Administrative Board, including a motivated justification for the setting up of the corresponding activity, after approval by the authorising officer of the European Schools.

## **TITLE II**

### **ESTABLISHMENT AND STRUCTURE OF THE BUDGET**

#### **SECTION I**

#### **ESTABLISHMENT OF THE BUDGET**

## Article 20

### Draft budgets of the Schools and of the Office of the Secretary-General

1. The authorising officer of the European Schools shall each year draw up a draft cash-based budget for the Schools and for the Office of the Secretary-General by 28 February at the latest.
2. For this purpose, the authorising officers responsible shall, each year by the end of January at the latest, draw up an estimate of the School's revenue and expenditure for the corresponding section of the budget for the following year (draft budget).
3. Each of the sections shall be preceded by an introduction concerning the objectives and the policy followed by the School and shall include:

- justification for changes in appropriations from one financial year to the next
- changes in the number of staff in post, with a statement justifying such changes and informing about the existing gender balance;
- expected changes in the number of pupils on roll;
- information available on the implementation of the budget for the preceding financial year.

For these purposes, the figures concerning appropriations, staff and pupils, shall include differentiated information concerning:

- current figures, as resulting from the last budget approved;
- changes proposed for the following financial year;
- consolidated figures, including both current figures and the proposed changes.

4. The Administrative Board of each School shall approve the corresponding draft budget by 15 February at the latest and forward it to the authorising officer of the European Schools to effect consolidation of the European Schools' draft budgets by 28 February at the latest, taking into account the possible revisions decided by the Administrative Boards.

## Article 21

### Consolidated draft budget

The consolidated draft budget of the European Schools shall be presented to the Board of Governors by 31 March of each year at the latest and shall:

- consolidate, using a uniform nomenclature, the draft referred to in Article 20(4);
- include an opinion on any differing estimates, accompanied by the reasons therefor;
- include an overview of changes in the number of staff in post, with a statement justifying such changes, and informing about the existing gender balance;
- prepare a general introduction to the preliminary draft budget, containing in particular financial tables covering the entire budget and justifications for the main changes in the appropriations from one financial year to the next by sections and chapters.

For these purposes, the figures concerning appropriations, staff and pupils, shall include differentiated information concerning:

- current figures, as resulting from the last budget approved;
- changes proposed for the following financial year;
- consolidated figures, including both current figures and the proposed changes.

## Article 22

### Approval of the consolidated draft budget

Following examination by the Committee referred to in Article 97, the Board of Governors shall approve the consolidated draft budget of the European Schools by 19 April at the latest and forward it to the European Commission and to the European Patent Office which shall, on that basis, establish the necessary forecasts in their corresponding preliminary draft budgets.

## Article 23

### Adoption of the budget by Contracting Parties

1. During the week following completion of their own budgetary procedures, the European Union institutions and bodies, and the European Patent Office shall communicate the amount of their contributions.
2. If the amount of the contributions communicated by the organisations referred to in paragraph 1 is identical to that provided for in the draft budget in accordance with Article 21, the budget shall be deemed to be adopted.
3. If the amount of the contributions from the organisations referred to in paragraph 1 is different from the amount entered in the consolidated draft budget, the Board of Governors, on the initiative of the authorising officer of the European Schools, shall take the appropriate steps and shall adopt the budget before the start of the financial year concerned.
4. Adoption of the budget shall bind the Contracting Parties referred to in Article 25 of the Convention defining the Statute of the European Schools and the organisations referred to in paragraph 1, to make over the payments and/or services due to the Schools within the requisite time period.

## Article 24

### Amending budgets

1. In the event of unavoidable, exceptional or unforeseen circumstances, the authorising officer of the European Schools may submit a draft amending budget.
2. The draft amending budget shall be treated in the same form and according to the same procedure as the draft budget whose estimate it is amending. It must be substantiated by reference to the latter.
3. The draft amending budget must be approved by the Board of Governors by 15 November of the financial year concerned at the latest.
4. It shall be accompanied by justifications and information available on implementation of the current budget at the time of its establishment. It shall take into account the transfers approved up to the time of its establishment.

5. The decisions referred to in paragraph 3 shall include the requisite measures in respect of revenue for the purposes of this Article.

## **SECTION II**

### **STRUCTURE AND PRESENTATION OF THE BUDGET**

#### Article 25

##### Structure of the budget

1. The budget shall consist of:
  - a) a general statement of revenue and expenditure, together with a summary showing the balance between this revenue and expenditure;
  - b) separate sections subdivided into statements of revenue and expenditure of each School and of the Office of the Secretary-General.
2. Within each section, the items of revenue and expenditure shall be classified, according to their type or the use to which they are assigned, under chapters, articles and items.
3. Each section of the budget may include a 'reserve' chapter. The appropriations entered in this chapter may be used only by means of transfer in accordance with the procedure laid down in Article 10. The appropriations in reserve may not be carried over to the next financial year.
4. The budget document shall contain an explanatory memorandum covering the underlying planning assumptions and commenting on the budgeted income and expenditure items.

#### Article 26

##### Presentation of the budget

The budget shall show in the general statement of revenue and expenditure and in the section for each of the Schools and for the Office of the Secretary-General:

- a) as regards the statement of revenue:
  - the estimated revenue for the financial year in question;
  - 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;
  - appropriate remarks on each revenue item;
- b) as regards the statement of expenditure:
  - the appropriations made available for the financial year in question;



- the appropriations made available for the preceding financial year and the actual expenditure in the last financial year for which the accounts have been closed;
- appropriate remarks on each item;
- c) as regards total staff:
  - in an annex to the budget, a list of posts fixing the number of permanent and temporary posts, full-time and part-time, in each service and, within the service, the nature of the duties. The list of posts shall constitute an absolute limit for each School and for the Office of the Secretary-General; no appointment may be made in excess of the limit set; the list of posts shall show, next to the number of posts authorised for the financial year, the number authorised for the preceding year;
  - appropriate remarks.

### **TITLE III**

## **IMPLEMENTATION OF THE BUDGET**

### **SECTION I**

#### **FINANCIAL ACTORS**

##### **Article 27**

##### **Principle of segregation of duties**

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

##### **Article 28**

##### **Authorising officer of the European Schools**

The role of authorising officer of the European Schools shall be conferred on the Secretary-General.

##### **Article 29**

##### **Powers and duties of the authorising officer of the European Schools**

1. The authorising officer of the European Schools shall be responsible for implementing revenue and expenditure in accordance with the principle of sound financial management and for ensuring compliance with the requirements of legality and regularity.

2. For the purposes of paragraph 1 and in compliance with Article 4 and the Internal Control Standards adopted by the Board of Governors, the authorising officer of the European Schools shall put in place the organisational structure of an Internal Control Capability and the internal control systems suited to the performance of his or her duties. The Internal Control Capability and, in general, the internal control systems and procedures shall be primarily designed to:
  - a) achieve the objectives of the policies, programmes and actions of the Schools and the Office of the Secretary-General in accordance with the principle of sound financial management;
  - b) comply with the rules of Union law and minimum control standards established by Board of Governors;
  - c) safeguard the assets and information of the Schools and the Office of the Secretary-General;
  - d) prevent and detect irregularities, errors and fraud;
  - e) identify and prevent management risks;
  - f) ensure reliable production of financial and management information;
  - g) keep supporting documents relating to and subsequent to budget implementation and budget implementation measures.

The organisational structure of the Internal Control Capability and the definition of its tasks and responsibilities shall be communicated to the Board of Governors.

3. To implement expenditure, the authorising officer of the European Schools shall make budgetary commitments and legal commitments, shall validate expenditure, authorise payments via payment orders and shall undertake the preliminary steps for the implementation of appropriations.
4. 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.
5. The authorising officer of the European Schools shall keep the original supporting documents relating to operations carried out for a period of five years from the date of the decision granting discharge in respect of the implementation of the budget of the European Schools. Nevertheless, documents relating to operations not definitively closed shall be kept until the end of the year following that in which the operations are closed. In any event, the management systems and procedures concerning the keeping of original supporting documents shall be organised so as to ensure that they are kept in an orderly manner and to permit them to be located as necessary at any time. Personal data contained in supporting documents shall be deleted where possible when those data are not necessary for budgetary discharge, control and audit purposes. In any event, as regards the keeping of traffic data, Article 37(2) of Regulation (EC) No 45/2001 shall apply.
6. Within the framework set in this Regulation, the authorising officer of the European Schools shall adopt Memoranda, compulsory for the Schools, setting out the measures for the management of appropriations which seem to him or her to be necessary for the proper implementation of each

section of the budget. In addition, he or she may also issue Memoranda, compulsory for the Schools, where necessary for clarification purposes.

7. The authorising officer of the European Schools shall inform the European Court of Auditors in good time about the appointment and release of authorising officers by delegation, internal auditors and accounting officer, and of any internal rules adopted concerning financial matters.

### Article 30

#### Delegation of budget implementation powers. Authorising officer by delegation and subdelegation.

1. The authorising officer of the European Schools shall delegate the powers of implementation of the budget to an authorising officer by delegation in the Schools and the Office of the Secretary-General. The delegatee may subdelegate the powers received to an authorising officer by subdelegation in his or her School or at the Office of the Secretary-General.
2. The acts of delegation and subdelegation shall specify the members of the staff of the Schools and the Office of the Secretary-General who are authorised to sign instead of the delegator. These acts, accompanied by a specimen of the signature of the member of staff to whom powers have been delegated or subdelegated, shall be communicated to:
  - the delegatee;
  - the accounting officer of the European Schools, who may not effect any payment authorised by non-empowered staff;
  - the Board of Governors, the Budgetary Committee, and the Administrative Boards.
  - the European Court of Auditors.
3. Any (sub)delegation may be terminated in the following cases:
  - fraud or suspicion of fraud;
  - adverse opinions or material weaknesses resulting from audits performed by the European Court of Auditors or from assurance engagements undertaken by the Internal Audit Service or from internal control activities;
  - other analogous circumstances that may seriously compromise the true and fair view the accounts should give on the financial situation of the Schools or the principle of sound financial management.

The acts whereby any (sub)delegation of powers granted is terminated shall be communicated under the same terms established by this Article for the communications of the acts of (sub)delegation.

4. In each school, the role of responsible authorising officer by delegation shall be conferred to the Director of the School.

Each Director may subdelegate the powers received to the Deputy Director for Finance and Administration or the Deputy Director of primary/secondary, except where the Board of

Governors, on the basis of a proposal of the Authorising Officer of the European Schools, decides otherwise.

The acts of delegation/subdelegation shall specify :

- a) the numbers of the article and item of the budget covered by the delegation/subdelegation;
  - b) the budget implementation measures which the authorising officer by delegation/subdelegation may adopt, in particular authorisation to draw up proposals for the establishment of amounts receivable and recovery orders, proposals for the commitment of expenditure and payment orders;
  - c) the amount of budget appropriations which the authorising officer by delegation/subdelegation is authorised to implement;
  - d) where appropriate, the period of delegation/subdelegation.
5. In case of termination of the delegation conferred to the Authorising Officer by delegation of a School, the concerned powers shall be conferred, until a delegation to the new Director is established, to one of the subdelegates mentioned in paragraph 4.
6. The delegations conferred to the Director of the School shall remain valid until a new Director of the School, replacing the former one, is appointed.

However, a new act of delegation shall be established following the appointment.

### Article 31

#### Powers and duties of the authorising officers by delegation and subdelegation

1. The authorising officer by delegation shall report to the authorising officer of the European Schools, without prejudice to the obligation for him or her to report also to the corresponding Administrative Board.
2. For the authorising officers by delegation and subdelegation the powers and duties of the authorising officer of the European Schools defined in Article 29 shall apply mutatis mutandis, except for paragraph 6 of that article.
3. The authorising officers by delegation shall forward any information that the accounting officer needs in order to fulfil his or her duties.
4. Within the framework of this Regulation, the authorising officer of the European Schools and authorising officers by delegation, and as the case may be authorising officers by subdelegation, shall perform their duties in accordance with the Charter describing in detail their tasks, rights and obligations, to be proposed by the Secretary-General and approved by the Board of Governors.
5. In particular, the authorising officer by delegation shall be responsible for putting in place in the corresponding School the organisational structure and the internal control systems suited to the performance of his or her duties, within the general framework defined by the authorising officer of the European Schools as stated in Article 29.

6. Within the scope of the delegated powers the authorising officer by delegation and subdelegation shall take full responsibility for any authorisation granted.

## Article 32

### Ex ante and ex post controls

1. Initiation of an operation shall be understood to mean all the operations which are preparatory to adoption of the acts implementing the budget by the authorising officer responsible.
2. Ex ante control shall comprise a system of checks put in place by the authorising officer responsible in order to verify the operational and financial aspects of operations prior to its execution.
3. Each transaction shall be subject at least to an ex ante control, based on a desk review of documents and on the available result of controls already carried out, relating to the operational and financial aspects of the operation. In addition, the authorising officer responsible may put in place ex post controls to verify operations already approved following ex ante controls. Such ex post controls may be organised on a sample basis according to a risk analysis.

The purpose of the ex ante control shall be to ascertain that:

- a) the expenditure and revenue are in order and comply with the provisions applicable, in particular those of the budget and the relevant regulations and, where appropriate, the terms of contracts;
- b) the principle of sound financial management referred to in Article 2 is applied.

The ex post verifications on documents and, where appropriate, on the spot, shall verify that operations financed by the budget are correctly implemented and, in particular, that there is compliance with the criteria referred to in this paragraph.

4. For a given transaction, the ex ante control shall be carried out by staff other than those who initiated the operation. The staff who carry out the ex ante control shall not be subordinate to the members of staff who initiated the operation.
5. The ex ante controls shall be carried out by staff other than those responsible for ex post controls. The staff responsible for the ex post controls shall not be subordinate to the members of staff responsible for the ex ante controls.
6. All staff responsible for controlling the management of financial operations must have the necessary professional skills. In particular, the members of the staff performing the ex ante control function shall be subject to the Code of Professional Standards approved by the Board of Governors. This code shall determine in respect of matters of internal control:
  - a) the level of technical and financial competence required of the staff performing ex ante controls;
  - b) the obligation for such staff to undergo continuing training;
  - c) the mission, role and tasks allocated to them;

- d) the rules of conduct, in particular the standards of ethics and integrity with which they must comply and the rights that they enjoy.
7. The authorising officer of the European Schools shall put in place the appropriate structures to update periodically, and to distribute to authorising officers by delegation, appropriate information concerning the Internal Control Standards and the Code of Professional Standards and the methods and techniques available for that purpose.

### Article 33

#### Reporting duties of the authorising officers

1. The authorising officers shall implement the budget in accordance with this Regulation and within the limits of the authorised appropriations.
2. Each School and the Office of the Secretary-General shall draw up an annual activity report. The School's annual activity reports shall be approved by the Administrative Boards. After approval by the Administrative Boards, all annual activity reports shall be submitted to the authorising officer of the European Schools by 15 February at the latest.
3. The annual activity reports shall contain financial and management information, including the results of controls, declaring that, except as otherwise specified in any reservations related to defined areas of revenue and expenditure, the authorising officer responsible has reasonable assurance that:
  - a) the information contained in the report presents a true and fair view;
  - b) the resources assigned to the activities described in the report have been used for their intended purpose and in accordance with the principle of sound financial management;
  - c) the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

The annual activity reports shall indicate the results of the operations by reference to the objectives set, the risks associated with those operations, the use made of the resources provided and the efficiency and effectiveness of the internal control systems.

4. The authorising officer of the European Schools shall summarise the Schools' and the Office's annual activity reports and prepare a global annual activity report, which will be submitted to the Board of Governors, by the end of February of the following year. It shall reach conclusions on the achievement of the objectives and implementation of sound financial management. This summary shall also be attached to the consolidated accounts drawn up in accordance with Article 73 that shall be submitted to the Board of Governors no later than 31 July of the following year.
5. Without prejudice to the annual activity report, the authorising officer of the European Schools shall report regularly to the Board of Governors, by mid-July of the corresponding financial year, on the following elements:

- a budgetary statement showing the real consumption of appropriations by budgetary line, their real utilisation rate and an updated projection of this consumption up to the end of the year;
- a summary report on the functioning of the internal control systems in the European School system and on the main findings resulting from the ex post controls that the authorising officers may have put in place in the Schools and at the Office of the Secretary-General.

Any material findings resulting from other controls or audits in the European Schools system shall be reported promptly

#### Article 34

##### Protection of Schools' financial interests

If a member of staff, involved in the financial management and control of transactions, considers that a decision he or she is required by his or her superior to apply or to agree to is irregular or contrary to the principle of sound financial management or the professional rules which that member of staff is required to observe, he or she shall inform the competent authorising officer in writing and, if the latter fails to take action or confirms the initial decision or instruction and the member of staff believes that such confirmation does not constitute a reasonable response to his or her concern, the member of staff shall inform the Secretary-General in writing. For this purpose, failure by an authorising officer to take action shall mean the absence of any reply within a reasonable time period given the circumstances of the case and, at all events, within a maximum period of one month.

In the event of any illegal activity, fraud or corruption which may harm the interests of the Schools or of the Contracting Parties referred to in Article 25 of the Convention defining the Statute of the European Schools, the member of staff shall inform the authorities and bodies designated by the applicable legislation. An appropriate system shall be established via a Memorandum from the Secretary-General for the protection of persons communicating the irregularities referred to under this Article.

#### Article 35

##### Accounting officer

1. The Board of Governors shall appoint an accounting officer for the European Schools, who shall be totally independent in the performance of his or her duties.
2. The accounting officer shall be responsible for
  - properly implementing payments, collecting revenue and recovering amounts established as being receivable;
  - preparing, presenting and keeping the accounts in accordance with Title V of this Regulation;
  - laying down and validating the accounting systems and where appropriate validating systems laid down by the authorising officer to supply or justify accounting information;

in this respect, the accounting officer shall be empowered to verify at any time compliance with validation criteria

- treasury management and their safekeeping; and
- laying down the accounting rules, procedures and the harmonised charts of accounts in accordance with Title V of this Regulation.

3. The accounting officer shall obtain from the authorising officer responsible all the information necessary for the production of accounts which give a fair presentation of the school's financial situation and of budgetary implementation. The authorising officer shall guarantee the reliability of that information.

4. Before the adoption of the accounts as referred to under Article 73.2, the accounting officer shall sign them off, thereby certifying that he or she has reasonable assurance that the accounts give a fair presentation of the financial situation of the European Schools.

For that purpose, the accounting officer shall verify that the accounts have been prepared in accordance with the accounting rules and the accounting procedures, referred to in paragraph 2 of this Article, and that all revenue and expenditure are entered in the accounts.

The authorising officers shall remain fully responsible for the proper use of the funds they manage, the legality and regularity of the expenditure under their control and the completeness and accuracy of the information forwarded to the accounting officer.

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

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

6. Except as otherwise provided for in this Regulation, only the accounting officer shall be empowered to manage cash and cash equivalents. The accounting officer shall be responsible for their safekeeping.

7. The accounting officer of the European Schools may, in the performance of his or her duties, delegate certain tasks to his or her subordinate staff, with the exception of the signature of the consolidated accounts of the European Schools.

The instrument of delegation shall lay down the tasks entrusted to the delegates and their rights and obligations. It shall be communicated to the authorising officer of the European Schools and to the relevant authorising officers responsible.

8. Without prejudice to the possible delegation of tasks, as stated in paragraph 7, the accounting officer may in addition be supported by correspondents, in each School and at the Office of the Secretary-General. They shall be appointed by the respective Administrative Board and by the Secretary-General for the Office of the Secretary-General. The correspondents shall be hierarchically subordinated to the corresponding authorising officers by delegation, but subject from a functional point of view to the accounting standards and procedures issued by the accounting officer. They shall be responsible in particular for the preparation of the provisional individual accounts of the corresponding School or of the Office of the Secretary-General.

9. Within the framework of this Regulation, the respective roles and responsibilities of the accounting officer of the European Schools, of his or her delegates and of the correspondents



shall be set in a Charter of tasks and responsibilities proposed by the Secretary-General and approved by the Board of Governors.

#### Article 36

##### Administrators of imprest accounts

For the payment of certain categories of expenditure, imprest accounts may be set up by the accounting officer following a favourable proposal to that effect from the authorising officer. The decision shall spell out the responsibilities of administrators of imprest accounts, within the general framework established under this Regulation.

#### Article 37

##### Conflict of interests

All financial actors and other persons, including national authorities at any level, involved in budget implementation and management, including acts preparatory thereto, audit or control, shall not take any action which may bring their own interests into conflict with those of the Schools or of the Contracting Parties referred to in Article 25 of the Convention defining the Statute of the European Schools. They shall also take appropriate measures to prevent a conflict of interests from arising in the functions under their responsibility and to address situations which may objectively be perceived as a conflict of interests.

Where such a risk exists, the person in question shall refrain from such action and refer the matter to the authorising officer responsible, who shall confirm in writing whether a conflict of interests is found to exist. Where a conflict of interests is found to exist, the authorising officer responsible shall ensure that the person in question ceases all activity in the matter. If the person in question is an authorising officer by delegation, he or she shall refer the matter to the Secretary-General of the European Schools, who shall act accordingly. Should the person in question be the Secretary-General, the matter shall be referred to the Board of Governors, which will decide thereon.

A conflict of interests exists where the impartial and objective exercise of the functions of a financial actor or other person, as referred to above, is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with the beneficiary.

The Secretary-General shall adopt rules on the prevention and management of conflicts of interests.

## SECTION II

### LIABILITY OF THE FINANCIAL ACTORS

#### Article 38

##### Withdrawal of delegation and subdelegation and suspension of duties given to financial actors

1. Authorising officers by delegation and subdelegation may at any time have their delegation or subdelegation limited or withdrawn temporarily or definitively by the authority which appointed them.

The authorising officer of the European Schools may at any time withdraw his or her agreement to a specific subdelegation.

2. The accounting officer or administrator of imprest accounts, or both, may at any time be suspended temporarily or definitively from their duties by the authority which appointed them.
3. This Article shall be without prejudice to any disciplinary action taken in respect of the financial actors referred to in paragraphs 1 and 2.

#### Article 39

##### Rules on liability applicable to authorising officers responsible

1. The authorising officer of the European Schools shall be liable to disciplinary action and, where appropriate, to payment of compensation, if he or she, whether intentionally or through gross negligence on his or her part
  - a) determines entitlements to be recovered or issues recovery orders, commits expenditure or signs a payment order without complying with this Regulation;
  - b) omits to draw up a document establishing an amount receivable, neglects to issue a recovery order or is late in issuing it or is late in issuing a payment order, thereby rendering the School or the Office of the Secretary-General liable to civil action by third parties.
2. An authorising officer by delegation or subdelegation who considers that a decision, which is his or her responsibility to take, is irregular or contrary to the principle of sound financial management shall inform the delegating authority in writing. If the delegating authority then gives a reasoned instruction in writing to the authorising officer by delegation or subdelegation to take that decision, that authorising officer shall not be held liable.
3. In the event of delegation, the authorising officer of the European Schools shall continue to be responsible for the efficiency and effectiveness of the internal management and control system put in place and for the choice of the authorising officer by delegation.
4. Without prejudice to paragraphs 2 and 3, authorising officers by delegation or subdelegation, for the acts adopted within the framework of the powers conferred, shall render themselves liable to

disciplinary action and, where appropriate, to payment of compensation in the same way as the authorising officer of the European Schools.

#### Article 40

##### Rules on liability applicable to the accounting officer

The accounting officer shall be liable to disciplinary action and, where appropriate, to payment of compensation as regards payments made by him or her in disregard of Article 62.

He or she shall be liable to disciplinary action and to payment of compensation as regards any loss or deterioration of the monies, assets and documents in his or her keeping where such loss or deterioration results from an intentional mistake or serious negligence on his or her part.

Subject to the same conditions, he or she shall be responsible for the correct execution of orders received by him or her in respect of the use and the administration of bank accounts, and in particular:

- a) where the recoveries or payments made by him or her do not agree with the amounts on the corresponding recovery or payment orders;
- b) where he or she effects payment to a party other than the payee entitled;
- c) and where he or she fails to collect revenue due.

#### Article 41

##### Rules on liability applicable to administrators of imprest accounts

Administrators of imprest accounts shall be liable to disciplinary action and, where appropriate, to payment of compensation in the following cases:

- a) where they cannot show due warrant with proper documents for payments made by them;
- b) where they effect payments to parties other than entitled payees;
- c) where they fail to collect revenue due.

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

#### Article 42

##### Decisions on payment of compensation and disciplinary action

Pursuant to Articles 39, 40 and 41 and in the event of clear irregularities:

1. the liability to payment of compensation and disciplinary action of the authorising officer of the European Schools, authorising officers by delegation or subdelegation and the accounting officer shall be determined by the Board of Governors;
2. the liability to payment of compensation and disciplinary action of administrators of imprest accounts shall be determined by the Administrative Board and/or the Secretary-General;
3. a civil or criminal action may be brought against the persons referred to in points 1 and 2 in the courts of competent jurisdiction at the instigation of the Board of Governors, of the Administrative Board or of the Secretary-General.

#### Article 43

The Schools and the Office of the Secretary-General shall be allowed a period of two years from the date when the account for revenue and expenditure is submitted to take a decision on the final discharge to be given to the accounting officer for the transaction relating thereto.

### **SECTION III**

#### **INTERNAL AUDITING FUNCTION**

#### Article 44

##### Establishment of an internal audit function

The Board of Governors shall establish an internal auditing function, which shall be performed in compliance with the relevant international standards with the objective of verifying the proper operation of budgetary implementation systems and procedures.

#### Article 45

##### Appointment of an internal auditor and scope of mission

1. The Board of Governors may appoint as internal auditor, by virtue of their particular competence, a person covered by the Regulations for the Members of the Seconded Staff of the European Schools chosen from nationals of the Member States. If the internal auditor is a member of the seconded staff, he or she shall assume responsibility in accordance with the conditions laid down in the said Staff Regulations.
2. The Board of Governors shall provide the internal auditor with the resources required for the proper performance of his or her audit function and a mission charter detailing his or her tasks, duties and obligations.
3. The internal auditor shall adopt his or her work programme and shall submit it to the Board of Governors for approval. The Board of Governors may however request the internal auditor to carry out audits not included in the work programme.

Article 46Tasks and duties of the internal audit function. Independence and liability

1. The internal auditing function shall consist of advising the Board of Governors 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.

This function shall include in particular:

- a) assessment of the suitability and effectiveness of internal management systems and the performance of the Schools and the Office of the Secretary-General in implementing their activities by reference to the risks associated with them;
  - b) assessment of the suitability and quality of the internal control and audit systems applicable to every budgetary implementation operation.
2. This function shall be carried out in relation to all the activities and departments of the Schools and the Office of the Secretary-General, with full and unlimited access to all information required to perform these duties, if necessary with on-the-spot access.
  3. On completion of each audit, a report shall be produced for the attention of the Secretary-General and of the Board of Governors setting out the findings and recommendations. The Secretary-General and the Board shall ensure that action is taken on recommendations resulting from audits.
  4. An annual audit report shall be produced by the end of February of the year following the financial year concerned, indicating the number and type of audits carried out, the principal recommendations made and the action taken on those recommendations, and shall be forwarded to the Secretary-General and to the Board of Governors, which shall communicate it to the Court of Auditors.
  5. The internal auditor shall enjoy complete independence in the conduct of his or her audits. He or she may not be given any instructions nor be restricted in any way as regards the performance of the functions which, by virtue of his or her appointment, are assigned to him or her under this Regulation.
  6. Should the Board of Governors have appointed a person subject to the Regulations for Members of the Seconded Staff of the European Schools as internal auditor, the Board of Governors alone, proceeding in accordance with this Article, may act to have the internal auditor declared liable for his or her actions.

The Board of Governors shall take a reasoned decision to open an investigation. That decision shall be communicated to the interested party. The Board of Governors shall appoint the person in charge of the investigation. In the course of the investigation, the views of the interested party shall be heard.

The investigation report shall be communicated to the interested party, who shall then be heard by the Board of Governors on the subject of that report. On the basis of the report and the hearing, the Board of Governors shall adopt either a reasoned decision terminating the

proceedings or a reasoned decision imposing disciplinary measures, ranging from a written warning to removal from post.

This decision shall be notified to the interested party and communicated, for information purposes, to the Court of Auditors.

## SECTION IV

### REVENUE OPERATIONS

#### Article 47

##### Estimate, establishment and approval of recovery

1. All measures which may give rise to or modify an amount being owed to the European Schools must be approved by the authorising officer responsible. Such transactions, once approved, shall be forwarded to the accounting officer for provisional registration. They shall mention, in particular, the type of revenue, the estimated amount thereof, the budget heading to which it is to be booked and the name and description of the debtor. The purpose of approval by the authorising officer shall be to establish that:
  - a) the revenue is booked to the correct budget item;
  - b) the proposal is in order and conforms to the relevant provisions, in particular of the budget and of the regulations and also of all acts implementing the Statutes, Protocols and Agreements concluded, and to the principle of sound financial management. Forward proposals shall be strictly limited to items of current revenue.
2. Where the document or the decision of the authorising officer responsible giving rise to a future amount receivable does not yet enable the amount or the due date of this amount receivable to be determined, the proposal shall nevertheless be drawn up: it shall, as far as possible, indicate the estimated amount and the foreseeable due date. The proposal shall be forwarded to the accounting officer for provisional registration of the amount receivable.
3. The authorising officer responsible shall approve, in respect of every amount receivable established, a recovery order. Such recovery orders shall be registered by the accounting officer. The purpose of approval shall be to establish that:
  - a) the revenue is booked to the correct budget item;
  - b) the order is in order and conforms to the relevant provisions;
  - c) the supporting documents are in order;
  - d) the debtor is correctly described;
  - e) the due date is indicated;
  - f) the order conforms to sound financial management;

g) the amount and currency of the sum to be recovered are correct.

4. The accounting officer shall initiate the recovery procedure by requesting the debtor to pay the sum owed on the due date. On receipt of payment, the accounting officer shall draw up a revenue order, which shall be recorded in the accounts and, where appropriate, shall make provision for the corresponding appropriations. The authorising officer responsible shall be informed by the accounting officer that the amount receivable has been recovered.
5. Should an amount receivable not be recovered within the time limit set for payment, the accounting officer shall take all the necessary steps to initiate the recovery procedure by having recourse to legal proceedings.
6. Before the end of the financial year the authorising officer responsible shall submit to the accounting officer any changes to the forward proposals, so that the latter will tally with the amounts receivable actually established.

#### Article 48

##### Rules on recovery

1. The accounting officer shall assume responsibility for the recovery of amounts receivable duly established by the authorising officer responsible. The accounting officer shall exercise due diligence to ensure that the revenue due to the Schools is recovered by the due dates indicated in the recovery orders and shall ensure that the Schools' rights are safeguarded.

The accounting officer shall inform the authorising officer responsible of any revenue not recovered within the time limit set in the specific rules applicable to each particular case. Where necessary, he or she shall initiate the recovery procedure.

2. If the authorising officer responsible plans to waive or partially waive the recovery of an established amount receivable, he or she shall send the corresponding approval for waiver to the accounting officer for information.

The purpose of approval by the authorising officer shall be to ensure that the waiver is in order and is in accordance with the principle of sound financial management. The proposal concerned shall be registered by the accounting officer.

Any proposal that the right to recover an established amount receivable be waived shall mention in particular the nature, the estimated amount involved, the budget item to which the revenue was to have been booked, the grounds for the proposed waiver and the name and description of the debtor.

3. In accordance with Article 47(4), the authorising officer responsible must be notified at the earliest opportunity whenever an amount receivable is collected. Where collection does not result from a recovery order drawn up in accordance with Article 47, the corresponding amount shall immediately be recorded on the credit side of a suspense account and the authorising officer responsible shall be requested to initiate the procedure for establishment of the amount receivable and to issue the missing recovery order so that the amount can be booked to the correct budget item and that, where appropriate, provision for the corresponding appropriations

can be made. If a sum collected in error proves to have been credited to an account referred to above, the said sum shall be repaid at the earliest opportunity.

When the accounting officer finds that a document establishing an amount receivable has not been drawn up, or that a sum has not been recovered, he or she shall inform the Administrative Board and/or the Secretary General thereof.

#### Article 49

##### Entry in the accounts

1. Recovery orders and proposals shall be entered in the accounts in such a way as to guarantee comprehensive monitoring of all amounts receivable, enabling the following in particular to be established:
  - measures taken which may give rise to an amount receivable;
  - the amounts of amounts receivable to be recovered;
  - the due date of these amounts receivable;
  - amounts receivable recovered;
  - non-recoveries, even though the amounts receivable have fallen due.

#### Article 50

##### Compulsory use of bank accounts

Payments to the Schools shall be effected through a bank account.

#### Article 51

##### Contributions from Contracting Parties

Estimates of the own resources and of the contributions of the Contracting Parties referred to in Article 25 of the Convention defining the Statute of the European Schools shall be entered in the budget. They shall be made available in accordance with the decisions taken by the Board of Governors or with Articles 52 and 53 of this Regulation.

#### Article 52

##### Contribution from the European Union budget

The contribution from the European Union budget referred to in Article 1 (2) shall be paid as follows:

- six twelfths of the amount shown in the budget not later than 15 January of year N,



- four twelfths not later than 15 June of year N,
- the remaining twelfths not later than 15 November of year N, account being taken of real requirements.

The last payment of this contribution shall be made on the basis of a call for funds supported by the following documents:

- a financial statement closed on 15 September of year N;
- a budgetary statement, showing the consumption of appropriations by budget line, their utilisation rate and an updated projection of this consumption up to the end of the year.

These documents shall be provided by the accounting officer to the European Union no later than 22 September of year N.

### Article 53

#### Contributions from the European Patent Office

The contribution from the European Patent Office referred to in Article 2 of the Agreement of 7 November 1977 concluded with the Board of Governors shall be paid, pursuant to Article 3 of the said Agreement, in advance in equal quarterly instalments. The documents referred to in Article 52 of this Regulation shall be submitted in support of the call for this contribution.

## **SECTION V**

### **EXPENDITURE OPERATIONS**

### Article 54

#### Commitments of expenditure

1. All measures which may give rise to expenditure chargeable to the budget must be preceded by a proposal for the commitment of expenditure from the authorising officer responsible containing the information provided for in Article 55. A provisional commitment may be entered into in respect of current expenditure.
2. In the case of provisional budgetary commitments the authorising officer shall be responsible for checking that individual legal commitments do not exceed the provisional budgetary commitment covering them.

Provisional budgetary commitments may only give rise to appropriations carried over automatically subject to the conditions laid down in Article 14 in so far as they correspond, at the end of the financial year, to financial obligations actually entered into before the deadlines prescribed by this Regulation.

3. The procedure for implementing paragraph 1 shall ensure that an exact account is kept of commitments and authorisations, in accordance with real requirements.

4. If, for certain measures which may give rise to expenditure, it is not yet possible to put an exact figure on the expenditure at the time when the commitment proposal pertaining thereto is communicated to the accounting officer, the authorising officer must estimate the expenditure and give details, in his or her commitment.

## Article 55

### Approval of commitments of expenditure

1. Proposals for commitments, accompanied by the supporting documents, shall be transmitted to the authorising officer responsible for approval and to the accounting officer for information; they shall show, in particular, the purpose of the expenditure, the estimated amount involved, the budget item to which it is to be charged and also the name and description of the creditor; they shall be registered by the accounts department of the School or the Office of the Secretary-General. Registration should make it possible to establish, at all times, by budget item or heading, the amounts of commitments entered into, the payments pertaining thereto which have been effected, the balance of the commitments still to be paid and the appropriations available.
2. The purpose of approval for commitments of expenditure given by the authorising officer responsible 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 the relevant provisions, in particular to the budget and the regulations, and to all acts implementing the Agreements and Statutes;
  - d) the principle of sound financial management is respected.
3. Approval shall not be conditional.
4. The approval given by the authorising officer responsible shall be equivalent to a certificate for the purposes of points (a) to (d) of paragraph 2.

## Article 56

### Validation of expenditure

1. Validation of expenditure is the act whereby the authorising officer responsible shall:
  - verify the existence of the creditor's entitlement,
  - determine or verify the reality and the amount of the claim,
  - verify the conditions under which payment is due.
2. Validation of any expenditure shall be subject to the submission of supporting documents showing the creditor's entitlement and the service rendered, supplies actually delivered or works actually carried out or the existence of a document justifying payment.

3. The authorising officer empowered to validate expenditure shall personally check the supporting documents or shall, on his or her own responsibility, ascertain that this has been done.
4. Remuneration and allowances shall be validated in accordance with collective statements drawn up by the department in charge of personnel, except where individual validation is necessary.

## Article 57

### Authorisation of expenditure

1. Authorisation of expenditure is the act by which the authorising officer responsible, having verified that the appropriations are available, instructs the accounting officer, by issuing a payment order, to pay an amount of expenditure which the authorising officer responsible has validated.
2. When drawing up payment orders the authorising officer responsible shall ensure that:
  - a) the payment order has been properly issued;
  - b) the payment order corresponds to the commitment of expenditure and the amount thereof is correct;
  - c) the expenditure is charged to the correct item in the budget;
  - d) the appropriations are available;
  - e) the supporting documents are in order;
  - f) the payee is correctly named and described.
3. The payment order shall state:
  - a) the financial year against which the payment is to be charged;
  - b) the budget article and any other subdivision that may apply;
  - c) the amount to be paid, expressed in euro;
  - d) the name, address and bank account details of the payee;
  - e) the purpose of the expenditure;
  - f) the method of payment, wherever possible.

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

4. The payment order shall be accompanied by the original supporting documents. These documents shall be certified or accompanied by a certificate confirming the correctness of the amounts to be paid, the receipt of the supplies and the performance of the service together with, if appropriate, the entry of the goods in the inventories referred to in Article 82.
5. The payment order shall show the numbers of the relevant commitment approvals. Copies of supporting documents, certified as true copies by the authorising officer responsible may, in some cases, be accepted in place of the originals.

## Article 58

### Supporting documents

In relation with the supporting documents referred to in Article 56(2) and Article 57(4), the following shall apply:

1. As regards supplies in general, the following shall be considered to be valid supporting documents:

- the invoice drawn up by the supplier, accompanied, where appropriate, by one of the copies of the document from which the obligation of the School or the Office of the Secretary-General results.

At all events, the document drawn up by the supplier shall indicate

- the nature and quantity of the supplies or, if appropriate, a description of the services rendered relating thereto;
- the unit price and the total price;
- details of exemption from taxes; where appropriate, the amount of the taxes and customs duties relating to the goods supplied and included in the price.

This document or a document annexed thereto shall be endorsed 'certified correct' by the authorising officer responsible or the member of staff authorised by him or her, establishing:

- due reception of the goods supplied and the date and place thereof;
- acceptance of delivery in the inventory, whenever entry of the supply of goods in the inventory is required;
- checking of all the data shown on the invoice.

2. As regards the provision of services, the invoice drawn up by the company or person providing such services shall be considered to be a valid supporting document.

This document shall:

- give the nature of the service provided, the unit price if appropriate, the total price, details of exemption from taxes or, as far as possible, the amount of the taxes relating to the service provided and included in the price;
- carry the endorsement 'certified correct', signed by the authorising officer responsible or the member of staff authorised by him or her, certifying that the service has been performed and that all the data shown on the invoice have been checked.

3. As regards study and research contracts, the valid supporting document shall be considered to be the invoice drawn up by the contractor, accompanied where appropriate by:

- a) a copy of the contract and any amendments thereto, to be attached to the first payment order;

- b) any document which, in accordance with the financial provisions appearing in the contracts, justifies the corresponding payments.

All payments shall be accompanied by a document carrying the endorsement 'certified correct', signed by the authorising officer responsible or the member of staff authorised by him or her.

4. As regards staff expenditure, the following shall be considered to be supporting documents:
  - a) for monthly salaries:
    - A full list of staff, specifying all the remuneration components. The list must be attached to the payment order.
    - A form (personal data sheet) which, whenever necessary, shows all changes to any remuneration component. The form shall be drawn up on the basis of the decisions taken in each specific case.
    - In cases of recruitment or appointment, a certified true copy of the recruitment or appointment decision shall accompany validation of the first payment.
  - b) for other remuneration (staff paid on an hourly or daily basis):
    - a statement drawn up by the authorising officer responsible indicating the days' and hours' attendance.
  - c) for overtime:
    - a statement signed by the authorised person, certifying the overtime worked.
  - d) for mission and training expenses:
    - the travel order, duly signed by the authorising officer responsible.
    - the 'mission expenses claim form', indicating in particular the place of assignment, dates and times of arrival at and departure from the place of assignment, travelling and subsistence expenses, other duly authorised expenses, on production of supporting documents; the claim form must be signed by the person who went on mission and by the authorising officer responsible.
  - e) for other staff expenditure:
    - the supporting documents which refer to the decision on which the expenditure is based and to all the calculation data.
5. Where a single document is submitted in support of several payments, all the payment orders shall include a reference to the original document.
6. With the exception of the cases provided for in paragraphs 1 to 4, where it is not possible to submit an original supporting document, a certified true copy may be substituted by the authorising officer responsible, who shall set out the grounds which prevented submission of the original and certify that payment has not taken place.

## Article 59

### Payment in instalments

For payments in instalments, the first payment order shall be accompanied by documents establishing the creditor's claim to payment of the instalment in question, including a certified true copy of the contract. Subsequent payment orders shall refer to the supporting documents already furnished in all the previous instalments, and repeat the reference number of the first payment order.

## Article 60

### Granting of advances

1. The authorising officer responsible may grant advances to personnel if the Staff Regulations or a rule drawn up by the Secretary-General specifically provide therefor.
2. In addition to the advances referred to in paragraph 1, the authorising officer responsible may grant advances to cover expenditure to be effected by a member of staff on behalf of the School or the Office of the Secretary-General. This expenditure may be incurred as a result of a specific assignment or connected with probable expenditure whose nature or amount is unspecified.

The granting of such advances and the appointment of the member of staff responsible shall be the subject of a decision by the authorising officer responsible, specifying the nature of the expenditure, the amount of the advance and the length of its use, and referring to the commitment proposal covering the expenditure

The member of staff appointed shall be responsible for the money placed at his or her disposal and shall take all appropriate steps to ensure its safekeeping.

Within ten days of completion of the project for which the advance was granted he or she shall send the accounting officer a detailed report on the use made of it and shall pay back any balance.

Within six weeks of the same date the authorising officer shall validate the advance to enable the suspense account which was opened when it was granted to be settled.

## Article 61

### Sending of a payment order to the accounting officer

After issuing a payment order the authorising officer responsible shall send it, together with all supporting documents, to the accounting officer.

## Article 62

### Payment of expenditure

1. Payment is the final action where by the School concerned and the Office of the Secretary-General is discharged of its obligations towards its creditors.
2. Payments shall be made by the accounting officer within the limits of the funds available.
3. Payments shall be effected as a general rule through a bank account by electronic means. Payments/reimbursements in cash can only be allowed exceptionally, subject to the conditions set out in an ad hoc Memorandum from the Secretary-General.
4. Payments shall carry the signature on bank transfer orders of two authorised officials, one signature necessarily being that of the accounting officer, or an administrator of an imprest account.
5. By way of exception to the rule laid down in paragraph 4 in cases where an effective link is put in place between the accounting software and electronic banking payment systems, payments may be executed with the sole signature of the accounting officer.
6. The Schools and the Office of the Secretary-General shall forward to all the financial institutions with which accounts have been opened the names and specimen signatures of the members of staff appointed by them who are authorised to sign execution of payments from the said accounts, together with any limit on the amounts authorised for payment by each of these members of staff.

### Article 62bis – Type of payments

Payment shall be made on production of proof that the relevant action is in accordance with the contract or agreement and shall cover one or more of the following types of operations:

- a) payment of the entire amount due;
- b) interim payments as a counterpart of a partial execution of the action or partial performance of the contract or agreement;
- c) pre-financing as a payment of funds to a contractor in advance of the fulfilment of service or provision of goods for transactions for which pre-financing is common market practice, such as travels (school trips), patents and licenses and procurements with high start-up costs, such as work contracts, and exceptionally in well-justified cases.

## Article 63

### Suspension of payments

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

time limit for payment. The creditor concerned shall be informed in writing of the reasons for such suspension.

2. If payment is suspended, the accounting officer shall give the reasons for his or her decision in a written statement, which he or she shall send forthwith to the authorising officer responsible.
3. Except where the validity of the discharge is contested, the authorising officer responsible may place the matter before the Administrative Board and/or the Secretary-General. This authority may require, in writing, and on its own responsibility, that payment be effected.

## Article 64

### Imprest accounts

1. For the payment of certain categories of expenditure, imprest accounts may be set up. The maximum amount which may be paid by the administrator of imprest accounts shall not exceed EUR 60 000 for each item of expenditure.
2. The setting up of imprest accounts shall be the subject of a decision by the accounting officer of the European Schools, on a proposal from the authorising officer responsible.
3. The appointment of an administrator of imprest accounts shall be the subject of a decision by the accounting officer of the European Schools, on a proposal from the authorising officer responsible. Within the framework defined by this Regulation, the decision on the appointment shall spell out the responsibilities of the administrator of imprest accounts.
4. Without prejudice to paragraph 1, the decision creating an imprest account shall determine in particular:
  - a) the maximum amount of the imprest which may be advanced;
  - b) the opening, if need be, of a bank account on behalf of the School concerned or of the Office of the Secretary-General;
  - c) the nature and maximum amount of each item of expenditure which may be paid without prior authorisation;
  - d) the intervals at which supporting documents shall be produced and the procedures therefor;
  - e) the procedures for the possible reconstitution of the imprest;
  - f) the time period within which the imprest account's operations must be settled.

Payments may only be effected on the basis of and within the limit of prior commitments, approved by the authorising officer responsible.

5. Each administrator of imprest accounts shall be responsible in relation to the authorising officer for initiating payment of debts owed to third parties and in relation to the accounting officer for effecting payments.



He or she shall keep accounts of the money at his or her disposal and of expenditure incurred, in accordance with the accounting officer's instructions, and shall take all appropriate steps to safeguard the money at his or her disposal.

6. Only the accounting officer may replenish imprest accounts.
7. Without prejudice to other possible controls performed on the basis of this Regulation, the accounting officer must check himself or herself, or have checked under his or her responsibility, as a general rule on the spot and without prior warning, the existence of the money entrusted to administrators of imprest accounts and the keeping of accounts.

The accounting officer shall inform the authorising officer of the results of his or her checks.

## **SECTION VI**

### **MANAGEMENT OF POSTS**

#### Article 65

##### Establishment plan

Within each School and the Office of the Secretary-General the following shall be established:

- a) a table of staff;
- b) an organisation chart with a diagram of the organisation of the departments.

## **TITLE IV**

### **PROCUREMENT**

#### Article 66

##### General provisions

1. As far as procurement is concerned, Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, or the Regulation replacing it, shall apply subject to paragraphs 2 to 5 of this Article.
2. The Schools and the Office of the Secretary-General shall be deemed to be contracting authorities.
3. The European Schools may be associated, at their request, as contracting authority, in the award of any inter-institutional contracts of the European Commission, a Union Institution, executive agency or Union body.

For the purpose of the first subparagraph of paragraph 3 Article 165 of Regulation (EU, Euratom) 2018/1046 shall apply mutatis mutandis.

4. The European Schools may conclude a contract or a Service-level agreement, without having recourse to a public procurement procedure, with the Commission, the inter-institutional offices and the Translation Centre for bodies of the European Union established by Council Regulation (EC) No 2965/94 for the supply of goods, provision of services or performance of work that the latter provide. The European Schools shall report annually to the Board of Governors on the contract and Service-level agreements concluded on the basis of this provision.
5. The European Schools may be associated as contracting party in joint procurement procedures with contracting authorities of the host Member State to cover its administrative needs, or of the other Member States provided that the subject matter of the joint procurement is within the framework of their linguistic or cultural sections. In such case, Article 165 of Regulation (EU, Euratom) 2018/1046 shall apply mutatis mutandis.
6. For contracts with a value between EUR 1.000 and 5.000, a simplified procedure of payment against invoice may be carried out. A list of such purchases shall be submitted to the Administrative Boards of the European Schools and for the OSG to the Secretary-General. The list shall contain the name of the contractor, the amount legally committed and the subject matter of the contract, having due regard to the requirements of data protection.

## **TITLE V**

### **PRESENTATION OF THE ACCOUNTS AND ACCOUNTING**

#### **SECTION I**

#### **PRESENTATION OF THE ACCOUNTS**

##### **Article 67**

##### **Structure of the accounts**

The annual accounts of the European Schools shall be prepared for each financial year which shall run from 1 January to 31 December. Those accounts shall comprise the following:

- a) individual financial statements of the Schools and of the Office of the Secretary-General and consolidated ones, which present the consolidation of the financial information contained in the financial statements of the Schools and of the Office of the Secretary-General;
- b) individual and consolidated reports on implementation of the budget.

Article 68Accounting principles and rules governing the accounts

1. The accounting officer shall adopt accounting rules based on internationally accepted accounting standards for the public sector. The accounting officer may deviate from those standards if he or she considers this necessary in order to give a fair presentation of the assets and liabilities, charges, income and cash flow. Where an accounting rule diverges materially from those standards, the notes to the financial statements shall disclose this fact and the reasons therefor.
2. The budget implementation reports referred to in Article 67 (b) shall respect the budgetary principles laid down in this Regulation. They shall provide a detailed record of budget implementation. They shall record all revenue and expenditure operations provided for in this Title and give a fair presentation thereon.
3. The accounting rules referred to in paragraph (1) shall lay down the structure and content of the financial statements, as well as the accounting principles underlying the accounts.

Article 69Financial statements

1. The financial statements referred to in Article 67 shall present information, including information on accounting policies, in a manner that ensures it is relevant, reliable, comparable and understandable. The financial statements shall be drawn up in accordance with generally accepted accounting principles as outlined in the accounting rules referred to in Article 68.
2. The financial statements shall be presented in euro and shall comprise:
  - a) the balance sheet, which presents all assets and liabilities, and the financial situation on 31 December of the preceding financial year;
  - b) the statement of financial performance, which presents the economic result for the preceding financial year;
  - c) the cash-flow statements showing amounts collected and disbursed during the year and the final treasury position;
  - d) the statement of changes in net assets presenting an overview of the movements during the year in reserves and accumulated results;
  - e) a comparison between the budget and the accrual amounts.
3. The notes 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 the accounting rules referred to in Article 68 and the internationally accepted accounting practice, where such information is relevant to the activities of the European Schools.

The notes shall contain at least the following information:

- a) accounting principles, rules and methods;
- b) explanatory notes supplying additional information not contained in the body of the financial statements, which is necessary for a fair presentation of the accounts.

## Article 70

### Budget implementation reports

The budget implementation reports shall be presented in euro on a cash basis. They shall consist of:

1. a table of revenue including:
  - estimated revenue for the financial year
  - amendments to the revenue estimates as a result of amending budgets;
  - revenue collected during the financial year;
  - entitlements still to be collected from the preceding financial year;
  - entitlements established in the course of the financial year;
  - amounts still to be collected at the end of the financial year.

Where appropriate, a statement shall be attached to these tables showing the balances and the gross payments arising from the transactions referred to in Article 6.

2. tables showing expenditure, including changes in appropriations for the financial year, indicating, in accordance with the budget nomenclature:
  - initial appropriations;
  - any changes made by means of amending budgets;
  - any changes made to appropriations by means of transfers;
  - final appropriations for the financial year;
  - commitments entered into and chargeable to the financial year;
  - payments made and chargeable to the financial year;
  - settlement of the commitments of the financial year and calculation of the sums still to be paid at the close of that financial year;
  - appropriations carried over under Article 14;
  - cancelled appropriations.

Where appropriate, a statement shall be attached to these tables showing separately refunds of taxes (VAT) – incorporated in the prices of products and services provided to the Schools – effected by Member States.

3. tables showing use of the appropriations carried over from previous financial years, indicating:
  - settlement of sums still to be paid at the close of the preceding financial year and calculation of the sums still to be paid at the end of the current financial year;
  - the amount unused for the following financial year;
  - the amount cancelled;
  - a document showing the operations of the Reserve Funds.
4. The structure of the budget implementation reports shall be the same as that of the budget itself.

#### Article 71

##### Provisional individual accounts

The accounting correspondents shall submit the provisional individual accounts to the accounting officer by 1 March of the following financial year at the latest.

#### Article 72

##### Provisional consolidated accounts

The accounting officer shall send the provisional consolidated accounts to the Court of Auditors by 1 May of the following year at the latest. They shall be accompanied by the provisional individual accounts of all the Schools and of the Office of the Secretary-General.

#### Article 73

##### Final individual accounts and final consolidated accounts

1. The Court of Auditors shall, by 1 July, make its observations on the provisional accounts of the European Schools.
2. On receiving the Court of Auditor's observations on the provisional accounts of the European Schools, the accounting officer, on the basis of information presented pursuant to Article 35, shall draw up:
  - individual final accounts, which shall be submitted by 25 July, at the latest, for the approval of the corresponding Administrative Board, or of the Secretary-General in the case of the Office of the secretary-General, by 7 September.
  - consolidated final accounts, for all the Schools and the Office of the secretary-General, not later than 15 September of the following year.

The final accounts, both the individual and the consolidated ones, shall be accompanied by a note drawn up by the accounting officer, in which the latter declares that the final accounts were prepared in accordance

with this Title and with the accounting principles, rules and methods set out in the notes to the financial statements.

3. The Secretary-General shall forward the final consolidated accounts with all the supporting documents, the financial analysis and the balance sheet to the Board of Governors, the European Commission, the European Patent Office and the Court of Auditors of the European Union by 15 September at the latest.
4. The final consolidated accounts shall be published on the website of the European Schools and be available to the general public by 30 November.

#### Article 74

##### Provision of financial and budgetary information to the Court of Auditors. Court of Auditors' right of access

The provisions set out under the other Articles of this section shall be understood without prejudice to the possibility of the Court of Auditors to request at an earlier stage provisional individual accounts of certain Schools or of the Office of the Secretary-General, and, in general, to the access that shall be granted to the Court of Auditors to the sites and premises of the Schools and of the Office of the Secretary-General, and to all data and information, including data and information in electronic format, needed in order to conduct its functions. In particular, the information to be provided to the Court of Auditors in accordance to Article 73.3 shall include as well the minutes of the deliberations of the Administrative Boards concerning the approval of the corresponding individual accounts.

## **SECTION II**

### **ACCOUNTING**

#### Article 75

##### The accounting system

1. The European Schools' accounting system shall serve to organise the budgetary and financial information in such a way that figures can be entered, filed and registered.
2. The accounting system shall comprise two separate parts:
  - budgetary accounts and extra-budgetary accounts;
  - general accounts.
3. The accounts shall be kept in euro by the double-entry method, on the basis of the calendar year.
4. The accounts shall show all revenue and expenditure for the financial year. They shall be authenticated by supporting documents. The statement of financial performance and the balance sheet shall be drawn up in euro.

Article 76The general accounts

1. 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 European Schools, on the basis of the accruals principle. They shall enable the state of the assets and liabilities of the School and of the Office of the Secretary-General to be determined.
2. Balances and movements in the general accounts shall be entered in the accounting ledgers.
3. All accounting entries shall be based on supporting documents, to which the entries shall refer.
4. The accounting system shall be such as to leave a clear audit trail for all accounting entries.
5. The accounting plan for the general accounts shall be drawn up using a decimal classification system.
6. The accounting scheme shall comprise the following classes:
  - Class 1: Fixed capital accounts
  - Class 2: Fixed assets accounts; Depreciations
  - Class 3: Stocks accounts
  - Class 4: Third party accounts; Accruals; Deferrals
  - Class 5: Financial accounts
  - Class 6: Expenditure accounts
  - Class 7: Revenue accounts
  - Class 8: Profit and loss accounts
  - Class 9: Transfers pending.
7. Each class shall comprise groups (two-figure), which shall be divided into subgroups (three-figure), themselves subdivided into accounts (five-figure).
8. Class 4 'Third party accounts' shall record all operations concerning relations with third parties and adjusting entries.

The main groups in class 4 shall be as follows:

- advances to staff,
- accounts between Schools and between Schools and the Office of the Secretary-General,
- miscellaneous debtors and creditors,
- money to be transferred,
- revenue and expenditure to be booked,

- suspense accounts for re-use,
- set-off accounts,
- value-added tax (VAT) to be recovered,
- balances to be collected or overpayments.

9. Class 5 'Financial accounts' shall record movements of assets, cash, bank transactions and transactions carried out by administrators of imprest accounts. A separate account shall be opened for each bank account, each cash fund and each imprest account.

The main groups in class 5 shall be as follows:

- securities deposits,
- cash funds,
- bank accounts,
- administrators of imprest accounts.

10. Class 6 'Expenditure accounts' shall record the gross amount of the expenditure shown in the budgetary accounts.

Separate accounts shall be opened for expenditure relating to:

- appropriations for the current financial year,
- appropriations carried over,
- appropriations for remaining commitments.

11. Class 7 'Revenue accounts' shall record the amount of the collections shown in the budgetary accounts.

Separate accounts shall be opened for collections of:

- entitlements established for the current financial year,
- still to be effected for previous financial years.

12. Class 8 'Profit and loss accounts' shall show the results for the financial year.

13. Within the framework of the accounting rules, procedures and the harmonised charts of accounts laid down by the accounting officer as provided for in Article 35, each School shall have a uniform accounting plan, drawn up on the basis of the accounting scheme outlined in paragraphs 6 to 12 of this Article, with groups, subgroups and accounts according to the specific needs of their management. The Office of the Secretary-General may create, within the same scheme, groups, subgroups and accounts specific to it.



## Article 77

### Operation of the accounting plan for the general accounts

1. The accounts shall enable a general balance of accounts to be drawn up, i.e. a statement of all the assets and liabilities, including settled accounts, with, for each of them:
  - the account number,
  - the name,
  - total debits,
  - total credits,
  - the balance.
2. Balances and movements in the general accounts shall be entered in the accounting ledgers.
3. All accounting entries, including adjustments to the accounts, shall be based on supporting documents, to which the entries shall refer.
4. The accounting system shall be such as to leave a clear audit trail for all accounting entries.
5. The accounts shall enable the balances of third party accounts to be analysed in detail.
6. Suspense accounts shall be examined on a permanent basis and shall be cleared as soon as possible, at the latest within the time periods laid down in Article 60.
7. Suspense accounts for re-use shall enable the re-use of revenue operations provided for in Article 6 to be monitored and the statement provided for in the second subparagraph of Article 70(1) and (2) to be drawn up.
8. The financial accounts (bank) shall be kept in national currencies and euro. Amounts expressed in national currencies shall be converted on the basis of the rates established in accordance with Article 18.

## Article 78

### Accounting adjustments

The accounting officer shall, after the close of the financial year and up to the date of presentation of the general accounts, make any adjustments which, without involving disbursement or collection in respect of that year, are necessary for a true and fair presentation of those accounts. Such adjustments shall comply with the accounting rules referred to in Article 68.

## Article 79

### Budgetary and extra-budgetary accounts

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

These accounts shall include an annual balance of accounts and a quarterly statement of revenue and expenditure by chapter, article and item. These statements shall be forwarded to the authorising officer responsible.

2. The budgetary accounts shall record for each subdivision of the budget:
  - the initial appropriations, the appropriations entered in supplementary or amending budgets, transfers of appropriations and the total appropriations thus available;
  - entitlements established and the sums collected in the financial year;
  - the commitments entered into and payments effected in the financial year.
3. Separate accounts shall be opened to show the utilisation of appropriations carried over and sums still to be collected.
4. The accounts may be itemised for the purpose of determining analytical results.
5. The accounts shall be kept in books, or on sheets, or using any data processing means.
6. The extra-budgetary accounts shall record revenue and expenditure in accordance with Article°19.

## Article 80

### Advances

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

However, the advances referred to in the second and third paragraphs of Article 60 shall be settled as a general rule within six weeks following completion of the project for which they were granted, except in duly justified circumstances.

## Article 81

### Closure of accounts

The accounts shall be closed at the end of the financial year to enable a balance sheet for the School and the statement of financial performance referred to in Titles V and VI to be drawn up. The balance sheet and the statement of financial performance of the School shall be submitted to the Administrative Board and to the authorising officer responsible.

## SECTION III

### PROPERTY INVENTORIES

#### Article 82

##### The inventory

1. Permanent inventories showing the quantity and value of all movable and immovable property belonging to the School shall be kept in accordance with a model drawn up by the accounting officer.

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

2. All movable property shall be entered in those inventories and recorded in the fixed assets accounts where:
  - it is subject of a minimum purchase price or production cost higher than that indicated by the accounting procedures referred to in Article 35,
  - it will be used for more than a year,
  - and it is not classified as a consumer good.
3. For each item of property acquired, entries in the inventory, of which acknowledgements of receipt form an integral part, should provide a suitable description and specify its location, the date of acquisition and the unit cost.
4. The Schools shall carry out their own inspection to ascertain that entries in the inventory correspond to the physical facts, enabling there to be centralised control every three years, a copy being forwarded to the Office of the Secretary-General.

#### Article 83

##### Procedure for sale of movable property

The sale of movable property shall be suitably advertised locally when the unit purchase value amounts to EUR 6 000 or more. Nevertheless, where such an operation has no particular advantages on account of the cost of advertising, the sale need not be advertised.

Apart from sales by public auction, members of the School's staff may not acquire any movable property resold or otherwise disposed of by the said School.

## Article 84

### Procedure for disposing of movable property

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

The statement or record shall refer in particular to any obligation that may devolve on a member of staff, a pupil of the School or any other person to replace the item in question.

## Article 85

### Entry of items in the inventory

All acquisitions of movable or immovable property as defined in Article 82 shall, before payment, be entered in the permanent inventories.

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

## TITLE VI

### EXTERNAL AUDIT AND DISCHARGE

#### **SECTION I**

#### **EXTERNAL AUDIT**

## Article 86

### Annual report of the Court of Auditors

1. The Court of Auditors shall transmit to the authorising officer of the European Schools by 1 July any observations which are, in its opinion, such that they should appear in the annual report. Those observations shall remain confidential and shall be subject to an adversarial procedure.

The replies of the authorising officer of the European Schools shall be forwarded to the Court of Auditors by 15 October at the latest.

2. The observations of the Court of Auditors and the replies that have been sent to it shall be drawn to the attention of the Administrative Boards and of the Board of Governors, which at its meeting in the first quarter of the following calendar year, shall examine them and make its own comments and recommendations.

3. The Court of Auditors shall transmit to the Board of Governors, as authority responsible for giving the discharge foreseen on Article 87, by 30 November, its annual report accompanied by the replies.

## **SECTION II**

### **DISCHARGE**

#### Article 87

##### Discharge procedure

1. The Board of Governors shall give a discharge to the authorising officer of the European Schools and to the Administrative Boards, for their respective responsibilities, normally before 30 April of the year following the submission of the Court of Auditors' report.
2. With a view to granting the discharge, the Board of Governors shall examine the annual activity report, the accounts and the financial statements of the European Schools. It shall also examine the annual report made by the Court of Auditors, together with the replies of the authorising officer of the European Schools.

#### Article 88

##### Follow-up measures

1. The authorising officer of the European Schools shall take all appropriate steps to act on the comments appearing in the decisions giving discharge.
2. At the request of the authorising officer of the European Schools, the authorising officers by delegation shall report on the measures taken in the light of these comments and, in particular, on the instructions given to those of their departments which are in charge of implementation of the budget. Such reports shall also be submitted to the Court of Auditors.

## **TITLE VII**

### **RESERVE FUNDS**

#### Article 89

##### Maintenance of Reserve Funds

1. A centralised Reserve Fund for the Office of the Secretary-General and all the Schools, with the exception of the European School of Munich, shall be maintained by the transfer, at the end of each financial year, of all or part of the balance of revenue, after carry-overs have been covered, on the revenue and expenditure accounts as approved by the Secretary-General and the

Administrative Boards, in order for the centralised Reserve Fund to reach the volume determined under Article 90.

2. A Reserve Fund for the European School of Munich shall be maintained by the transfer, at the end of each financial year, of all or part of the balance of revenue, after carry-overs have been covered, on the revenue and expenditure account, as approved by the Administrative Board of the School, in order for the Reserve Fund for the School of Munich to reach the volume determined under Article 90.

#### Article 90

##### Volume of Reserve Funds

1. The Reserve Fund referred to in Article 89(1) may not exceed 1% of total budget appropriations for the preceding financial year.
2. The Reserve Fund referred to in Article 89(2) may not exceed 1% of total budget appropriations for the preceding financial year.

#### Article 91

##### Administrative surplus

Should the administrative surplus transfer result in the limits referred to in Article 90 being exceeded, the balance of these surpluses shall be entered as budget revenue for the next financial year, under the item 'administrative surplus'.

#### Article 92

##### Purpose of Reserve Funds

1. The Reserve Funds thus constituted shall be designed to compensate for temporary shortages of funds.
2. By a decision of the Board of Governors, these Funds may also be used to provide revenue to cover an amending budget necessitated by expenditure of an exceptional and unforeseen nature.

#### Article 93

##### Authorisation of use of Reserve Funds

1. Pursuant to Article 92(1), use, on a written proposal from the authorising officer by delegation, of the Reserve Fund referred to in Article 89(1) shall be subject to a duly substantiated decision by the authorising officer of the European Schools. Prior to taking a decision he or she shall ensure that
  - a) funds are available in the Reserve Fund,

- b) the temporary shortage of funds is genuine,
  - c) the shortage is due to circumstances beyond the control of the Schools and the Office of the Secretary-General.
2. In the event of the same circumstances arising in respect of the European School of Munich, use of the Fund shall be subject to a duly substantiated decision by the authorising officer of the European Schools and the Administrative Board of the School.
  3. A statement of changes in Reserve Funds shall be produced for every financial year to illustrate any changes in the said Funds during the corresponding period.

#### Article 94

##### Winding-up of Reserve Funds

1. Should the Reserve Fund referred to in Article 89(1) be wound up, the remaining balance shall be transferred to the general budget of the European Union.
2. Should the Reserve Fund referred to in Article 89(2) be wound up, the remaining balance shall be transferred to the European Patent Office.

### **TITLE VIII**

#### **EXPERTS**

#### Article 95

##### Selection procedure for experts

1. For values below the thresholds laid down in the applicable rules on procurement in accordance with Article 66 for use of the open procedure with publication in the *Official Journal of the European Union*, external experts may be selected on the basis of the procedure laid down in paragraph 2 of this Article. Such experts shall be authorised to offer their services to the Schools or to collaborate with them and shall be paid on the basis of a fixed amount announced in advance, to be defrayed by the Schools or by a third party, for the performance of tasks in a specific area of expertise.
2. A call for expressions of interest shall be published in particular in the Official Journal of the European Union or on the website of the School or of the Office of the Secretary-General in order to ensure maximum publicity among potential candidates and with a view to establishing a list of experts. The call for expression on interest shall include a description of the tasks, their duration and the fixed conditions of remuneration. The list drawn up following the call for expressions of interest shall be valid for no more than five years. Any interested natural person may submit an application at any time during the period of validity of the list, with the exception of the last three months of that period.

3. External experts shall not appear on the list referred to in paragraph 2 of this Article if they are in one of the situations of exclusion from participation in procurement defined in the applicable rules on procurement in accordance with Article 66.
4. External experts appearing on the list referred to in paragraph 2 shall be selected on the basis of their ability to perform the tasks referred to in paragraph 1 and in accordance with the principles of non-discrimination, equal treatment and absence of conflict of interests.

## **TITLE IX**

### **CHECKS AND VERIFICATIONS PERFORMED BY OLAF**

#### **Article 96**

##### **Inspections by OLAF**

1. The European Anti-Fraud Office (OLAF) shall have the power to carry out administrative investigations in the European Schools, including the right of access for inspection according to the procedures laid down by Union law for the protection of the financial interests of the Union against fraud and other irregularities.
2. Pursuant to Council Regulation (Euratom, EC) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests, Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspection carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities and Regulation (EC) No 883/2013 of the European Parliament and the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF), OLAF may also carry out on-the-spot checks and inspections related to fraud cases or any other irregularity detrimental to the financial interests of the European Schools or of the Contracting Parties referred to in Article 25 of the Convention defining the Statute of the European Schools, and in accordance with the procedures laid down by Union law for the protection of the financial interests of the Union against fraud and other irregularities. Where appropriate, the conclusions of the investigation performed by OLAF may lead to recovery by the competent authorities.

## **TITLE X**

### **TRANSITIONAL AND FINAL PROVISIONS**

#### **Article 97**

##### **Assistance to the Board of Governors**

The Board of Governors shall be assisted by the Budgetary Committee.



## Article 98

### Review of Internal Control Standards and Code of Professional Standards

The Internal Control Standards and the Code of Professional Standards, referred to in Articles 29 and 32 respectively, shall be subject to review whenever this proves necessary, taking account in particular of relevant changes made to the text of this Regulation.

## Article 99

### Review of the Financial Regulation

This Regulation shall be subject to revision. Without prejudice to the particularities of the European Schools and, in particular, their financial autonomy, the Office of the Secretary-General will review this Regulation and revise it as necessary, reporting on the matter to the Board of Governors, in order to ensure its prompt alignment, where applicable, with the Financial Regulation applicable to the general budget of the European Union, within 2 years of the latter's revision and entry into force, as and when such revision may occur. Notwithstanding the foregoing, this Regulation shall be the subject of a review by the Office of the Secretary-General, which shall report on the matter to the Board of Governors, every three years at the latest or at any other earlier time it may prove necessary.

## Article 100

### Entry into force and applicability

This Financial Regulation with the Modifications approved by the Board of Governors at its meeting on December 2021, and set out under Articles 19, 23, 60, 62bis, 66, 70, 73 (French translation), and 87 shall enter into force and apply as from 1 January 2022.

The modifications of Articles 6 related to assigned revenue, 10 related to transfers, and 14 related to the carry-overs shall enter into force on 1 January 2023.