

European Schools
Office of the Secretary-General

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Report of the Working Group on the Revision of the Financial Regulation

Board of Governors

Berlin, 4th-6th April 2017

I.- Introduction: Modifications approved by the Board of Governors at December 2014 and mandate given for further review

I.1. Modifications approved by the Board of Governors at December 2014.

The Board of Governors, at its meeting of December 2014, approved a substantial review of the Financial Regulation (document 2014-10-D-21-en-2). The main lines of this review, in accordance with the mandate given by the Secretary-General to the working group on the review to address some very important recommendations issued by the Court of Auditors and the IAS, were the following:

- a) the adoption of an accrual based accounting system for the accounts of the European Schools, and the clarification of the applicable accounting framework and of the responsibilities on the preparation of the financial statements.
- b) revision of Procurement Rules, taking into account in particular the latest changes made in the procurement rules applicable to the European Institutions.
- c) revision of the role and responsibilities of the central Financial Control Unit, implying, in particular, a shift of the function from ex ante financial control (to be decentralised to the Schools, after implementation of appropriate rules for segregation of duties on financial circuits) to ex post financial control.
- d) revision and reinforcement of the Rules on Payment Procedures.

I.2. Mandate for further review of additional matters to be analysed as from 2015.

In addition to the approval of the above detailed modification of the Financial Regulation and its Implementing Rules, it was also agreed by the Board of Governors for the working group on the revision to get an extension of its mandate, in principle up to April 2016, in order to further analyse some remaining items, mentioned below, proposed by the consulted bodies or identified during the revision process, which it was concluded would require additional discussion. The referred to items were mainly:

-revision of the role of the Accounting Officer of the OSG.

-analysis of the role and responsibilities of the Secretary-General regarding financial management of the OSG (possible appointment as Authorising Officer etc.) and possible creation of a governing body for budgetary decisions concerning the OSG, equivalent to the Administration Boards of the Schools.

-revision of the rules related to imprest accounts.

-analysis of the different budgetary principles stated on the Financial Regulation applicable to the general budget of the European Union and their possible applicability and effects in the framework of the European Schools.

-analysis of substantive comments included in the contribution of the DG Budget of the European Commission –document Ref. Ares(2014)3662270 -04/11/2014-, mainly referring to global financial governance.

For this purpose, the following new composition of the working group was set by the Secretary-General:

- two members of the Budgetary Committee representing the Member States, being invited in practise the current and previous Presidency, (as from September 2016, Mr Maiwald/Ms Tramer, Germany -Presidency of Budgetary Committee- and Ms Lundeloft/Ms Dahl, Denmark –former Presidency-);
 - a representative of the Commission (Mr De Bongnie);
 - a representative of the Directors (Mr Goggins);
 - a representative of the Administrator-Bursars (Mr Cattari);
 - the Head of the Unit Accountancy at the OSG (Mr Escudero)
 - the financial Controller (Mr Villatoro).
 - the deputy financial Controller (Mr Lazaridis)
- the assistant to the financial Control unit (Mrs Georgiou), as assistant to the meetings.

The Internal Control Coordinator of the European Schools, Ms Spitzer, attended also regularly the meetings.

Members of the Internal Audit Service and of the DG Budget of the European Commission were also invited to participate in the meetings of the Working Group.

II.- The work done by the Working Group for the review as from 2015. The question of the Global Financial Governance of the European Schools as an item identified for specific additional in depth analysis.

To analyse the mentioned subjects, the Working Group on the review met three times during 2015 (30th April, 10th September and 16th December). After the discussions held at these meetings, it considered that in order to properly analyse the full scope of the expected review, and in particular the question of the global financial governance of the European Schools (namely the detailed comparison between the models: 1 single central Authorising Officer, as in the Commission, versus 15 local Authorising Officers, as in the European Schools, and of 1 Central Accounting Officer -Commission-, versus 15 local Accounting Officers -European Schools-), taking into account the complexity of the matter and the substantial potential

implications for the European Schools System, it is deemed appropriate that the working group, chaired by the financial controller, could get an extension of the mandate up to April 2017. This extended mandate would also cover a refund of the texts of the Financial Regulation, its Implementing Rules and the Internal Rules of the Budgetary Committee, as agreed in principle by the members of the working group in line with former recommendations of the Court of Auditors in this sense. The Board of Governors at its meeting in April 2016 (document 2016-03-D-11-en-2) supported this approach and the following concrete calendar:

- the working group presents a first proposal to the Budgetary Committee (BC) at its meeting in November 2016. If the BC does not have remarks, the text is submitted for consultation to the Court of Auditors and to the European Patent Office, and to any other body considered appropriate by the Secretary-General or by the Presidency of the Working Group.

- once the Working Group receives the opinion of the abovementioned bodies, it considers the needed adjustments to the initial text, to prepare a final proposal. (this final proposal would also include the proposed additions to be made in the text of the new Financial Regulation coming from the text of the existing Implementing Rules).

- the said final proposal is submitted to the BC March 2017 for opinion, and subsequently to the Board of Governors April 2017 for final approval.

III.- Preliminary Conclusions of the Working Group and consultation to relevant bodies

In line with the abovementioned calendar, after the discussions held at the Budgetary Committee of November 2016 and subsequent meeting of the Working Group on the 16th November 2016, a preliminary report of the Working Group (document 2016-10-D-34-en-2) was submitted for consultation on the 2nd December 2016 to the Court of Auditors and to the European Patent Office, as recorded in the Preamble of the Financial Regulation. Consultation was also made with the same date to the Internal Audit Service of the European Commission (IAS) and to the legal services of the Office of the Secretary-General. Additionally, a consultancy engagement was commissioned to the company PWC on the "Assistance in the implementation of a proposed model of centralized financial governance". On the basis of this consultation process:

- the opinion of the European Patent Office was received on the 9th January 2017. This document is attached as annex 3.

- the opinion of the IAS was received on the 9th February. Document Ares(2017)725985 "Note to the SG of ES - Review of the Financial Regulation of the European Schools (FR)", which is attached as annex 4.

- the opinion of the lawyers of the OSG was received on the 10th February 2017. This document is attached as annex 5

- the consultancy report issued by PWC on the 24th February 2017 is attached as annex 6.

-finally, annex 7 includes the preliminary report of the Working Group on the review (document 2016-10-D-34-en-2) presented at the Board of Governors held at December 2016 and on the basis of which the abovementioned opinion of the consulted bodies was requested.

It is to be underlined that the opinion of the Court of Auditors on the intended review, contrary to expected, is still not available, being expected its issuance, according to the latest available information, only by the end of March-beginning of April 2017. Nevertheless, informal remarks received from the Court, mainly about some Articles on new Titles V “Presentation of the Accounts and Accounting” and Title VI “External Audit and Discharge” are already considered in the text.

IV. New proposed text for the Financial Regulation applicable to the Budget of the European Schools

On the basis of the abovementioned preliminary conclusions of the Working Group and opinion of the consulted bodies, the following are the main lines of the agreed changes proposed in the text of the Financial Regulation, on the following 3 main blocks of the review: 1. Financial Governance; 2. Budgetary Principles; 3 Procurement. The concretion of these proposed changes in the text of the Financial Regulation is stated under annex I attached, which takes also on board a refund in a single text of the Rules for Implementing the Financial Regulation (document 2014-12-D-11).

IV.1 Financial Governance:

Within the Financial Governance heading, the main purpose of the review is a reinforcement of the sound financial management for the whole European Schools system via a reinforced accountability at central level (newly created functions of central Authorising Officer and Central Accounting officer on Section I of Title III “Financial Actors”, Articles 27-37), without minoring the existing responsibilities at the local level of the Schools and of the OSG. More concretely:

-Centralisation of the function of Authorising Officer for the European Schools, as from 1st January 2020, on the person of the Secretary-General who would appoint authorising officers by delegation on each School and on the OSG. The Authorising Officer of the European Schools, among other important additional tasks and responsibilities, shall prepare then a global Annual Activity Report for the whole European Schools System. This substantially increased accountability of the Secretary-General should be accordingly supported via a reinforcement of the Internal Control function, both centrally and at the level of the Schools, so that the central Authorising Officer may have the sufficient assurance about the legality and regularity of the financial management at the Schools and at the OSG to sign a global declaration of assurance for the whole European Schools system. For this purpose of support to the central Authorising Officer it is also proposed the creation of the new position of Director of Finance and Administration who, among other functions, could assume the function of Authorising Officer by delegation for the OSG.

-Centralisation of the function of Accounting Officer for the European Schools, gradually as from 1st January 2018, on a newly created position for that purpose, to be appointed directly by the Board of Governors to reinforce her/his independence, in line with the opinion of the Court of Auditors. This central Accounting Officer should sign the consolidated accounts of the European Schools as from the financial year 2018, thereby certifying that she/he has reasonable assurance about the fact that the consolidated accounts give a true and fair view of the financial situation and performance of the system on the corresponding period (without prejudice to the appropriate reservations that could be made on the basis of the accounting process still not fully centralised during the transitory period 2018-2020). This function of central Accounting Officer would be supported by accounting correspondents at the level of the Schools and of the OSG, in line with the model currently applied in the European Commission. It should be mentioned that the accounting correspondents will not sign off the individual accounts of the Schools (corresponding also this responsibility to the Accounting Officer of the European Schools), and that they will carry out their work from the functional point of view in accordance with the accounting standards and procedures issued by the Accounting Officer of the European Schools, while being hierarchically subordinated to the corresponding authorising officer by delegation (Article 35).

IV.2 Budgetary Principles:

On this matter (recorded mainly under new Title I “General Principles”, Articles 1-19), the purpose is the clarification and rationalisation of the existing rules and their coordination with the equivalent rules in the Financial Regulation of the European Union (e.g. introduction of the rules related to the principles of equilibrium, transparency etc). Also a proposal is included to modify the timing for the provision of the contribution of the budget of the European Union to the budget of the European Schools with a view to simplification and facilitation of treasury management at the level of the Schools (reduction of the number of tranches in the payments of the Commission, new Article 52).

IV.3 Procurement :

In this field (new Article 66) a complete alignment is proposed with the procurement rules of the European Union, without prejudice of definition of some relevant particularities (e.g. recognition of the Schools and of the OSG as the relevant contracting authorities). This change is intended to facilitate that applicable procurement rules are always in line with those of the Union, without additional period needed for the adoption at the European Schools level. It is also expected an additional support for the Schools in this field via the corresponding helpdesk of the Commission. Nevertheless the provision giving the possibility, under certain circumstances for the Schools not to issue invitations to tenders but to adhere themselves to an already established contract between a public contracting authority (public organisation, the Commission, or the European Patent Office) and a contractor (company/supplier), under the same terms and conditions included in the contract and upon the agreement of the contractor, is maintained in the new text. This possibility applies for low and middle value contracts (up to 134. 000 euro). This flexibility for low and middle value contracts would reduce the

administrative workload of the Schools securing at the same time that certain procedures and rules have been applied.

IV.4 Merge of the Implementing Rules with the text of the Financial Regulation:

Finally, the scope of the review includes also, in line with the abovementioned mandate, a refund of the texts of the Financial Regulation, with its Implementing Rules (document 2014-12-D-11), as far as compatible the latest text with the new proposed text for the Financial Regulation on the basis of the substantial changes explained above.

V. Financial implications

The Working Group considers that there would be important financial implications linked with the proposed review of the Financial Regulation, which are related under annex 2.

VI. Opinion of the Budgetary Committee

The Budgetary Committee expressed a favourable opinion on the centralisation principles, on the new financial governance concept and on alignment of the rules with those of the European Union. Nevertheless, the European Commission (EC) requested that Article 101 be revised. The EC did, however, wonder about the resources which would be required for this project. It also called for the possibility of redeployment of any posts freed up by centralisation of the function of accounting officer to be explored. In addition, it called for there to be separation between the posts which were actually due to centralisation and those associated with the recommendations of the Court of Auditors and of the Internal Audit Service, a proposal also supported by the German delegation.

A final report would be presented to the Board of Governors at its April meeting should the opinion of the Court of Auditors be received in time and thus enabled the text to be adapted within the time period laid down.

Otherwise, a written procedure addressed to the Board of Governors would be initiated, in order to obtain approval of the revised text, after any amendments had been made, so as to ensure consistency with the opinion of the Court of Auditors.

VII. Proposal

In line with the abovementioned calendar agreed by the Board of Governors at its meeting in April 2016, and the referred to opinion of the Budgetary Committee, it is proposed that the Board of Governors:

-decides on the working group's report, which proposes determinate changes in the text of the Financial Regulation applicable to the Budget of the European Schools, stated under annex 1 attached, together with providing its opinion on the possible necessary changes to be

introduced on the basis of the expected opinion of the European Court of Auditors on the intended review, in case the latest is received on time for the meeting of the Board.

-in connection with the above question, and in case of favourable opinion about the proposed changes in the text of the Financial Regulation, it is also proposed that the Board of Governors decides also on the foreseen calendar for the possible implementation of the centralised model of financial governance as proposed under annex 2 attached, during the transitory period defined under new proposed Article 101 of the Financial Regulation.

-in connection also with the above question referred to in the first bullet point, and in case of favourable opinion about the proposed changes in the text of the Financial Regulation, it is also proposed that the Board of Governors decides about the intended initial configuration of the Internal Control Capability, as proposed under annex 2 attached, during the transitory period defined under new proposed Article 101 of the Financial Regulation.

Proposed text Financial Regulation applicable to the budget of the European Schools

Structure:

Title I (art. 1-19)

General Principles

Title II

Establishment and structure of the budget

Section I: Establishment of budget (art. 20-24)

Section II: Structure and presentation of the budget (art. 25-26)

Title III

Implementation of the budget

Section I: Financial actors (art. 27-37)

Section II: Liability of financial actors (art. 38-43)

Section III: Internal auditing function (art. 44-46)

Section IV: Revenue operations (art. 47-53)

Section V: Expenditure operations (art. 54 – 64)

Section VI: Management of posts (art. 65)

Title IV

Procurement (art. 66)

Title V

Presentation of the accounts and accounting

Section I: Presentation of the accounts (art. 67-74)

Section II: Accounting (art. 75 -81)

Section III: Property inventories (art. 82-85)

Title VI

External audit and discharge

Section I: External audit (art. 86)

Section II: Discharge (art. 87-88)

Title VII

Reserve funds (art. 89-94)

Title VIII

Experts (art. 95)

Title IX

Checks and verifications performed by Olaf (art. 96)

Title X

Transitional and final provisions (art. 97-101)

THE BOARD OF GOVERNORS OF THE EUROPEAN SCHOOLS

Having regard to the Convention Defining the Statute of the European Schools of 1994 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 corollary of the management autonomy conferred by the Convention should lie in the strengthening of stricter and more permanent control;

Whereas the Court of Auditors was consulted on 2 December 2016 and delivered its opinion on.....2017;

Whereas the European Patent Office was consulted on 2 December 2016 and delivered its opinion on 19 December 2016;

HAS ADOPTED THIS FINANCIAL REGULATION

TITLE I

GENERAL PRINCIPLES

Article 1

Scope of the budget

1. The budget of the European Schools (hereinafter called "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 organizations 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 it 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 is defined as 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.

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 the provisions of Article 14(3).

2. The Schools may accept donations which may involve some financial charge only subject to prior authorisation from the Board of Governors.

Notwithstanding paragraph 1, this revenue, earmarked for a specific purpose, may not be used for any other purpose.

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 following meeting.

2. Transfers from items relating to remuneration and allowances of staff into items relating to other types of expenditure shall be subject to the 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 are also subject to the prior agreement of the Budgetary Committee.

3. The Authorising Officer of the European Schools, without prejudice to paragraph 2, may implement transfers from one section of the budget to another. The Budgetary Committee shall be informed of these transfers at its next following meeting.

4. Appropriations corresponding to assigned revenue 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. Every proposal for a transfer must be duly substantiated. The responsible authorising officer 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, save as otherwise provided in Article 19 such exceptions however remaining 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, save as otherwise provided 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 remunerations and allowances of staff may not be carried over to the next financial year.
2. Appropriations in respect of payments still outstanding as at 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. Unused revenue referred to in Article 6 and available as at 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 of the financial year which have not been carried over.
5. A list of automatic carryovers 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 below 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 considered as having been approved in principle in the last budget duly adopted if it could have been charged to a specific budget heading under the financial year concerned.
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 the preceding paragraph, 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 above 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 above 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.

3. The Union contribution to the Schools shall constitute a balancing contribution for the budget of the Schools.

4. The Schools shall implement rigorous cash management, taking due account of assigned revenue, in order to ensure that its 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 instance of the Secretary-General on its webpage 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 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, the 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.

The publication shall be waived if such disclosure risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union or

harm 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 establishments of debts 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 accounts

1. By derogation from Article 11, all extra-budgetary receipts and expenditure connected with other activities of the Schools than the ones expressly referred to under other Articles of this Regulation must be also recorded in the accounts by means of a recovery order or payment order signed by the responsible authorising officer. A Memorandum of the authorising officer of the European Schools shall detail the activities covered under this provision.
2. Extra-budgetary accounts shall be created at the request of the Administrative Board after approval by the authorising officer of the European Schools.
3. These transactions are subject to the provisions of Title V

TITLE II

ESTABLISHMENT AND STRUCTURE OF THE BUDGET

SECTION I

Establishment of the budget

Article 20

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

1. The authorising officer of the European Schools shall each year draw up a draft budget cash-based for the Schools and the Office of the Secretary-General by 28 February at the latest.
2. For this purpose the responsible authorising officers shall, each year by the end of January at the latest, draw up an estimate of the School's revenue and expenditure of 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:
 - changes in appropriations from one financial year to the next
 - changes in the number of staff in post, with a statement justifying such changes;
 - expected changes in the number of pupils on roll;
 - information available on the implementation of the budget for the preceding financial year.
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 make the 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 draft budget of the European Schools shall be presented to the Board of Governors at the latest by 31 March of each year 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 therefore;
- prepare a general introduction to the preliminary draft budget, containing in particular financial tables covering the entire budget.

Article 22

Approval of consolidated draft budget

The Board of Governors, after examination by the Committee referred to in Article 95, 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.

Article 23

Budget adoption by contracting parties

1. During the week that follows the completion of their own budgetary procedures, the European Commission 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 above is identical with that provided for in the draft budget in accordance with Article 21 above, 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 at the latest by 15 May of the financial year concerned.
4. The 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. This 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 budgets must be approved by the Board of Governors at the latest by 15 November of the financial year concerned.
4. It shall be accompanied by justifications and information available on the 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 above 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 chapter “reserve”. 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 is conferred to 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 purpose of the above 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 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 conserve 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 case, 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 moment. 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 conservation of traffic data, Article 37(2) of Regulation (EC) No 45/2001 shall apply.

6. Within the framework set for 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/her to be necessary for the proper implementation of each section of the budget. In addition, he/she may also issue Memoranda compulsory for the Schools where necessary for clarification purposes.

Article 30

Delegation of budget implementation powers.

Authorising officer by delegation and subdelegation.

The authorising officer of the European Schools may delegate the powers of implementation of the budget to one or more authorising officers 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 in the Office of the Secretary-General.

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;

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- the Board of Governors, the Budgetary Committee, and to the Administrative Boards.

The acts whereby the delegation of powers granted is terminated shall be communicated under the same terms.

At all events, the act of delegation shall specify the limits within which delegates shall be authorised to draw up proposals for the establishment of debts and recovery orders, proposals for the commitment of expenditure and payment orders, the numbers of the article and item of the budget covered by the delegation and, where appropriate, the period of delegation.

Within the framework of this Regulation, the respective roles and responsibilities of the authorising officer of the European Schools and authorising officers by delegation, and as the case may be authorising officers by subdelegation, will be set in a Charter of tasks and responsibilities proposed by the Secretary-General and approved by the Board of Governors.

Article 31

Powers and duties of the authorising officers by delegation and subdelegation

Each School and the Office of the Secretary-General may have an authorising officer by delegation and authorising officers by subdelegation.

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.

For the authorising officers by delegation and subdelegation the powers and duties of the authorising officer of the European Schools defined in Article 29 above shall apply mutatis mutandis, except for the paragraph 6 of that article.

In particular, the authorising officer by delegation will 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 under Article 29.

Within the scope of the delegated powers the authorising officer by delegation and sub-delegation takes 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 the adoption of the acts implementing the budget by the authorising officer responsible.
2. Ex ante control is 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 organized 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 of this Regulation is applied.

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

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 will determine on matters of internal control:

- (a) the level of technical and financial competence required of the staff performing ex-ante control;
- (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 that they must comply with and the rights they enjoy.

The authorising officer of the European Schools shall put in place the appropriate structures to distribute to authorising departments and update periodically 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 report in form of an annual activity report. The School's annual activity reports shall be approved by the Administrative Boards. All annual activity reports, after approval of the Administrative Boards, shall be submitted to the authorising officer of the European Schools at the latest by 15 February.

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 responsible authorising officer 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 conclude 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 the provisions of Article 73 that shall be submitted to the Board of Governors no later than 15 July of the following year.

5. Without prejudice to the annual activity report, the authorising officer of the European Schools will provide a regular reporting to the Board of Governors, by mid of July of the corresponding financial year, on the following elements:

-a budgetary statement showing the real consumption of appropriations by budgetary line, their real rate of utilisation and an updated projection of this consumption till the end of the year;

-a synthetic report on the functioning of the internal control systems in the European Schools system and on the main findings resulting from the ex-post controls that the authorising officers may had put in place at 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 these effects, failure by an authorising officer to take action, shall mean the absence of any reply within a reasonable time given

the circumstances of the case and, at all events, within a month at most.

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 Memorandum of the Secretary-General for the protection of the 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;
- issuing binding accounting standards and guidance for the Schools;
- validating the accounting systems for the production of the accounts;
- treasury and asset management and their safekeeping;

3. The accounting officer shall be responsible for laying down the accounting rules, procedures and the harmonised charts of accounts in accordance with Title V of this Regulation.

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

5. Before the adoption of the accounts, the accounting officer shall sign them off, thereby certifying that he/she has reasonable assurance that the accounts present a true and fair view of the financial situation.

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 3 of this Article, and that all revenue and expenditure is 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.

6. 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.

7. 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.

8. 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 responsible authorising officers.

9. Without prejudice to the possible delegation of tasks, as stated under paragraph 8, in addition the accounting officer may be supported by correspondents, in each School and in 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 will be hierarchically subordinated to the corresponding authorising officers by delegation, but subject from the functional point of view to the accounting standards and procedures issued by the accounting officer.

10. Within the framework of this Regulation, the respective roles and responsibilities of the accounting officer of the European Schools, of his/her delegates and of the correspondents will 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 upon favourable proposal of the authorising officer. The decision will spell out the responsibilities of the administrators of imprest accounts, under the general framework established under this Regulation.

Article 37

Conflict of interests

All financial actors and other persons 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. Where such a risk exists, the person in question shall refrain from such action and refer the matter to the responsible authorising officer, who shall personally take any further appropriate action. If the person in question is an authorising officer by delegation, he/she shall refer the matter to the Secretary-General of the European Schools, who shall act accordingly. In the case the person in question is the Secretary-General, the matter should be referred to the Board Governors, who shall decide on it.

There is a conflict of interests 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 conflict 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 definitely 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/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 previous provisions, the 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.

Under 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 to 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 sub-delegation 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. furthermore, a civil or criminal action may be brought against the persons referred to in the preceding points in the courts of competent jurisdiction at the instigation of the Board of Governors or 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 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 must 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 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/she shall assume responsibility according to the conditions as laid down in the text of the staff regulations.
2. The Board of Governors shall provide the internal auditor with the resources required for the proper performance of his/her audit function and a mission charter detailing his/her tasks, duties and obligations.
3. The internal auditor shall adopt his/her work programme and shall submit it to the Board of Governors for approval. Without prejudice to this, the Board of Governors may ask the internal auditor to carry out audits not included in the work programme.

Article 46

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

1. The internal auditing function shall consist in 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) the 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) the 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 on 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 on the spot.

3. On completion of each audit, a report shall be established 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 established 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 addressed for the attention of the Secretary-General and of 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/her audits. He/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/her appointment, are assigned to him/her under this Regulation.

6. In the case where the Board of Governors has appointed a person subject to the Regulations for 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/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 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 a debt must be approved by the responsible authorising officer. 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 the 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 made in implementation of 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 responsible authorising officer giving rise to a future debt does not yet enable the amount or the due date of this debt 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 debt.

3. The responsible authorising officer shall approve, in respect of every debt established, a recovery order. Such recovery orders shall be registered by the accounting officer.

The purpose of the approval shall be to establish that:

- (a) the revenue is booked to the correct budget item;
- (b) the order is in order and conforms to the relevant provisions;
- (c) the supporting documents are in order;
- (d) the debtor is correctly described;
- (e) the due date is indicated;
- (f) the order conforms to 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 responsible authorising officer shall be informed by the accounting officer that the debt has been recovered.

5. Should a debt not be recovered within the time limit laid down 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 responsible authorising officer shall submit to the accounting officer any changes to the forward proposals, so that the latter may tally with the debts 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 are recovered at the due dates indicated in the recovery orders and shall ensure that the Schools' rights are safeguarded.

The accounting officer shall inform the responsible authorising officer of any revenue not recovered within the time limits laid down in the specific applicable rules for each particular case. If necessary, he shall initiate the recovery procedure.

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

The purpose of the 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 the provisions of Article 47 (4), the responsible authorising officer must be notified at the earliest opportunity whenever a debt 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 responsible authorising officer 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 a debt has not been drawn up, or that a sum has not been recovered, he 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 debts, enabling the following in particular to be established:

- measures taken which may give rise to a debt;
- the amounts of debts to be recovered;
- the due date of these debts;
- debts recovered;
- non-recoveries, even though the debts have fallen due.

Article 50

Obligatory 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) of this Regulation 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 the 15 September of year N;
- a budgetary statement, showing the consumption of appropriations by budget line, their rate of utilisation and an updated projection of this consumption until 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 shall be furnished 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 responsible authorising officer 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 under the conditions laid down in Article 14 of this Regulation 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 above shall ensure that an exact account is kept of commitments and authorizations, 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 commitment.

Article 55 ———

Approval of commitments of expenditure

1. Proposals for commitments, accompanied by the supporting documents, shall be transmitted to the responsible authorising officer 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. 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 the approval for commitments of expenditure given by the responsible authorising officer shall be to establish that:

- (a) the expenditure has been charged to the correct item in the budget;
- (b) the appropriations are available;
- (c) the expenditure is in order and conforms to the relevant provisions, in particular of the budget and the regulations, and of all acts made in implementation of the Agreements and Statutes;
- (d) the principle of sound financial management is respected.

3. Approval shall not be conditional.

4. The approval given by the responsible authorising officer 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 responsible authorising officer 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 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 responsible authorising officer, 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 the 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:

- the financial year against which the payment shall be charged;
- the budget article and any other subdivision that may apply;
- the amount to be paid, expressed in euro;
- the name, address and bank account details of the payee;
- the purpose of the expenditure;
- 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 approvals of commitment. Copies of supporting documents, certified as true copies by the responsible authorising officer, may, in some cases, be accepted in place of the originals.

Article 58

Supporting documents

In relation with the supporting documents referred to at Article 56 paragraph 2 and Article 57 paragraph 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 results.

At all events, the document drawn up by the supplier must 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 must be endorsed “certified correct” by the responsible authorising officer or the member of staff authorised by him/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 must:

- 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 responsible authorising officer or the member of staff authorised by him/her, certifying that the service has been performed and that all the data shown on the invoice has 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 must be accompanied by a document carrying the endorsement "certified correct", signed by the responsible authorising officer or the member of staff authorised by him/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 responsible authorising officer 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 responsible authorising officer.
- 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 responsible authorising officer.

(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 furnished in support of several payments all the payment orders must include a reference to the original document.

6. With the exception of the cases provided for above, where it is not possible to submit an original supporting document a certified true copy may be substituted by the responsible authorising officer, who must set out the grounds which prevented submission of the original and certify that payment has not taken place.

Article 59

Payment by instalments

For payments by 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 responsible authorising officer may grant advances to personnel if the staff regulations or a provision laid down by this Regulation or by rules drawn up by the Secretary-General specifically provide therefor.

2. Apart from the advances referred to under paragraph 1 of this article, the responsible authorising officer may grant advances to cover expenditure to be effected by a member of staff on behalf of the School or the Office. 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 subject of a decision by the responsible authorising officer, 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 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/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 payment order to the accounting officer

After issuing a payment order the responsible authorising officer 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 exceptionally allowed under the conditions stated by specific Memorandum of the Secretary-General.
4. Payments shall receive 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 exception to the rule set under paragraph 4 above, in the cases where an effective link is put in place between the accounting software and the electronic banking payment systems, payments could be executed with the single 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 over the said accounts, together with any limit on authorised amounts by each of these members of staff.

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 of payment. The creditor concerned shall be informed in writing of the reasons for that suspension.
2. If payment is suspended, the accounting officer shall give the reasons for his decision in a written statement which he shall send forthwith to the responsible authorising officer.
3. Except where the validity of the discharge is contested, the responsible authorising officer 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 responsible authorising officer.

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 responsible authorising officer. Within the framework defined by this Regulation, the decision of the appointment shall spell out the responsibilities of the administrator of imprest accounts.

4. Without prejudice to paragraph 1 of this article, 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 must 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 responsible authorising officer.

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/she shall keep accounts of the money at his/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/her disposal.

6. Only the accounting officer may replenish the imprest accounts.

7. Without prejudice to other possible controls performed on the basis of this Regulation, the accounting officer must check himself/herself, or have checked under his/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/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 organization chart with a diagram of the organization of the departments.

TITLE IV

PROCUREMENT

Article 66

General provisions

1. As regards procurement, Regulation (EU, Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012 shall apply subject to paragraphs 2 to 6 of this Article.
2. The Schools and the Office of the Secretary-General shall be deemed to be contracting authorities.
3. The obligation of the Schools and the Office of the Secretary-General to issue invitations to tender shall not apply to contracts with a value below the thresholds provided for in Article 4 (b) of the Directive 2014/24/ EU and which are concluded with the same contractors and on the same terms as a contract concluded by a governmental organization, a public administration or a Union institution, organization or agency or by the European Patent Office.
4. The European Schools may be associated, at their request, as contracting authority, in the award of Commission or inter-institutional contracts and with the award of contracts of other Union bodies.
5. The European Schools may conclude a contract, without having recourse to a public procurement procedure, with the Commission, the interinstitutional 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.
6. 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. In such case, Article 104a of Regulation (EU, Euratom) No 966/2012 shall apply mutatis mutandis.

TITLE V

PRESENTATION OF THE ACCOUNTS AND ACCOUNTING

SECTION I

Presentation of the accounts

Article 67

Structure of the accounts

The accounts of the European Schools shall comprise:

a) individual financial statements of the Schools and of the Office of the Secretary-General and the 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 68

Accounting principles and rules governing the accounts

1. The accounting officer shall adopt rules based on internationally accepted accounting standards in the public sector. The accounting officer may diverge from those standards if he or she considers this necessary in order to give a true and fair view 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 for it.

2. The accounts referred to in Article 67 shall respect the budgetary principles laid down in this Regulation. They shall present a true and fair view of the budgetary revenue and expenditure operations and of the financial situation and cash flows.

Article 69

Financial 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 internationally accepted accounting standards for the public sector.

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

- a) the balance sheet and the statement of financial performance, which represent all assets and liabilities, the financial situation and the economic result at 31 December of the preceding year; they shall be presented in accordance with the accounting rules referred to in Article 68;
- b) the cash-flow statements showing amounts collected and disbursed during the year and the final treasury position;
- c) the statement of changes in net assets presenting an overview of the movements during the year in reserves and accumulated results;
- d) the 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 internationally accepted accounting practice, where such information is relevant to the European Schools.

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 the 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;
 - payment 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 the 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

Approval of the individual accounts by the Administrative Boards

The accounting officer shall submit in March the accounts to the respective Administrative Board for approval by 1 April.

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.

Article 73

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 shall draw up, not later than 15 July of the following year, consolidated accounts for all the Schools on the basis of information presented pursuant to Article 35. The final consolidated accounts shall be accompanied by a note drawn up by the accounting officer, in which the latter declares that the final consolidated 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 July at the latest.
4. The final consolidated accounts shall be published in the web site of the European Schools and be available to the general public by 30 November.

Article 74

Provision of financial and budgetary statements to the Court of Auditors

The Office of the Secretary-General and each School shall forward to the Court of Auditors, at the latest within the month which follows examination by the Administrative Boards, the documents concerning the financial and budgetary statements and the minutes of the deliberations of the Administrative Boards pertaining thereto.

SECTION II Accounting

Article 75

The accounting system

1. The accounting system of the European Schools 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 be drawn up in 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 revenue and expenditure account and the balance sheet shall be drawn up in euro.

Article 76

The 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, under the accruals principle. They shall enable the state of the assets and liabilities of the School and of the Office 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,
- 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 under Article 35, each School shall have a uniform accounting plan, drawn up on the basis of the accounting scheme outlined above, 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, etc.,
- 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 8 of this Regulation to be monitored and the statement provided for in the last part of Article 70(1) and (2) of this Regulation 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 responsible authorising officers.

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.

2. Separate accounts shall be opened to show the utilization of appropriations carried over and sums still to be collected.

3. The accounts may be itemized for the purpose of determining analytical results.

4. The accounts shall be kept in books, or on sheets, or using any data processing means.

5. The extra-budgetary accounts shall record revenue and expenditure in accordance with the provisions of Article 19 of this Regulation.

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 of the School and the revenue and expenditure account referred to in Titles V and VI to be drawn up. The revenue and expenditure account shall be submitted to the Administrative Board and to the responsible authorising officer.

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.

2. All movable property

- of a minimum purchase price of EUR 600,
- which will be used for more than a year,
- and which is not classified as a consumer good

shall be entered in those inventories.

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 centralized 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 responsible authorising officer 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 September 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 of the first quarter of the following calendar year shall examine them and make its own comments and recommendations.

4. The Court of Auditors shall transmit to the authorities responsible for giving discharge, including the Board of Governors, 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 Auditor's 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 and of the authorising officers by delegation.

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 the 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 centralized 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 carryovers have been covered, on the revenue and expenditure accounts as approved by the Secretary-General and the Administrative Boards.
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 carryovers have been covered, on the revenue and expenditure account, as approved by the Administrative Board of the School.

Article 90

Volume of the 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 the reserve funds

1. The Reserve Funds thus constituted are 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

Authorization of use of reserve funds

1. Pursuant to Article 92 (1), use, on a written proposal by 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 the reserve funds shall be produced for every financial year to illustrate any changes in the funds during the corresponding period.

Article 94

Cessation of the Reserve Funds

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.

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 of this Regulation for the use of the open procedure with publicity 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. Those experts will be authorised to offer their services to the Schools or to collaborate with them and will be paid on the basis of a fixed amount, 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 internet site 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 list drawn up following the call for expressions of interest shall be valid for no more than four years. Any interested 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 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 of this Regulation.

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) has 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. By virtue of 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 interest 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, respectively referred to under Articles 29 and 32, shall be subject of a review whenever it proves necessary to do so, taking in particular into account relevant changes made on the text of this Regulation.

Article 99

Review of the Financial Regulation

Every three years, or whenever it proves necessary to do so, 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. Without prejudice to the particularities of the European Schools, the necessity of a review may in particular result from the parallelism of this Regulation with the relevant rules of the Financial Regulation applicable to the general budget of the European Union.

Article 100

Repeal

The following shall be repealed on the date of the entry into force of this Financial Regulation:

- the Financial regulation of 24 October 2006 applicable to the Budget of the European Schools, thereafter amended on 12-14 April 2011, 6-8 December 2011 and 2-4 December 2014;
- the Rules for Implementing the Financial Regulation;
- all other provisions contrary to this Financial Regulation.

Article 101

Entry into force. Transitory period 2018-2020

1. This Financial Regulation shall enter into force on 1 January 2018 with the exceptions set on this Article.
2. It shall be binding in its entirety and directly applicable in all the Schools and the Office of the Secretary-General.
3. As per the rules related to the centralization of the function of the authorising officer and new related duties and responsibilities, as stated under Articles 28, 29, 30, 31, 32, 33, 38, 39, 43, 86,

87, 88, and 93 of this Regulation, they shall enter into force as from 1st January 2020.

4. Concerning the rules related to the centralization of the function of accounting officer and new related duties and responsibilities as stated under Articles 35, 43, 48, 49, 55, 57, 61, 62, 63, 64, 68, 71, 72 and 78 of this Regulation, they shall gradually enter into force as from 1st January 2018 for the Office of the Secretary General and for the Schools, as further specified in a detailed calendar and procedure approved by the Board of Governors at the proposal of the Secretary-General. In particular, concerning the obligation for accounting officer to sign-off the accounts of the Schools, as stated under Article 35.5 and Article 73, it will be applicable as from the accounts corresponding to the financial year 2018, without prejudice to the reservations that may be included by him/her in the respective declaration on the basis of the accounting processes not yet centralised during the transitory period.

5. Notwithstanding, the rules set on the previous paragraphs, the new deadlines set on Article 33.2 for the production of individual annual activity reports of the Schools and of the Office of the Secretary-General, and on Articles 72 and 73 for the production of provisional and final consolidated accounts, will be applicable as from 1st January 2018 for the complete European Schools system.

6. The centralization of the Financial Governance will be completed by 1 January 2020.

7. For the transitory period, the existing rules referring to the authorizing officer and accounting officer functions, as set under Articles 18, 19, 24, 25,27,28,33,34,35,37,38,40,42,43,44,46,47,48,50,64,73,76,79,81,84,95 and 100 of the Financial Regulation of 24 October 2006 will remain valid and applicable to the corresponding extent and as far as compatible with the rules set on the previous paragraphs. Without prejudice of this, the more complete description of tasks present in the new rules stated for the authorising officer of the European Schools and for the Accounting Officer of the European Schools will be also applicable *mutatis mutandis*. In particular, concerning the obligation to sign-off the accounts corresponding to the financial year 2017, ex-Article 87 of the Financial Regulation of 2006, this duty will correspond to the accounting officers in place at each School and at the Office of the Secretary-General at the said financial year 2017.

8. As per the functions of financial controller and assistant financial controller, they shall be considered as from 1st January 2018 as integrated on, and replaced by, the Internal Control Capability defined under Article 29 of this Regulation, and with the tasks and responsibilities stated on the decisions to be adopted on the application of this Article by the Authorising Officer of the European Schools as from the financial year 2020. For the transitory period 2018-2020, the organisational structure of the Internal Control Capability and the definition of its tasks and responsibilities shall be decided by the Board of Governors.

Done at Brussels, xx xxxxxx 2017



Schola Europaea

Office of the Secretary-General

General Secretariat

Annex 2 2017-02-D-13-en-2. Estimation of financial implications connected with the review of the Financial Regulation and calendar for implementation of the centralised model of Financial Governance. Initial configuration of the Internal Control Capability at the Office of the Secretary-General

Board of Governors

Meeting on 4- 6 April 2017, Berlin

Introduction. Purpose of the document

I.1 The European Parliament is calling for a stronger financial governance in the European Schools System, given the series of negative audit reports on the accounts for the financial years 2012, 2013 and 2014 and the fraud case registered in the recent past. The Working Group set up to analyze a revision of the Financial Regulations proposes to centralize the responsibility of the preparation of the accounts and of the financial statements of the European Schools, centralising the function of Accounting Officer and in parallel to assign the overall responsibility of the execution of the budget of the System to the Secretary-General, assigning him/her the role of Central-Authorising Officer.

This is a quite revolutionary change. It would not be reasonable to assign this new huge responsibility to the Secretary-General, who already owns an impressive set of responsibilities, without providing him/her with the necessary support and assurance. In this respect it is necessary, on the one hand, to support him/her creating a second Deputy Secretary General, to whom he/she could delegate responsibilities linked to the domains of Finance and Administration, on the other hand, to reinforce the central Internal Control Capability. Gradually and finally at the end of the process of centralisation, the reinforced Internal Control Capability will provide the Secretary General with the reasonable assurance to sign his annual activity report on the execution of the budget for the whole System. At the same time, it will also provide support and advice to the Schools and the Office of the Secretary-General.

To ensure implementation of the measures also at the level of the different sections of the budget (Schools), it is foreseen to reinforce also the internal control systems in the Schools by the function of local Internal Control Capability, essentially by redeployment of resources made available by the centralisation of the Accounting Officer function.

I.2 On the basis of the above, this document shall:

- give an overview about the financial implications concerning the additional needs as from 1 January 2018 linked to
 1. the centralised model for the Authorising Officer Function

2. the centralised model for the Accounting Officer Function

-it shall serve also to comply with the provision stated on Article 101 of the new text of the Financial Regulation, according to which the centralised model of Financial Governance will entry into force gradually according to a concrete calendar approved by the Board of Governors.

-it finally will also serve to comply with the provision stated under new Articles 29 and 101 according to which the organisational structure put in place by the Secretary General/Authorising Officer of the European Schools for the Internal Control Capability and the definition of its tasks and responsibilities shall be endorsed by (transitory period)/communicated to (as from 2020) the Board of Governors.

I. Overview of the financial implications

Financial Governance: creation of new posts (in line with implementation plan proposed by PWC. See document “ <i>European Schools. Assistance in the implementation of a proposed model of centralised financial governance</i> ”)							
PERMANENT POSTS¹							
	jun-17	oct/nov-17	jan-18	apr-18	jan-19	jun-19	Sep-19
Accounting Officer		1					
Assistant Accounting Officers (OSG)		1	1		1,5		
ICC Advisory	1						
ICC Ex-post control ²			2			1	
DSG2-Head of Finance and Administration							1
Master data central management				1			
PERMANENT POSTS (yearly cost)							
	jun-17	oct/nov-17	jan-18	apr-18	jan-19	jun-19	
Accounting Officer		75000					
Assistant Accounting Officers (OSG)		75000	75000		112500		
ICC Advisory	75000						
ICC Ex-post control			150000			75000	
DSG2-Head of Finance and Administration							85000
Master data central management				75000			
PERMANENT POSTS (extra cost for the year)							
	2017	2018	2019	2020			
	77.750	281.250	184.583				
PERMANENT POSTS (cumulative extra cost, year by year)							
	2017	2018	2019	2020			
	77.750	506.250	709.583	797.500			

It should be also mentioned that, in addition to the salaries related expenditures above described, the financial implications would be also connected with the **mission costs**, especially for the advisory and control functions of the Internal Control Capability (detail about these functions is provided below in the document).

TEMPORARY POSTS				
	jun-17	jan-18		
Master data back-log ³		1		
Change Project Manager	1			
TEMPORARY POSTS (yearly salary)				
	jun-17	jan-18		
Master data back-log		75000		
Change Project Manager	108000			
TEMPORARY POSTS (extra cost for the year)				
	2017	2018	2019	2020
	63.000	145.500	108.000	54.000

FINANCIAL RESOURCES	2017	2018	2019	2020
SAP ADAPTATION	465000	325000		
PWC Consultancy on standardization of procedures	Tbd, if finally needed			
Extra Office space ⁴		200000	200000	200000
FINANCIAL RESOURCES (extra cost for the year)	465.000	525.000	200.000	200.000

1. The cost taken into consideration for the new posts requested for the at the OSG is the one corresponding to the professional category “Assistant to Head of an Administrative Unit” for locally recruited staff, with the exception of the new functions of “Accounting Officer of the European Schools”, where the cost considered is the one corresponding to the professional category of Head of an Administrative Unit at the OSG, and for the post of “Head of Finance and Administration”, where the cost considered is the one corresponding to the professional category Director/Deputy-Secretary General on the Regulations for Members of the Seconded Staff of the European Schools.

It is considered that both the Accounting Officer plus 1 additional position of Accountant at central level would be already necessary to be in place by the last quarter of 2017 (Accounting Officer as from mid-September/October 2017; Assistant Accounting Officer as from November 2017) for an appropriate preparation of the centralisation process of the Accountancy. In the same sense, it is considered that 1 FTE position for advisory in the Internal Control Capability would be already needed by middle 2017 to assist with alignment of financial processes throughout the ES system.

2. the estimation of the number of new post for ex-post control function under the Internal Control Capability, considers the scenario that the centralisation of the calculation of salaries is not taking place, at least not in an initial stage (before 2020), given the complexity of the matter and of the delicate contractual implications. For this reason, one FTE position for ex-post control would be necessary at central level on top of estimations of PWC, in order to perform control on seconded staff salaries calculations.

3. Concerning central management of sensitive master data, it is considered that in an initial stage (2018) an additional 1/2 FTE will be needed as temporary post for this function to deal with the backlog, while 1 FTE permanent post should be sufficient as from 2019 to manage all new creations and changes to master data.

4. Estimated permanent cost as from 2018.

II. Explanation of the tasks and responsibility of the different actors

1. Director of Finance and Administration (2nd Deputy Secretary-General) as of 01.09.2019

- Exercise the function of Authorising Officer by delegation for the OSG
- Assume overall coordination for the units of Human Resources and Accountancy
- Assume responsibility for security in the System, in cooperation with the Commission, by delegation from the Secretary-General;
- Implement Internal Control System in the Office of Secretary-General (OSG)
 - a) define objectives;
 - b) set up a risk management system;
 - c) ensure that processes are properly documented;
 - d) set up a regular meaningful reporting;
- Receive, analyse and summarize information about the implementation of the internal control system and the results on ex-post controls in the Schools (filter function towards Secretary-General, to whom the ICC reports);
- Receive, analyse and summarize reporting from the Schools about budget implementation;
- Prepare Annual Activity Report for OSG and summarize Annual Activity Reports of Schools;
- Analyse the cases where transfers between budget sections may be necessary/appropriate.

2. Internal Control Capability

At the OSG the Internal Control Capability will take the form of:

a) Internal Control Capability – Advisory function

A cellule, at the dependence of the Secretary General, composed by the current Internal Control Coordinator and by a new staff member, performing the advisory function:

- Support implementation of Internal Control Standards (ICS) in the Schools and OSG, in particular:
 - Guidance, workshops, explanations
 - Documentation of processes
 - Review documentations
 - Harmonize implementation of Internal Control Standards across schools
 - Development of check-lists for the different processes (e.g. recruitments, replacement of teachers, implementation of the budget etc.)

- Instruct and support local Internal Control Capability;

- Prepare and propose memoranda and guidelines to the Secretary-General;

- Advisory of homogeneous implementation of financial rules (e.g. budget, procurement);

- Advisory on human resource related questions (staff regulation, recruitments);

- Guidance and support in the preparation of the documentation Administrative Boards;
- Develop a monthly reporting package from the Schools to the Secretary-General;
- Together with local Internal Control Capability develop action plans to immediately remediate findings of CoA, IAS, other auditors and internal ex-post controls.
- Contact point with the Internal Audit function (IAS).

b) Internal Control Capability – Control function

An Administrative Unit, which will consist of 6 members, 3 existing staff members – current Financial Control Unit- supported by 3 new staff members, performing centrally ex-post controls:

- Implementation of ex-post control plan approved by the Secretary General/Authorising Officer of the European Schools (1 week visit to a number of selected schools per year + OSG), including:
 - Control of salaries;
 - Control of procurements procedures;
 - Control of recruitments;
 - Anti-fraud related controls;
 - Review reconciliation accounting system – bank, analyse monthly payments, certain budget lines and accounts;
 - Review of implementation of objectives;
 - Follow-up of the recommendation of CoA, IAS and other external auditors;

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- Prepare and propose memoranda and guidelines to the Secretary-General, concerning findings resulting from the exercise of the financial control activity;
- Re-establish ex-ante control (if necessary in exceptional cases, as fraud or suspicion or fraud, or material weaknesses identified at reports of the IAS, Court of Auditors, other external auditors or activity of the Internal Control Capability itself);
- Establishing/keep update/check compliance with an integrated Antifraud, Compliance and Ethics Program. Contact point with the OLAF;
- Contact point with the European Court of Auditors (ECA) ;

At the level of the schools:

- c) Internal Control Capability (to be covered via reallocation of tasks to resources mainly made available by centralisation of tasks connected with the Accounting Officer function previously executed at local level).
 - Execute similar tasks as the ones described above (advisory/control);
 - Upon guidance from central level assure implementation of Internal Control Standards;
 - Facilitate the preparation of plans for prompt remediation of any identified weaknesses;

3. Accounting Officer/Assistant Accounting Officers (OSG) /Correspondents (OSG and Schools)

An Analysis of the tasks and responsibilities of the accounting officer, accounting officers by delegation and correspondents in the future scenario of centralised model for the function of Accounting Officer is provided in detail the table below:

Analysis of tasks and responsibilities of the accounting officer, assistant accounting officers and correspondents

	<u>Accounting officer</u> (OSGES, independent, appointed by BoG)	<u>Assistant Accounting officers</u> (OSGES, hierarchically and function-wise dependent from the accounting officer)	<u>Correspondents</u> (Schools + OSGES, hierarchically dependant from AO by delegation, subject and function-wise from the accounting officer)
1. Implementation of payments	<p>Payments shall be signed with two signatures: one from the respective correspondent in the School or the OSGES and the second one from the accounting officer and. They shall be made on the basis of payment orders issued by an authorising officer within the limits of the funds available.</p> <p><i>SAP:</i> <i>F110 = correspondent</i> <i>FBPM = AO by delegation</i> <i>ISABEL / other payment system:</i> 1. <i>Signature: correspondent</i> 2. <i>Signature: Accounting Officer.</i></p>	<p>The accounting officer may delegate the implementation of payments to his/her accounting officers by delegation.</p>	<p>Payments shall be signed with two signatures: one from the respective correspondent in the School or the OSGES and the second one from the accounting officer and. They shall be made on the basis of payment orders issued by an authorising officer within the limits of the funds available.</p> <p><i>SAP:</i> <i>F110 = correspondent</i> <i>FBPM = AO by delegation</i> <i>ISABEL / other payment system</i> 1. <i>Signature: correspondent</i> 2. <i>Signature: Accounting Officer.</i></p>
2. Collection of revenue and recovery of established entitlements	<p>The accounting officer shall act on recovery orders issued in accordance with article 27(2) and 28 of the FR. He/she shall exercise due diligence in the collection of revenue to ensure that entitlements are recovered and that the School's rights are safeguarded.</p> <p>Where an entitlement has not been recovered by the date set for payment,</p>	<p>The accounting officer may delegate the analysis of age-based bills.</p>	<p>The correspondent shall act on recovery orders issued in accordance with article 27(2) and 28 of the FR. He/she shall exercise due diligence in the collection of revenue to ensure that entitlements are recovered and that the School's rights are safeguarded.</p> <p>Where an entitlement has not been recovered by the date set for payment, the correspondent shall ensure that the responsible authorising officer is</p>

	<p>the accounting officer shall ensure that the responsible authorising officer is informed and that a recovery procedure is launched, if necessary.</p> <p>At the end of each quarter the accounting officer shall summarize the age-based balances of recovery orders and the reports received from the correspondants and send it to the authorising officer of the European Schools.</p> <p><i>Analyse and consolidate lists of outstanding bills and explanations.</i></p> <p><i>Inform AO of ES.</i></p>		<p>informed and that a recovery procedure is launched, if necessary.</p> <p>At the end of each quarter the correspondent shall prepare an age-based balance of recovery orders and a report including estimates of revenue and other relevant indicators for analysis. He/she shall discuss it with the responsible authorising officer and send it to the accounting officer.</p> <p><i>Prepare list of outstanding bills and discuss with AO by delegation/responsible accountant.</i></p> <p><i>Quarterly send list of outstanding bills and an explanation about measures taken to the accounting officer.</i></p>
<p>3. Treasury management</p>	<p>The accounting officer is alone empowered to manage cash and cash equivalents. He/she shall be responsible for their safekeeping.</p> <p>He/she shall ensure that the Schools have at their disposal sufficient funds to cover cash requirements arising from budget implementation. For this purpose he/she shall set up and receive regular cash-flow forecasts from the correspondents.</p> <p>The accounting officer shall perform transfers between bank accounts of one School or the OSGES. He/she shall also</p>	<p>The accounting officer may delegate the supervision of cash and cash equivalents.</p> <p>He/she may also delegate the verification of the reconciliation of the bank accounts and the bookkeeping system.</p>	<p>The correspondent shall ensure that the School has at its disposal sufficient funds to cover cash requirements arising from budget implementation. For this purpose he/she shall prepare a regular cash-flow forecasts and send it to the accounting officer.</p> <p>The correspondent, upon authorization of the responsible authorising officer and in cooperation with the accounting officer performs transfers between bank accounts opened in the name of the School. He/she must ensure at all times that none of these accounts is in debit.</p> <p>The correspondent shall cooperate on the reconciliation of the bank accounts with the</p>

	<p>perform transfers between bank accounts of different School. Therefore he/she needs the authorisation of the concerned authorising officers (only for last quarter and after presentation of budgetary situation to Admin Boards).</p> <p>The accounting officer must ensure at all times that none of the European Schools bank accounts is in debit.</p> <p>The accounting officer verifies the reconciliation between the bank accounts and the bookkeeping system prepared by the correspondants.</p>		<p>bookkeeping on a monthly basis. He/she must investigate and, if necessary, regularise any differences which may occur. He/she sends the reconciliation to the accounting officer no later than 7 working days after month end.</p>
<p>4. Preparation of provisional and definitive accounts</p>	<p><u>Provisional accounts:</u></p> <p>The accounting officer shall be responsible for preparing the European Schools provisional accounts (financial statements and budget implementation statements).</p> <p>For that purpose, the accounting officer shall obtain from the responsible authorizing officers, who shall guarantee its reliability, all information necessary for the production of the accounts.</p> <p>He/she verifies the opening and closing</p>	<p>The accounting officer may delegate the supervision of the preparation of the school's accounts and its sign off.</p> <p>The accounting officer may NOT delegate the sign off of the consolidated financial statements and budget implementation statements.</p>	<p>The correspondent shall prepare the School's accounts. He/she shall submit them to the accounting officer on 15 March at the latest.</p> <p>The correspondent shall be responsible for the preparation of the opening and closing postings related to the IPSAS financial statements.</p> <p>The correspondent shall ensure that the accounting officer receives access to all information he/she may need in order to fulfil his/her duties.</p>

	<p>postings for the IPSAS financial statement and is responsible for the preparation of the IPSAS Disclosures.</p> <p>The accounting officer shall sign off the accounts of each School and submit them to the respective Administration Boards for approval. This should be done prior to 1 April at the latest.</p> <p>The accounting officer shall consolidate and sign off the approved (Administrative Boards), provisional accounts of the Schools and the OSGES and send them to the European Court of Auditors by 1 May at the latest.</p> <p>By signing off the accounts (individually per School and consolidated) he/she certifies that he/she has a reasonable assurance that the accounts present a true and fair view of the financial situation of the School. For that purpose, the accounting officer shall satisfy him/herself that the accounts have been prepared in accordance with the established accounting rules, and that all revenue and expenditure is entered in the accounts.</p> <p><u>Definite accounts:</u></p> <p>The accounting officer shall take into account the observations of the Court of Auditors and prepare the European</p>		
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	<p>Schools' definite accounts and send them to the Board of Governors, the European Commission, the European Patent Office and the European Court of Auditors by 15 July of the following year.</p> <p>The accounting officer shall be empowered to check the information received as well as to carry out any further checks he/she deems necessary in order to sign off the accounts.</p> <p>The Accounting Officer shall make reservations, if necessary, explaining exactly the nature and scope of such reservations.</p>		
5. Keeping the accounts	<p>The accounting officer shall draw up and keep updated guidance describing the organisation of the European Schools' accounts (SAP chart of accounts) and its accounting procedures.</p> <p>The accounting officer shall verify the reconciliation between cash at bank and the bookkeeping software he/she receives from the correspondants (see also Treasury Management), and in any event whenever the accounts are closed.</p>	<p>The validation of the monthly reconciliation between bank accounts and the bookkeeping system and the quarterly monitoring of open items on transit accounts may be delegated to the accounting officer by delegation.</p>	<p>The correspondent shall reconcile the cash at bank with the bookkeeping software on a monthly basis (see also Treasury Management), and in any event whenever the accounts are closed.</p> <p>The correspondents shall ensure the regular monitoring of the open items on transitory accounts. To this end, he/she shall send appropriate reminders to the Accounting clerks, who are responsible for the regularisation of these operations.</p> <p>The correspondents shall keep the documents relating to the accounts and accounting at least</p>

	<p>On a quarterly basis the accounting officer correspondents shall ensure the regular monitoring of the open items on transitory accounts. To this end, he/she shall send appropriate reminders to the Accounting clerks, who are responsible for the regularisation of these operations.</p> <p>The correspondants shall keep the documents relating to the accounts and accounting at least for five years from the date the discharge of the Board of Governors has been given.</p> <p>He/she shall keep documents relating to operations not definitively closed for a longer period, until the end of the year following that in which the operations are closed.</p>		<p>for five years from the date the discharge of the Board of Governors has been given.</p> <p>He/she shall keep documents relating to operations not definitively closed for a longer period, until the end of the year following that in which the operations are closed.</p>
<p>6. Safekeeping of assets</p>	<p>The accounting officer shall give guidance and develop procedures to ensure harmonized safekeeping of assets in the schools.</p> <p>The accounting officer's responsibility is to ensure that reconciliation between the bookkeeping assets and the physical assets is done.</p>		<p>The correspondent shall ensure that assets are correctly registered, that their value is adjusted – if necessary and that they are scrapped if they are broken, lost or sold.</p> <p>He/she shall be responsible for a 3-yearly reconciliation of the physical assets with the assets registered in the bookkeeping software. He/she shall perform adjustments – if necessary and send the reconciliation to the accounting officer.</p>

III. Calendar for the implementation of the centralised model of Financial Governance

In line with Article 101 of the new text of the Financial Regulation “*Entry into force. Transitory period 2018-2020*”, a concrete calendar is proposed to be endorsed by the Board of Governors for the implementation of the centralized model of financial governance.

For the implementation of the centralized model of financial governance, it is proposed to substantially follow the recommended calendar stated on the document of PWC “*European Schools. Assistance in the implementation of a proposed model of centralised financial governance. Appendix B.- Implementation model*”, with the following particularities:

- the centralization of the activity related to salaries of seconded staff is not proposed to be performed, at least in the context of the centralization of the financial governance, due to the extra layer of complexity and the important contractual implications it would imply.

-a replacement of payroll tools by an SAP version is not to be performed either at this stage, at least in the context of the centralization of the financial governance. It is considered this matter should be seen as a possible separate project.

-reference is not explicitly included to processes that, despite the fact that are intended to be also performed, are connected with gaining of efficiency (e.g. electronic invoicing, automatic dunning letters) but not strictly speaking linked with the reorganization of tasks and responsibilities resulting from the centralization process of the financial governance. In the same sense, reference is not explicitly included to processes that, despite the fact that are intended to be also performed, are connected with compliance with already existing financial rules (e.g. extra budgetary activity) rather than with the centralization process of the financial governance itself.

Concretely, taking the above into account, the following time frame is proposed for the different tasks connected with the centralization process¹:

¹ When the tasks are related to specific future obligations of the future central accounting officer/authorizing officer according to the new rules in the Financial Regulation, reference is included to the relevant Article.

2017

- Define strict and aligned procedures per workstream for account areas (June-October 2017).
- Define strict and aligned procedures for budgeting & reporting requirements (June-October 2017).
- Perform a central bank-SAP reconciliation (June-December 2017). Article 35.2 FR.
- Install additional central aging analysis (June-December 2017). Article 35.2 FR.

2018

- Install ex-post controls on calculation of seconded and local salaries (November 2017-January 2018). Article 32 FR.
 - Central payment execution (November 2017-February 2018). Article 35.2 FR.
-

- Improvements of actual SAP shortcomings (August 2017-April 2018).
- Install a central master data adjustment approval (purchases & payroll) (May- August 2018).
- Install central collection & posting of international funds (July -August 2018). Article 35.2 FR.

2019

- Install a central reporting verification (January-March 2019).
- Install central accounting validation mechanism (March- May 2019). Article 35.2 FR.
- Procurement. Improvement of current procedures (May- July 2019).
- Staff performance and development. Revisit current procedures (June- July 2019).
- Implementation of ex-post and internal controls (July-September 2019). Arts 32 & 33 (global declaration of assurance by the Authorising Officer of the European Schools) FR.

UNITE SECRETARIAT GENERAL

Date 09.01.2017
N° enregistrement 01
A traiter par GM/PB
cc à : JLV

European Patent Office | 80298 MUNICH | GERMANY

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2016-11-L-19

Date: 19.12.2016

Invitation to Comment - Review of the Financial Regulations of the European Schools

Dear Mr. Marcheggiano,

on behalf of the EPO I would like to thank you for the invitation to comment on the Review of the Financial Regulations of the European Schools that has been performed.

The EPO very much appreciates the initiatives of the European Schools in the Financial Area.

Please find below our comments for further consideration:

1) Implementation of the Central Authorisation Office

EPO supports the introduction of a Central Authorising Office who is centrally responsible for the financial authorisations. We believe that this initiative can improve the control environment of the European Schools, in particular with respect to the segregation of duties. Regarding the payment authorisations it is proposed to implement a two-step approach in order to ensure that the pay-out is countersigned by a second person, e.g. by using the functionality of the ERP system (e.g. 1st level signature on ESM level, 2nd level signature on Group level).

2) Reference to specific status of ESM

In the light of a review of the Regulations and its Implementing Rules, the EPO expects that the "Agreement between the European Patent Organisation and the Board of Governors of the European School on the operation of the European School in Munich" will be well reflected in the Financial Regulations in order to avoid contradictory treatments, in particular for items affecting Article 4 (copy of Agreement already submitted to Financial Controller).

European Patent Office
Bob-van-Bentham-Platz 1
80469 Munich
Germany

3) Introduction of accrual-based IPSAS

The EPO appreciates the introduction of accrual-based IPSAS as that accrual information will be helpful in assessing the financial situation of the European School Munich. In order to fully leverage on the information available, it is proposed to:

- a) provide a commentary on the Budget Implementation Statement

The current set of Budget Implementation Statements does not contain an analysis of deviations. In contrast to this, they only cover a set of data sheets. A commenting of the schools of spending and under-/overspendings as well as budget transfers would allow the EPO to better assess the Financial Operations of the ESM. This commentary should focus on the Authorisation View. In addition, deviations from IPSAS Accrual Accounting plan figures should be commented.

- b) stipulate in the Financial regulations that IPSAS is used as additional layer of reporting and that the Authorisation View (Budgetary Accounting) is cash-based

The EPO believes that the Budgetary Principles for the Authorisation View should clearly be reflected in the Financial Regulation. In addition, IPSAS as additional layer of reporting should also be reflected in the Financial Regulation (kindly note comments in section 4 below).

4) Comments relating to the Draft Articles of the Financial Regulations (2016-10-D-34-en-2 Annex I. Proposed modifications in the text of the Financial Regulation applicable to the Budget of the European Schools)

Article 1 Scope of the Budget

It is suggested to add to Article 1:

- The Authorisation View of the European Schools is cash-based.
- The Budget documents should also comprise accruals based data, in particular a separate Plan Statement of Financial Position as well as a Plan Statement of Comprehensive Income for information purposes
- The Budget document should contain an Explanatory Memorandum covering the underlying planning assumptions and commenting on the budgeted income and expenditure items.

Article 8bis Principle of equilibrium

It is suggested to amend 1st paragraph of Article 8 bis to make sure that the equilibrium is based on cash basis and that accrual data is provided as additional reporting layer:

Revenue and Expenditure based on the Authorisation View (Cash Based) shall be in balance.

Articles 103/2 and 105: Reserve Fund of ESM

The EPO contributes approximately 85% of the Total Income of the ESM, i.e. € 21,5 m of € 25,6 m budgeted Income for 2017. In 2015, the Reserve Fund of the ESM amounted to € 253k.

The treatment of the Reserve Fund of the ESM is different compared to the Reserve Fund of other European Schools. The Financial Regulation takes this into account. However, the EPO believes that a further increase of the Reserve Fund linked to an increased budget volume is not required. Therefore, it is proposed to retain the current level at ca. € 250k as upper limit.

Also in terms of a budgetary equilibrium in the current year, Expenditure of one year should be financed by Income of the same year (matching principle of budget equilibrium). As a carry-forward is to be avoided (Art. 4) and as an upper limit of ca. € 250k should be set, Articles 103/2 and Art. 106 need to be modified accordingly.

Furthermore, it is proposed to introduce a statement of changes in the Reserve Funds to illustrate any changes in the Funds during a reporting period. By implementing this statement, it will be transparent how much funds are available.

The EPO would like to thank you once more for the initiatives in the area of Financial Governance and the opportunity to comment on it.

I am at your disposal in case of any questions.

Yours sincerely



Maria Castellanos
Head of Department
4.3.3.2 Policies and Studies



EUROPEAN COMMISSION
INTERNAL AUDIT SERVICE

Directorate A: Audit in EU Agencies and other autonomous bodies
Director

Brussels,
IAS.A2/RvdZ/FB/NM - Ares (2017)

NOTE FOR THE ATTENTION OF MR G. MARCHEGGIANO
SECRETARY GENERAL OF THE EUROPEAN SCHOOLS

Subject: Review of the Financial Regulation of the European Schools (FR)

Ref.: Your note dated 2 December 2016 – ref: 2016-12-L-1

Thank you for consulting the IAS on the proposed amendments to the FR. The review of the FR is of paramount importance for the European Schools (ES), since it will imply substantial changes in the system of financial governance, the budgetary principles, and the rules on procurement. The IAS has participated in the Working Group on the Review of the FR and has taken note of the proposed amendments¹.

Please be informed that the IAS comments below² are without prejudice to positions the IAS may take as a result of future audit work.

1. Budgetary principles and extra-budget accounts

The application of article 1 of the Rules for Implementing the FR, which deals with extra-budget accounts, may be ambiguous taking into account the budgetary principles of the revised FR. It is not clear enough what can be deemed as extra-budget receipts and expenditure, in derogation of the principles of universality, and unity and budgetary accuracy. To avoid any ambiguity, the IAS would recommend that the ES consult DG BUDG on this particular topic. Before integrating this rule into the revised FR, it will be necessary to analyse the exact circumstances under which the mentioned derogation will be applied.

2. Ex-ante and ex-post controls

Article 17 septies of the revised FR will establish the rules on ex-ante verifications and ex-post controls concerning the budget implementation. Pursuant to article 115 of the revised FR, article 17 septies shall enter into force on 1 January 2018 with no exception. Article 17 septies states that: (i) the ex-ante verification shall be carried out by staff other than those

¹ Ref: 2016-10-D-34-en-2.

² IAS comments do not concern all proposals for modification mentioned in the note sent by the Secretary-General of the European Schools. Please be informed that the IAS comments are without prejudice to positions the IAS may take as a result of future audit work.

responsible for ex-post controls, and (ii) each transaction shall be subject to at least an ex-ante verification. Nevertheless, Annex II of the Preliminary Report of the Working Group³ mentions that the tasks on ex-ante controls can be assigned to the current members of the Financial Control Unit, while at the same time considers the assignment of ex-post controls to the same unit.

Furthermore, article 17 octies of the revised FR states that the Annual Activity Report (AAR) of the ES shall include, amongst other things, "a synthetic report on the functioning of the internal control systems in the European Schools system and on the main findings resulting from the ex-post controls that the authorising officers may have put in place at the Schools and at the Office of the Secretary-General". Article 17 octies, unlike article 17 septies, shall gradually enter into force as from 1 January 2018.

There are three outstanding recommendations from the IAS that are linked with ex-ante and ex-post controls at the ES⁴. In brief, the IAS had recommended the following: (i) to consider proposing to the Board of Governors of the ES changes in the Financial Regulation in order to shift ex-ante controls from the Financial Controller to individual Schools – the Financial Controller could strengthen its roles in ex-post controls, supervision of Schools and advisory; and (ii) to develop and implement procedures for ex-ante and ex-post controls, ensuring that they contain checklists and methodologies on identification of risks, sampling, and their frequency. Thus, the action plans in respect of these recommendations might be inadequate taking into account the proposed revisions of the FR.

In this context, the IAS would recommend that the ES:

- amend Annex II of the Preliminary Report of the Working Group - the ES should clarify who will be responsible for ex-ante and ex-post controls, both at local (Schools) and central level (OSG), ensuring a proper segregation of duties in compliance with article 17 septies;
- amend the transitional measures – article 115 of the revised FR, in order to clarify the AAR' content on ex-post controls, whenever the article 17 octies is applied later than 1 January 2018;
- once the revised FR has been approved, provide the IAS with updated action plans concerning the recommendations listed above, taking into account the new framework for ex-ante and ex-post controls.

3. Protection of Schools' financial interests

In accordance with article 17 nonies of the revised FR, "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

³ 2016-10-D-34-en-2 Annex II – Preliminary estimation of possible financial implications connected with the review of the model of financial governance.

⁴ IAS recommendations on Financial Management – Vey important (Follow-up 2014): 10. Shift from the ex-ante controls from the Financial Controller to individual Schools and strengthening of central ex-post controls; 12. Ex-ante controls; and 13. Ex-post controls.

legislation. An appropriate system should be established for the protection of the persons communicating the irregularities referred to under this Article".

This article enters into force on 1 January 2018. As far as the IAS is aware, the ES do not have a system that enables the protection of whistleblowers, as is the case of the "Guidelines on Whistleblowing" adopted by the European Commission on 6 December 2012. The IAS would recommend that the ES consult OLAF with a view to obtaining the assistance necessary for this implementation at the ES. The Preliminary Report of the Working Group should also explain the implementation status of this system.

4. Accounting officer

Pursuant to paragraph 3 of article 17 decies of the revised FR, the accounting officer shall be responsible for laying down the accounting rules, procedures and the harmonised charts of accounts in accordance with Title V – Presentation of the Accounts and Accounting. Article 17 decies, which puts in practice the centralisation of the accounting officer, shall gradually enter into force as from 1 January 2018. Thus, as a result of this gradual implementation, the accounting officer will not be in charge of laying down those guidelines for the Schools that keep their accounting officer as of 1 January 2018. In 2018 and 2019, this option might impact the consistency of the financial statements among the Schools. The IAS would therefore recommend that the ES are aiming for an entry into force for all schools at the same time.

5. Presentation of the accounts

As far as the structure of the accounts is concerned, article 86 of the revised FR states that they should comprise: (i) the consolidated financial statements, which present the consolidation of the financial information; and (ii) the reports on the implementation of the budget. Moreover, article 86 quater states that the financial statements shall comprise: (i) the balance sheet and the statement of financial performance; (ii) the cash flow statement; (iii) the statement of changes in net assets; and (iv) the notes. Under this legal framework, it is not clear whether the Schools should present financial statements besides the reports on the implementation of the budget. The IAS would recommend that the ES amend the article 86 of the revised FR for placing (separate) financial statements of the Schools under the same regime as the article 86 quater.

Furthermore, the nomenclature of financial statements that is introduced by article 86 quater does not entirely match the one presented in IPSAS 1 – Presentation of Financial Statements. In accordance with IPSAS 1, a complete set of financial statements comprises: (i) the statement of financial position; (ii) the statement of financial performance; (iii) the statement of changes in net assets/equity; (iv) the cash flow statement; (v) when the entity makes it approved budget publicly available, which is the case of the ES, the comparison of budget and accrual amounts; and (vi) the notes. Therefore, the IAS would recommend the ES to amend the article 86 quater to align it with IPSAS 1.

6. Discharge procedure

Pursuant to article 101 of the revised FR, which enters into force on 1 January 2018, the Board of Governors shall give a discharge to the authorising officer of the ES. No transitional measures were proposed in article 115 in order to accommodate the discharge to the Administrative Boards of the Schools whenever they are under the gradual implementation of

the authorising officer. The IAS would recommend the ES to amend the article 115, in order to set up the new discharge procedure also gradually.

Should you have any query, please do not hesitate to contact Mr. Friedrich Bräuer, Head of Unit, IAS.A.2.

[e-Signed]
Reinder van der Zee

Cc. Mr F. Bräuer, Head of Unit, IAS.A2
Mr N. Magina, IAS.A2
Mr S. Beersing, Head of Unit, IAS.01
Mr A. Mircea, Assistant to the Acting Director-General, IAS
Ms M. Saúde, Head of Unit, DG HR.E.4

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Ecoles européennes,
Bureau du Secrétaire général,
Monsieur Jose Luis Villatoro,
23, rue de la Science,
B-1040 Bruxelles.

Par courriel uniquement
(jose-luis.villatoro@eurs.eu).

Copie à :

Madame Laurence Bernard,
(laurence.bernard@eursc.eu).

Bruxelles, le 10 février 2017,

Cher Monsieur,

Concerne : *Ecoles européennes / Règlement financier,*

Vos références :

Nos références (*qu'on sera aimable de rappeler*) : MS/CBE 374.303.

C'est avec un retard pour lequel je vous prie d'agréer mes excuses les plus pressées que je fais suite à votre courriel du 2 décembre en vous priant de bien vouloir trouver ci-après les observations qu'en l'état actuel des informations dont je dispose je pense pouvoir faire de la réforme envisagée.

Eu égard à l'importance et à la variété des domaines abordés par la réforme, il ne s'agit que d'un premier examen et je vous invite à me faire part des aspects de la réforme sur lesquels vous souhaiteriez un obtenir de ma part une analyse plus approfondie.



1.0. L'examen que je vous propose à ce stade est réalisé en considération des principes suivants, qui me paraissent devoir être appliqués dans toute organisation.

*SOCIÉTÉ CIVILE À FORME DE S.C.R.L.

**SOCIÉTÉS CIVILES À FORME DE S.P.R.L.

***AVOCAT AUX BARREAUX DE BRUXELLES ET DE PARIS

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1.1. La personne investie de la responsabilité d'un acte doit être celle investie du pouvoir de décider du contenu de l'acte. Responsabilité et pouvoir doivent ainsi être liés. Ce principe doit faire l'objet d'une attention particulière dans l'hypothèse des délégations de pouvoirs.

1.2. Le pouvoir de nomination d'un agent doit s'accompagner du pouvoir de contrôle sur cet agent (et notamment, donc, du pouvoir disciplinaire) et du pouvoir de révocation.

1.3. Les organes de contrôles et les organes contrôlés doivent être distincts, mutuellement indépendants et impartiaux.

1.4. Il convient par ailleurs de veiller à la cohérence légistique du nouveau texte avec les textes anciens.



2.0. Eu égard à ces principes, les points suivants ont particulièrement retenu mon attention.

2.1. Aux termes de l'article 17 *ter* du projet du nouveau texte du Règlement financier, le Secrétaire général endossera la fonction nouvellement créée de « authorising officer for the European Schools » ; celui-ci sera nommé par le Conseil supérieur.

Afin de l'assister dans cette fonction, l'« authorising officer » pourra nommer un ou plusieurs « authorising officer by delegation for the European Schools » au sein de chaque École ainsi qu'au sein du Bureau du Secrétaire général. Cette fonction de « authorising officer by delegation » au sein du Bureau du Secrétaire général pourra être assurée par la personne chargée de la fonction nouvellement créée de « Director of Finance and Administration ».

Il me semble qu'en pratique cette faculté de délégation sera toujours exercée : il ne nous paraît pas imaginable que le Secrétaire général dispose de la possibilité matérielle d'exercer cette fonction directement.

2.2. L'article 17 *decies* du projet crée le nouveau poste de « accounting officer for the European Schools ».

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Afin de renforcer son indépendance, la personne en charge de cette fonction sera également directement nommée par le Conseil supérieur, sur avis de la Cour des comptes.

2.3. La séparation des fonctions de « authorising officer » et « accounting officer » est garantie par l'article 17*bis* du projet, lequel dispose en effet que : « *The duties of authorizing officer and accounting officer shall be segregated and mutually exclusive.* »

2.4. J'observe enfin la suppression de la fonction de « *Financial controller* » au profit d'un renforcement de la fonction de « *Internal Control* ».



3.1. Il y a donc lieu de vérifier la correspondance entre le pouvoir et la responsabilité.

Aux termes de l'article 17 *quater* du projet : « *The authorising officer of the European Schools shall be responsible for implementing revenue and expenditure in accordance with the principles of sound financial management and for ensuring compliance with the requirements of legality and regularity.* »

L'article 17*quinquies* précise que « *The authorising officer of the European Schools may delegate the powers of implementation of the budget to one or more authorising officers by delegation in the schools and the Office of the Secretary-General.* »

Cette faculté de délégation de pouvoir qui est accordée à l'« authorising officer » doit dès lors nécessairement s'accompagner du transfert de la responsabilité lié à ce pouvoir.

L'article 17*sexties* dispose ainsi que : « *the authorising officer by delegation, and as the case may be the authorising officer by sub-delegation, takes full responsibility for any authorisation granted.* ». Les conséquences de cette responsabilité sont, par ailleurs, détaillées à suffisance par l'article 17 *ter decies* du projet.

L'équilibre entre le pouvoir et la responsabilité lié à la fonction de « authorising officer » et des « authorising officers by delegation » me paraît donc respecté.

En ce qui concerne le « accounting officer » et les « accounting officer by delegation », l'article 17 *decies* dispose que « *The Board of Governors shall appoint an*

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accounting officer for the European Schools, who shall be totally independent in the performance of his or her duties. »

L'article 17 *decies* du projet précise que: « *The authorising officers by delegation shall remain fully responsible for the proper use of the fund 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. »*

Il résulte de ce qui précède que le transfert de la responsabilité lié au pouvoir de la fonction de « accounting officer » me paraît également adéquatement opéré.

3.2. Tel qu'annoncé, un autre point important à examiner est celui de la nomination et de la révocation des fonctions nouvellement créées.

Ce point ne me paraît pas non plus poser de difficultés dans le nouveau texte : j'observe en effet que la nomination d'une personne à un poste implique systématiquement le pouvoir de révocation de celle-ci par l'autorité qui l'a nommée.

À titre d'exemple, citons les points 1 et 2 de l'article 17 *doudecies* qui dispose que: « *Authorising officers by delegation and subdelegation may at any time have their delegation or subdelegation limited or withdrawn temporarily or definitely by the authority which appointed them »* et que: « *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. »*

3.3. En ce qui concerne la question du contrôle, je retiens que la fonction de "financial controller" disparaît au profit d'un renforcement du contrôle interne.

Dans cette perspective, l'adoption par le « authorising officer » d'une « charter of tasks and responsibilities » devant être approuvée par le Conseil supérieur tel que le dispose l'article 17 *quater* du projet, me paraît tout à fait adéquate.

3.4. Du point de vue de la cohérence législative en général, la modification du Règlement financier impliquera à mes yeux la modification d'autres textes.

À ce stade de mon examen, j'attire votre attention sur les textes suivants :

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3.4.1. La Convention portant Statut des Ecoles européennes ne me paraît heureusement pas devoir être modifiée.

Si, a priori, on pouvait penser que l'article 12 devrait être modifié afin d'y prévoir la nomination du « accounting officer » par le Conseil supérieur, l'article 13 a) de cette Convention dispose que le Conseil supérieur « *arrête le règlement financier, spécifiant notamment les modalités relatives à l'établissement et à l'exécution du budget des écoles* ». Or, la création de la fonction d'« accounting officer » entre dans le champ d'application de cet article. En effet, d'une part cette fonction est directement créée par le Règlement financier et, d'autre part, cette fonction a pour mission de contribuer « à l'établissement et à l'exécution du budget des écoles ».

3.4.2. La réforme du Règlement financier ne requiert pas non plus de modifications du Statut du personnel détaché et du Statut du personnel administratif et de service des Écoles européennes.

3.4.3. En revanche, il pourrait être judicieux de compléter le document relatif au « Profil, fonctions, règles de désignation et statut du Secrétaire général et du Secrétaire général adjoint » afin de faire état de la nouvelle fonction de « accounting officer » du Secrétaire général.



4. Enfin, d'une manière générale, je vous sou mets les suggestions suivantes.

4.1. Je m'interroge sur l'objectif et l'opportunité d'attribuer la fonction de « authorising officer » au Secrétaire général. En effet, eu égard à ses nombreuses fonctions, celui-ci n'aura d'autre choix que de déléguer ce pouvoir. N'est-il dès lors pas plus opportun de créer directement une fonction de « authorising officer », distincte de la personne du Secrétaire général, sans préjudice de la possibilité de faire nommer (et révoquer) cette personne directement par celui-ci ou par le Conseil supérieur ?

4.2. Ainsi que j'ai déjà eu l'occasion de vous en faire part dans le cadre de l'examen d'autres dossiers, je suis très réservé sur l'alignement de la réglementation des marchés publics des Écoles sur la sur celle de la Commission.

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Je me réfère à ce propos aux observations remarques que j'avais déjà eu l'occasion de formuler auprès de Madame Garcia dans mes lettres des courriels du 26 septembre et 14 octobre 2016. J'avais ainsi fait valoir que:

☞ Sur le plan légistique, d'abord, la réglementation par référence est toujours imprudente, puisque le contenu de notre réglementation est soumis à la réglementation d'un tiers ; il suffit ainsi que ce dernier la modifie pour que la nôtre le soit également de plein droit.

☞ En particulier, les organes de la Commission ne sont pas les mêmes que ceux des Écoles ; il faudrait donc, dans chaque cas, trouver l'organe correspondant, ce qui ne sera pas nécessairement possible en sorte qu'un travail de réécriture de la réglementation pour en permettre l'application aux Écoles sera en tout état de cause nécessaire ;

☞ Enfin, et plus fondamentalement, il y a lieu de rappeler que les Ecoles sont une organisation internationale autonome tant par rapport l'Union que par rapport aux États membres, ce qui résulte autant de la jurisprudence de la Chambre de recours que de celle de la Cour de Justice de l'Union et des cours et tribunaux des ordres internes. Je ne pense pas qu'il soit judicieux de limiter notre autonomie.

4.3. Concernant le point particulier relatif à la procédure de décharge prévue à l'article 101 du projet de texte du nouveau Règlement financier, il me paraît nécessaire de conserver la référence à l'« Administrative Boards of the Schools » dès lors que celui-ci continue à adopter certaines décisions financières.

Cette formalité permet en effet de donner quittance à l'« Administrative Boards of the Schools » de sa gestion.

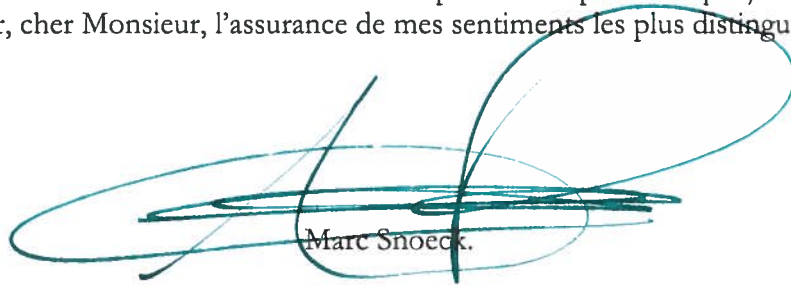
4.4. Enfin, je prends la liberté d'attirer votre attention sur le fait qu'il serait sans doute souhaitable de coordonner l'ensemble du texte pour, d'une part, disposer d'une numérotation continue des articles (et éviter ainsi les adverbes multiplicatifs latins) et, d'autre part, en affiner la structure en titre, chapitre et section.



7,-

Il est bien entendu que je demeure tout à votre disposition pour m'entretenir avec vous de ce qui précède.

C'est en vous souhaitant une bonne réception de la présente que je vous prie d'agréer, cher Monsieur, l'assurance de mes sentiments les plus distingués.

A handwritten signature in blue ink, consisting of several overlapping loops and horizontal strokes, positioned above the printed name.

Marc Snoeck.

European Schools
Assistance in the
implementation of a
proposed model of
centralised financial
governance

24 February 2017

Final Report





Office of the Secretary-General of the European Schools
For the attention of Mr. Villatoro
Rue de la Science 23
B-1040 Brussels
Belgium

24 February 2017

Dear Mr Villatoro,

Subject: Final report – Assistance in the implementation of a proposed model of centralised financial governance

PwC Reviseurs d'Entreprises scrl ("PwC", or "we") is pleased to provide the Office of the Secretary-General of the European Schools ("Client" or "you") our final report for the 'Assistance in the implementation of a proposed model of centralised financial governance'. Our services were performed and this Report was developed in accordance with our proposal dated December 15th, 2016 and specific contract No BSGEE2016/15 and are subject to the terms and conditions included therein.

PwC's services and procedures were not carried out in accordance with an audit or an attestation, as defined by the Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren nor, unless otherwise stated, have we subjected the financial or other information contained in this report to checking or verification procedures.

Our work was limited to the specific procedures and analysis described herein and was based solely on the information made available to us up to February 21, 2017.

If you require any clarification or further information, please contact Marc De Pauw on +32 (0) 2 710 72 58.

Yours truly,

A handwritten signature in blue ink, appearing to read 'M. De Pauw', is written over a blue horizontal line.

Marc De Pauw
Director

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1. Management summary

In December 2014, the Board of Governors of the European Schools approved a substantial review of the Financial Regulations. A working group was established given a mandate by the Secretary-General to address the recommendations issued by the Court of Auditors and the Internal Audit Service.

The Secretary-General extended the mandate of the working group in 2015 and once again in April 2016, authorising a further review with the purpose of reinforcing the sound financial management for the whole of the European School system via a reinforced accountability at central level with newly created functions of central Authorising Officer and central Accounting Officer, without reducing the existing responsibilities at the local level of the Schools and the OSG.

PwC has been requested to provide assistance in the implementation of the proposed model of centralised governance, by analysing the current policies and procedures that are implemented and by identifying current compliance with the revised Internal Control Standards approved by the Board of Governors in December 2016.

By organising walkthroughs with key stakeholders in three sample schools selected by the Office of the Secretary-General, we were able to identify:

- Areas where changes in accounting & control are required to comply with the new proposed Financial Regulations with a centralised Accounting Officer and Authorising Officer;
- Where and how a centralisation of the tasks can lead to better quality, control and/or efficiency;
- Tasks for which improvements are required in the procedures implemented and systems used.

Current management summary specifically addresses the number of FTE's required in a centralised financial governance model complying with the new Financial Regulations and Internal Control Standards. A division was made in terms of FTE requirements between centralisation of activities, ensuring compliance with the 16 internal control standards and general efficiency and effectivity improvements. Our development plan towards central financial governance as annexed in Annex B goes beyond the FTE requirements and also outlines more pervasive suggestions to improve overall quality, control and efficiency.

1.1. Towards centralised financial governance

In the following table we have summarised per accounting responsibility, activities that can be transferred to a central level:

Accounting responsibility	Current state	Proposed action	Local FTE impact	Central FTE impact
Treasury	Payment runs & bank reconciliations are locally performed, which would not be in compliance with the new proposed Financial Regulations stating that payments have to be centrally executed by the Accounting Officer.	Centralising payment executions at the Office of the Secretary-General, whilst maintaining a local verification process. We also propose to perform SAP-bank reconciliations centrally to ensure timely execution and to create economies of scale.	-2,51	2,26
Accounts payable	Schools do not consistently review accounts payable ageing data.	Central follow up of the ageing of vendor balances.	0,00	0,10
Payroll	Salaries for seconded staff are locally calculated.	Centralise calculation of salaries for seconded staff to increase quality and efficiency (centralisation of experience and knowledge).	-9,91	9,05

Payroll	No approval is required for the creation or changes to the employee master data.	Install a centralised approval procedure of changes to employee master data.	0,00	0,35
Closing & Accounting quality	Financial figures from schools are consolidated at central level with limited review or control.	Implement a centralised review of school financial reports on a quarterly basis.	0,00	0,75
Closing & Accounting quality	No annual validation of accounting systems is performed.	Introduce validation of local accounting systems on a yearly basis.	0,00	0,75
Other	Changes in master data of vendors are locally approved.	Centralise the approval of changes in master data.	0,00	0,35
Accounting Officer		Overall supervision Accounting Officer team	0,00	0,50
		Total	-12,42	14,11

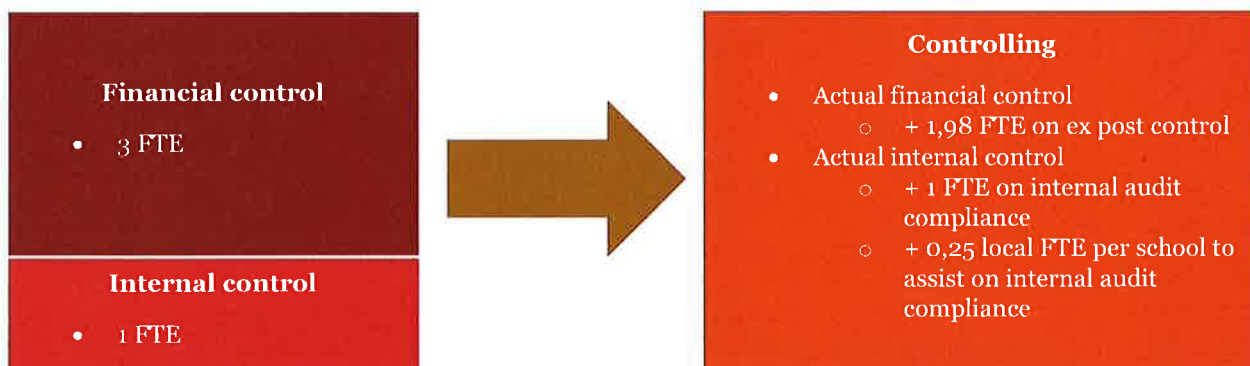
1.2. Towards complying with the 16 internal control standards

In assessing compliance with the 16 internal control standards, we have evaluated the current state of compliance of the Internal Control Standards against the COSO internal controls maturity scale. Based on this assessment we have proposed a number of improvement activities over the coming years.

To be able to implement these improvement projects, to assess the status of the 16 standards on a regular basis and to guide the schools in the operation of the required processes, we estimate that 2 FTE's would be required at OSG, complemented by 0,25 FTE's at each school. To that effect, one additional FTE on the level of the OSG, would need to be recruited to complement the Internal Control Coordinator currently employed.

At the level of the schools we do not recommend additional recruiting, but estimate that about 0,25 FTE of existing resources' time will be needed to assist with assessments and implementation of improvements on the internal control standards.

Controlling activities are currently performed by a team of four people, divided over financial & internal control activities.



In our Target Operating Model, there will be one controlling department that will bundle all activities of the four existing employees. An additional 2,98 FTE's are centrally needed to fulfil all additional controlling commitments as highlighted in this report: 1 is related to the general internal control procedures, the remaining 1,98 to the financial control procedures.

1.3. Efficiency and effectivity improvements

Efficiency and effectivity of daily operating procedures can be improved, summarised in the following table:

Current state	Proposed action	Local FTE impact	Central FTE impact
Redundant payment activities.	Improve overall SAP reliance to repeal redundant payment verification activities.	-0,74	0,00
Manual mapping of outgoing payments with supplier balances.	Implementing automatic payment reconciliations for all schools.	-0,20	0,00
Manual issuing of invoices.	Introduce e-invoicing system.	-2,15	0,10
Manual dunning procedures.	Automate dunning procedures in SAP.	-0,98	0,19
Extra budgetary activities not always registered in SAP.	Reinforce management of extra budgetary activities after a shift of activities from a local to a central level.	+3,55	0,00
Weaknesses in procurement process	The Central Office should provide more guidance to the schools on planning and designing procurement procedures: evaluation procedures, ex ante checks when registering commitments, applying correctly exclusion and award criteria.	0,00	0,00
Weaknesses in budgeting and reporting process	Further develop budgetary and financial reports with adequate quarterly closing procedures with a central control mechanism to ensure a consistent and coherent approach across all schools.	0,00	0,00
Total		-0,52	0,29

2. Background and Approach

2.1. Background

In December 2014, the Board of Governors of the European Schools approved a substantial review of the Financial Regulation to address recommendations issued by the Court of Auditors and the Internal Audit Service.

A working group, given mandate by the Secretary-General, addressed the adoption of an accrual based accounting system and the revision of the Procurement Rules and the Rules on Payment Procedures. The review intended to address the roles & responsibilities of the central Financial Control Unit, aiming for a shift of the function from ex ante financial control to ex post financial control, after implementation of appropriate rules for segregation of duties at the level of the Schools.

The mandate was extended in 2015 and April 2016 to review the possibilities of reinforcing the sound financial management for the whole of the European School system via a reinforced accountability at central level with newly created functions of central Authorising Officer and central Accounting Officer, without reducing the existing responsibilities at the local level of the Schools and the OSG.

PwC has been requested to provide assistance in the implementation of the proposed model of centralised governance, by analysing the current policies and procedures that are implemented and by identifying current compliance with the revised Internal Control Standards approved by the Board of Governors in December 2016.

Our approach, specifically tailored to assess the required resources in a centralised financial governance model complying with the set Financial Regulations and Internal Control Standards, has been outlined in the next chapter.

2.2. Approach

To achieve the objectives of this engagement, we have adopted a 2-phased approach.

In a first phase we have analysed the policies and procedures currently implemented by the European Schools and assessed current compliance with the Financial Regulations and 16 Internal Control Standards.

In a second phase we have developed a three-year plan towards a centralised financial governance model by 1 January 2020, complying with the revised Financial Regulations and Internal Control Standards.

Analysis of current policies and procedures

To be able to assess the currently implemented policies and procedures we have selected 3 sample schools (and the OSG) to be able to draw conclusions for the European School system as a whole. The following schools have been selected, nominated by the Office of the Secretary-General:

- European School Brussels 3 (Ixelles);
- Luxembourg 2;
- European School of Mol.

By organising interviews and performing walkthroughs with key stakeholders in the sample schools, we were able to identify:

- Areas where changes in accounting & control are required to comply with the new proposed Financial Regulations with a centralised Accounting Officer and Authorising Officer;
- Where and how a centralisation of the tasks can lead to better quality, control and/or efficiency;
- Tasks for which improvements are required in the procedures implemented and systems used.

This allowed us to determine how the move from a decentralised AS IS situation to a more centralised TO BE situation would affect the required resources, both centrally as at the level of the Schools.

Implementation plan

In the implementation plan, the agreed TO-BE model will be divided in different projects in order to have a view on the activities that need to be accomplished before 01/01/2020. The three main principles that are addressed in this plan are: priorities, timing and resources.

3. Towards central financial governance

3.1. Methodology

To analyse the current policies and procedures that are implemented by the schools and the Office of the Secretary-General we have performed walkthroughs per functional accounting unit, listed below:

- Treasury;
- Accounts payable;
- Accounts receivable;
- Payroll;
- Closing & accounting quality;
- Other, including inventory and master data.

Each of the functional units have been divided into core procedures and into different tasks and responsibilities. A breakdown for each of the accounting units can be found in the Annexes (Annex A1 to Annex A7). After filtering to the lowest level of activities, we allocated the amount of FTE's used for each individual task per functional accounting unit.

Subsequently, after identifying the current operating model and its related operational risks, we developed a Target Operating Model (TOM), complying with the new Financial Regulations and Internal Control Standards.

Applied approach and assumptions

An important prerequisite in this exercise was the FTE overview provided to us by the Office of the Secretary-General, enclosing the number of FTE's employed at each different school (Annex A9).

- (1) We transposed the areas and tasks identified in the FTE overview of the schools into the different functional accounting units applied by PwC and listed above.
- (2) In distributing tasks to the functional accounting units, we estimated, based on the performed walkthroughs and experience, the time used for those tasks that cover 2 or more accounting units.
 - We estimated the task of 'Accounting and payments' in the 'Accounts payable' cycle to consist of 40% 'Treasury' activities and 60% 'Accounts payable' activities.
 - We allocated 5% of the total time allocated to 'Accounts payables' and 'Accounts receivable' to 'Other', representing time required to maintain master data of each cycle.
 - For the cycle of 'Accounting officer' we have allocated 40% to 'Treasury' activities and 60% to 'Closing and accounting quality'.
 - Lastly, we divided 'Human Resources' into local and seconded salaries, and allocated 5% of the total 'HR' FTE's to 'Travel expenses'.
- (3) The redistribution towards the functional accounting units of PwC allowed us to, based on the walkthroughs performed, allocate the amount of FTE's that are currently being used per each individual task of the functional accounting units.

In a next step, we worked towards a Target Operating Model by determining and describing where and how a centralisation of the tasks, supported by improvements in the IT systems and tools, can lead to better quality, control and/or efficiency.

For the economies of scale stemming from centralising a range of activities we applied a 10% efficiency gain.

When automating tasks, we applied a reduction of 90% on the FTE's required, considering the need for human intervention in case of errors and irregularities.

3.2. Per accounting unit

3.2.1. Treasury

Current situation

Within Treasury we have identified 2 main blocks, performed on a local level by 6,11 FTE's:

- Payment procedures;
 - Outgoing payment runs are prepared by an accountant, checked by a vericator and approved by the authorising officer. The accounting officer executes the payment based on the approval flow;
 - We identified that elaborate manual verifications are performed at the introduction of the payment run due to a lack of reliability of the SAP system in terms of master data;
 - Outgoing payments are either mapped automatically by the system or mapped manually by the accountant, depending on the school. The latter represents, due to the required human input, not only an issue in terms of efficiency, but also a risk in terms of errors and fraud;
- Bank and cash reconciliations;
 - Performed on a timely basis by an accountant.

Proposed TOM

To comply with the new Financial Regulations payments have to be centrally executed by the Accounting Officer. To that effect, we suggest the following:

- Centralising payment executions at the Office of the Secretary-General, whilst maintaining a local verification process;
 - Central access to the local bank accounts is preferred above the creation of one central bank account on the level of the Office of the Secretary-General;
- SAP-bank reconciliations are performed centrally to ensure timely execution and to create economies of scale;
- Continue implementing automatic payment reconciliations at the remaining schools and improve overall SAP reliance to repeal redundant verification activities;

The impact of the proposed TOM on the required FTE's on local and central level is summarised in following table:

FTE impact summary	Local FTE's	Central FTE's
Centralisation of payment executions.	-2,51	2,26
Redundant manual verifications at initiating payment run.	-0,74	/
Implementing automatic payment reconciliations.	-0,20	/
Total	-3,45	2,26

Table 3.2.1: Treasury - FTE impact

3.2.2. Accounts payable

Current situation

Accounts payable activities are managed locally by in total 20,22 FTE's for the 14 schools. A breakdown per procedure has been provided in Annex A3.

We have identified the following:

- Appropriate segregation of duties are implemented for the accounts payable cycle, from purchase order to goods receipt and the execution of payments. Our walkthroughs however indicated that the activities related to extra budgetary expenses expose the European Schools to significant risks. We identified schools where extra budgetary is either not registered in SAP, either managed by people outside of the accounting department (such as teachers), or both.
- We also identified that schools do not consistently review accounts payable ageing data.
- The Court of Auditors expressed several weaknesses in the procurement procedures in its latest report on the annual accounts. These weaknesses relate to different areas such as evaluation procedures, absence of evidence for ex ante checks when registering commitments or mixing of exclusion and award criteria. We refer to points 20 to 23 of the Report on the annual accounts of the European Schools for the financial year 2015.
- Additionally, we identified that central follow up of framework agreements is complicated by the incomplete record keeping of contracts in SAP and the use of different contract numbers and values for the same framework agreement between the schools and OSG.

Proposed TOM

In our Target Operating Model the activities related to Accounts payable remain predominantly decentralised. The only exception is a central follow up of the ageing of vendor balances, for which we estimate an additional 0,10 FTE's are required at the level of the Office of the Secretary-General.

To mitigate the risks of the extra budgetary expenses, the European School system should in parallel of shifting responsibilities to the central level for the other accounting units, reinforce the management of the extra budgetary in SAP by the accounting department of the different schools.

- Estimated required resources for extra budgetary expenses based on walkthroughs with key stakeholders: 0,75 per school = 10,50 FTE's in total;
- Current estimated resources managing extra budgetary based on FTE overview: 5,26 + 1,69 = 6,95;
- Estimated additional FTE's required: 3,55.

We also suggest to consider a transfer of the largest extra budgetary expenses (school trips) to budgetary accounting (by adding limits to the extra budgetary expenses in the financial regulations).

Lastly, we advise to launch a project addressing the concerns identified by the Court of Auditors. The Central Office should provide more guidance to the schools on planning and designing procurement procedures and should implement additional controls to reinforce compliance with the Financial Regulations and its Implementing Rules. Selection and award criteria should be simplified and documentation of the procurement procedures should be improved to ensure transparency, equal treatment and a consistent approach across all schools. The additional controls to be performed are integrated within the different accounting areas. For more information, we refer to chapter 3.2.7, which deals with the ex-post controls.

The impact of the proposed TOM on the required FTE's on local and central level is summarised in following table:

FTE impact summary	Local FTE's	Central FTE's
Central – Ageing of vendor balances.	/	0,10
Local - Extra budgetary procedures.	3,55	/
Total	3,55	0,10

Table 3.2.2: Accounts Payable - FTE impact

3.2.3. Accounts receivable

Current situation

Accounts receivable is composed out of following categories, locally managed by 9,13 employees:

- Funds received from the national & international institutions;
 - We identified that the funds from the European Commission and other EU bodies are wired directly onto the bank accounts of the different schools;
- School fees;
 - School fees represent a higher risk for the European Schools due to manual intervention and the lack of internal controls on school fee registration;
- Sundry income (limited).

Proposed TOM

In our Target Operating Model, we suggest:

- Centralising fund management of the international institutions on the level of the Office of the Secretary-General;
 - We highlight that the funds received from the local member states and school fees remain a local responsibility;
- To investigate the possibility of enabling dunning procedures in SAP. This would not only increase the follow-up quality of open balances, but also increase the efficiency. A logic that also can be followed for the sending of invoices to parents via an electronic invoicing system;

The impact of the proposed TOM on the required FTE's on local and central level is summarised in following table:

FTE impact summary	Local FTE's	Central FTE's
Centralisation.	/	/
e-Invoicing and automated dunning procedures.	-2,94	0,29
Total	-2,94	0,29

Table 3.2.3: Accounts Receivable - FTE impact

3.2.4. Payroll

Current situation

Remuneration of staff is currently managed by the accounting departments of the different schools. In each school one to three FTE's are responsible for payroll, both for locally recruited staff as seconded staff. Responsibilities range from the maintenance of standing data to calculation of the salaries and payment, as well as responding to questions of staff. For a breakdown of the different tasks and responsibilities, we refer to Annex A5.

Our walkthroughs have however identified the following risks:

- Complex convention regulations and a decentralised knowhow increase the risk of different interpretations of the regulations for the calculation of salaries of seconded staff;
- A lack of staff and appropriate IT tools prevent the set-up of an adequate level of segregation of duties and implementation of ex ante and ex post internal controls;
- An inadequate configuration of SAP leads to an increased risk of unnoticed changes in standing data and decreased efficiency.

Proposed TOM

To address the identified risks, we suggest:

- Centralising the calculation of salaries of seconded staff to the Office of the Secretary-General, together with the approval of new employee registrations and/or sensitive master data adjustments. The latter is currently not yet performed, but considered imperative in view of decreasing the risk of error and fraud due to collusion;
- Investigating the possibility of replacing and improving the current payroll technology.

The impact of the proposed TOM on the required FTE's on local and central level is summarised in following table:

FTE impact summary	Local FTE's	Central FTE's
Centralised calculation of salaries seconded staff.	-9,91	8,05
Verification of calculated salaries	/	1,00
Central – Approval of employee master data changes.	/	0,35
Total	-9,91	9,40

Table 3.2.4: Payroll - FTE impact

3.2.5. Closing & accounting

Current situation

- Budgeting and budget implementation is the responsibility of the local authorising officers (directors of the schools). With the development of a budget circular for the 2018 budget, the European Schools have adequately addressed concerns expressed by the schools not having appropriate guidance and templates. However, schools continue to experience issues with extracting adequate and reliable data out of the accounting system SAP. The Internal Audit Service reports that SAP does not provide the schools with an automated reconciliation between budget execution and the statement of financial performance. Additionally, both the Court of Auditors as Internal Audit Service have reported issues with appropriate approvals of budget (pre-) commitments.
- Closing procedures are currently performed locally, without an appropriate level of supervision or internal controls. Approvals for closing postings are only required on local level.
- Additionally, we identified that accounting system validation has not been performed on a recent basis.

Proposed TOM

In our Target Operating Model, with a central Accounting Officer responsible for the closing procedures and financial accounts of all 14 schools and a central Authorising Officer responsible for budget implementation of the entire European School system, we suggest the following:

- Further developing budgetary and financial reports while implementing adequate quarterly closing procedures with a central control mechanism to ensure a consistent and coherent approach across all schools;
- Further, an annual accounting system validation should be performed on a rotation scale to make sure all requirements of the financial regulations are met.

The impact of the proposed TOM on the required FTE's on local and central level is summarised in following table:

FTE impact summary	Local FTE's	Central FTE's
Central - Validation local accounting systems and review of school financial reports.	/	1,50
Total	/	1,50

Table 3.2.5: Closing & accounting quality - FTE impact

3.2.6. Other

Current situation

The category 'Other' represents mainly the registration of vendor master data and client master data. Our walkthroughs have identified the following risks:

- Only approvals are required for the modification of vendor bank accounts;
- Inadequate configuration and security of the SAP accounting system allows for changes in master data of other schools.

Proposed TOM

To address the identified risks, we propose:

- To review and revise the configuration of SAP to prevent inappropriate changes due to error or fraud;
- To centralise the recording of sensitive master data.

The impact of the proposed TOM on the required FTE's on local and central level is summarised in following table:

FTE impact summary	Local FTE's	Central FTE's
Central - Approval of vendor master data changes.	/	0,35
Total	0,00	0,35

Table 3.2.6: Other - FTE impact

3.2.7. Ex post controls

Current situation

We understood that internal controls are currently managed by the central Financial Control Unit (FCU). Three employees of the Office of the Secretary-General are responsible for an ex ante verification of amongst others budget commitments, payment transactions and salaries. The FCU also provides advice on a wide range of financial related issues such as segregation of duties, interpretation of the financial regulations, trainings on financial management, etc.

Proposed TOM

In our Target Operating Model we suggest to amplify and reinforce the internal control capacities of the Office of the Secretary-General, by implementing a set of centrally managed ex post controls.

For a detailed overview of proposed ex post internal controls, we refer to attachment 8.

To implement the proposed controls, we advise to additionally hire 1,98 FTE's for the performance of general ex post controls, addressing a number of activities, ranging from a verification of master data exception lists or manual payments, to the audit of the three-way match in accounts payable. These general ex post controls are of an organic nature and should develop according to the circumstances and identified risks.

The impact of the proposed TOM on the required FTE's on local and central level is summarised in following table:

FTE impact summary	Local FTE's	Central FTE's
Central - Additional ex post controls	/	1,98
Total	0,00	1,98

Table 3.2.7: Internal control FTE impact

3.2.8. Summary

When combining all info from above, we see that the most important centralisation activities are situated in the payroll activities. A subject that also represents the largest part of the annual budget.

Resources overview*	Total employees	Reallocated local FTE's	Additional OSG FTE's
Treasury	6,11	-3,45	2,26
Accounts payable	20,22	3,55	0,10
Accounts receivable	9,13	-3,13	0,29
Payroll	26,46	-9,91	9,40
Closing & accounting quality	8,88	0,00	1,50
Other	1,18	0,00	0,35
Ex post controls**	3,00	0,00	1,98
Accounting Officer	0,00	0,00	0,50
Internal Control	1,00	3,50	1,00
Accounting Manager	1,00	0,00	0,00
	76,98	-9,44	17,38

* This resource overview only takes into account the accounting resources in the 14 schools.

** Ex post & ex ante controls are performed centrally, an exception on the first asterisk.

Table 3.2.8: TOM impact overview

4. Compliance with the 16 Internal Control Standards

4.1. Methodology

In assessing compliance with the 16 internal control standards, we have evaluated the current state of compliance of the Internal Control Standards against the maturity scale as outlined in the following table. Important note: our assessment has evaluated the design effectiveness of the internal control standards and not the operational effectiveness.

Initial / Ad Hoc (1)	Repeatable / Not formalised (2)	Defined (3)	Managed / Measurable (4)	Optimised (5)
Control activity is considered; Roles and responsibilities are not clearly defined; Control activity is performed every now and then by different staff.	Control activity is considered relevant, even important; Roles and responsibilities are defined; Control documentation is not yet in place, but control activity is performed in a standard (informal) way.	Control activity forms part of a well-described process that is communicated to all parties involved; People are trained; Control activity is documented.	Control activity forms part of a well-described process that is communicated to all parties involved; People are trained; Control activity is documented; Non-compliance is noticed through ongoing monitoring of controls: testing for effective design and operation with reporting to management.	Internal controls are part of the day-to-day process (fully embedded), monitored on real time basis by management, benchmarked, externally and continuously improved.

4.2. Resources required

The European Schools should develop and implement procedures (both for the Office of the Secretary-General as the individual schools) which assess, monitor and improve compliance with the standards on a continuous basis.

To be able to implement these procedures, we assess the following requirements in terms of staff: 2 FTE's at OSG, complemented by 0,25 FTE's at each school.

The full time equivalents at the level of the OSG compose and put into practice internal audit plans, developed to assess current compliance with internal audit standards, to recommend improvement and mitigating controls and oversee implementation. To that effect, the European School system should recruit one additional FTE on the level of the OSG, to complement the Internal Control Coordinator currently employed by the Office of the Secretary-General.

At the level of the schools we assess that 0,25 FTE's per school are required to follow up on recommendations of the internal auditor. We do not recommend additional recruiting, but wanted to indicate that about 0,25 FTE of existing resources' time will be needed to assist with assessments and implementation of improvements on the internal control standards.

4.3. Per internal control standard

Standard	Description	Current situation	Recommendation	Maturity	Priority
1	<p>Mission</p> <p>The Secretary General (SG)/Deputy Secretary General (DSG) and each director shall have an up-to-date mission statement, which is linked to the overall mission of the European Schools and made known to all staff.</p>	<p>The mission and vision of the European Schools has been captured in the treaty signed in 1957 establishing the statute of the European Schools. The words which express the essential aims of the European Schools have been sealed, in parchment, into the foundation stones of all the schools and originate from Jean Monnet, one of the founding fathers of the European Union. The treaty establishes a set of objectives and educational principles.</p> <p>The Office of the Secretary-General has a separate mission statement, performing executive management duties and providing the schools with advice and assistance in pedagogical, administrative, financial, legal and human resources issues.</p> <p>Although the European Schools therefore essentially comply with the standard, it is believed that the mission statement requires revision and updating, moving from a generic statement to a more tailored and up to date version.</p> <p>The mission also requires active enforcement within the Group. Our assessment indicated that the mission of the schools was not always acknowledged by the people in the field.</p>	<p>To improve, a working group with representatives of the European Schools could convene and address the mission and vision of the European School system. This initiative should be centrally initiated and concluded, to establish a consistent vision across the European Schools.</p> <p>Subsequently the schools should enforce and communicate the updated mission statement towards its employees.</p>	2	3

Standard	Description	Current situation	Recommendation	Maturity	Priority
2	<p>Management and staff are aware of and share appropriate ethical and organisational values and uphold these through their own behaviour and decision-making.</p> <p>Management establishes appropriate guidelines covering the reporting of suspected improprieties and communicates these to all staff (whistle-blowing guidelines).</p>	<p>All Directors, bursars and accounting officers emphasise that the employees uphold the Schools' ethical and organisational values, however also acknowledge that the 'Guidelines on Ethics and Security (version 2013-01-D-9-en-1)', in which whistle-blowing guidance is disclosed, is not actively enforced and that it cannot be guaranteed that all employees have read and understood it.</p> <p>We have also identified that the guidelines covering the reporting of suspected improprieties do not include anonymous reporting mechanisms. Contrary, individuals are required to report in writing to the Head of Unit, or to the Headmaster of the School, or to the Secretary-General of the European Schools, who, additionally, will communicate the facts to the Financial Controller.</p> <p>Although mitigating factors such as other guidelines and rules that the European Schools have issued - we refer to, amongst others, the 'General Rules of the European Schools' (2014-03-D-14-en-4), 'Regulations for Members of the Seconded Staff of the European Schools' (2011-04-D-14-en-6) (and other staff categories), or the 'Aide memoire on the procedures for the purchase of goods and services' (2016-09-D-83-en-1) (procurement guidelines), or the different ICT charters - are to be considered, we could complement our findings by the issues reported for Standard 8 and 12:</p> <ul style="list-style-type: none"> - 8: general lack of daily operational procedures. - 12: Document management within the European Schools can be improved: simplification of the number of guidelines and memo's, whilst developing or improving an intranet of the schools. 	<p>The school of Brussels has taken the initiative of reinforcing the 'Guidelines on Ethics and Security' in 2017.</p> <p>We suggest to centrally evaluate the current Guidelines on Ethics, to update the content to reflect the new financial governance model, and to actively announce and publish its existence in the European Schools network, as well as have it signed when signing employment contracts.</p> <p>Such measures should be complemented by a simplification of guidelines and memo's and the development of an easy to use intranet.</p>	2	3

Standard	Description	Current situation	Recommendation	Maturity	Priority
3	<p>The SG/DSG and each director recruit staff on the basis of planned and well-defined needs and allocate them according to their competences.</p>	<p>We understand from the schools that the requirements in terms of staffing, both for seconded as for locally recruited staff, are described in the annual budgets and school plans.</p> <p>We furthermore understood that the rules that are imposed in terms of recruitment, and withheld in the different service regulations (Service Regulations for the Administrative and Ancillary Staff 2007-D-153-en-7; Regulations for members of the seconded staff of the European Schools 2011-04-D-14-en-6; Service regulations for the locally recruited teachers in the European Schools 2016-05-D-11-en-1) as well as 'Recruitment Policy for AAS (2015-08-D-08-en-1)' are adequately complied with.</p> <p>Within the limits of our assignment, we therefore assess that the European Schools essentially comply with the standard in its limited interpretation.</p> <p>If we adopt a broader interpretation, we have identified that the schools struggle to have personnel with appropriate competence in terms of Administrative and Ancillary Staff (AAS).</p> <p>This has a number of angles:</p> <ul style="list-style-type: none"> - Lack of resources or budget to recruit additional staff members, which would also mitigate the risk of absences as reported in Standard 11. Use of temporary workers is not sustainable. - Requirements to improve evaluation and training & development of staff members (see Standard 4). Examples provided relate to transformation to IPSAS and the overall reported lack of SAP knowledge. - Lack of adequate operational procedures (see Standard 8). 	<p>We refer to the recommendations in standards 4, 8 and 11 to mitigate the issues identified in the broad interpretation.</p> <p>We furthermore emphasise that with the transfer from a decentralised approach to a more centralised approach the European School system has the opportunity of recruiting staff with the appropriate accounting competence, allowing for adequate central management and controls.</p>	3	2

Standard	Description	Current situation	Recommendation	Maturity	Priority
<p>4 Staff performance and development</p>	<p>The SG/DSG and each director evaluate the performance of staff in accordance with the relevant staff regulations. The performance is discussed between appraisee and his/her superior. Learning and development needs are recorded, weaknesses addressed as early as possible.</p>	<p>Staff performance and development is regulated by the service regulations (see above).</p> <p><i>Staff performance.</i></p> <ul style="list-style-type: none"> - AAS: article 13 §3 stipulates evaluation every 2 years and article 21 stipulates that the AAS member can only advance to a next step if the evaluation carried out in conformity with art. 13 is positive. - Seconded: article 28, 29 and 30 address probation period, length of secondment and related performance evaluation. It however does not seem to exactly stipulate when evaluations are mandatory, besides at the end of the probation period for teaching and supervisory staff and managerial staff (but not for executive staff). - Locally recruited teachers: article 22 states at the end of the probation period, before a contract for an indefinite period is concluded and at a minimum of every 4 years (director with national inspector). <p><i>Learning & Development.</i></p> <ul style="list-style-type: none"> - Very limited guidance in all service regulations. The regulations only stipulate that training & development shall be encouraged and facilitated. <p>We have identified that none of the visited schools (Ixelles, Lux II and Mol) could guarantee that all AAS and locally recruited people were evaluated, let alone timely. We also highlight that different interpretations of the staff regulations exist and that no clear key performance indicators are established for the employees.</p> <p>Contrary, we understand that AAS employed by OSG are evaluated according to the service regulations, which is every 2 years.</p> <p>In terms of seconded staff, no issues are reported. Certainly in view of seconded teachers, the schools indicate that all teachers are properly evaluated by the deputy directors and national inspectors.</p> <p>Learning and development plans are limited.</p>	<p>The OSG should revisit the existing service regulations, provide clarifications in view of requirements per category of staff, further develop evaluation standards and templates and subsequently actively enforce the requirements in terms of performance evaluation.</p> <p>Learning & development plans for AAS should be developed to address concerns related to competences as mentioned in Standard 3.</p>	<p>2</p>	<p>2</p>

Standard	Description	Current situation	Recommendation	Maturity	Priority
5	<p>The SG/DSG and each director clearly define strategic and operational objectives for his/her organisation, monitor and review them regularly. Key performance indicators are established for this purpose.</p>	<p>All schools refer to the annual school plan and budget to demonstrate the quantitative and qualitative objectives of the schools.</p> <p>From our interviews we do however understand that no consistent approach across the European School system was implemented so far. Central Office and the Internal Control Coordinator have therefore developed the 'Standing Instructions for the Annual Administrative and Financial School Plan' (2016-11-D-26-en-1), to be fully implemented in the coming years.</p> <p>These new developed instructions replace former instructions regarding the preparation of the Annual School Plan. Their use is strongly recommended, but not compulsory for the presentation of the Annual School Plan 2017 in the Administrative Board in Jan/Feb 2017.</p> <p>The aim of this revision is to harmonize the Annual School Plans in order to ensure that:</p> <ul style="list-style-type: none"> - A common template is used which allows the interested parties to find and to compare information easily; - Only information that is useful to the reader is prepared and presented; - The Annual School Plans (Annual Administrative and Financial School Plan, Annual Pedagogical School Plan), the Annual Activity Report and the Risk Register are effectively linked. <p>Additionally, one of three major changes compared to previous instructions specifically relates to this standard: key and specific objectives applicable to all schools (common key and specific objectives) should be defined. To that effect the OSG has also developed specific guidelines: 'Common objectives for the AAFSP' (2016-11-D-27-en-2).</p>	<p>The different schools and the Office of the Secretary-General compose an Annual Administrative and Financial School Plan according to the instructions developed in 2016 (2016-11-D-26-en-1).</p> <p>This consistent and harmonized approach is a pre-condition to comply with the requirement of the Authorising Officer to be able to deposit an Annual Activity Report for the European School system as a whole.</p> <p>Assessment of the compliance with the standard should be subject of control procedures of OSG when consolidating the budget for the European Schools as a whole.</p>	2	2

Standard	Description	Current situation	Recommendation	Maturity	Priority
6	<p>Apart from day-to-day risk management the SG/DSG and each director put in place a systematic risk management process in line with applicable regulations. Main risks are defined, evaluated, recorded, appropriate action taken and risks monitored.</p>	<p>This standard has been a priority for the Office of the Secretary-General throughout 2016.</p> <ul style="list-style-type: none"> - Guidelines were issued in December 2015 (old ones not followed) + a generic risk register was developed. - Schools had to score the risks + add risks if applicable. - Risk work shops were performed to provide additional information and guidance on the topic. - All schools have developed a risk register based on the recommendations and guidelines of central office. - Mitigation plans are included in the risk registers with appropriate guidelines. - Risk is an essential part of the new AAFSP standing instructions, as mentioned above. <p>We also identified that schools have installed Health and Safety Committees, fire evacuation plans, appointed Risk & Security Officers (Lux II and Lux I), etcetera.</p> <p>We assess that the schools visited comply with the standard. Overall we understand only Lux I is not compliant.</p>	<p>With the emphasis placed in 2016 on risk management the school system is now complying with the standard.</p> <p>Continuous effort and centralised follow up is required to monitor the risk register is kept up to date and that mitigating plans are implemented.</p>	3	3

Standard	Description	Current situation	Recommendation	Maturity	Priority
7	<p>The organisational structure supports effective decision making by suitable delegation of powers. Responsibilities and authority limits are clearly defined, assigned and communicated in writing. Associated risks are addressed by mitigating controls.</p>	<p>For a thorough analysis, we refer to the detailed findings per functional accounting unit: Treasury, Purchases, Receivables, Payroll, Closing & Accounting Quality, etc.</p> <p>Overall we assess that the schools have improved in terms of operational structure due to the implementation of SAP and the related segregation of duties that is incorporated in the accounting software. We have also noticed that some schools, such as Lux II have internally restructured the way of working, by grouping all expertise together per topic. As such sub divisions were created in the accounting department, responsible for either accounts receivable, accounts payable or HR/payroll related matters.</p> <p>However, we have identified that no suitable delegation of powers is developed with appropriate authority limits and controls, describing the responsibilities and authorities of the different employees. The lack of formal descriptions of daily operational processes and procedures (see Standard 8), proper internal control activities (Standard 10) and the issues in terms of continuity of staffing (lack of human resources and business continuity issues in case of absent staff members, see Standard 11) should be considered together with this standard. We also highlight that job descriptions should be updated to match current working practices.</p> <p>We understand that an assessment was requested from the different schools, but no consisted approach was deployed.</p> <p>We also highlight the issues in terms of configuration of the SAP system, reported by amongst other Internal Audit Service and other service providers (Deloitte in MoI).</p> <p>We therefore assess that the European School system does not comply with the basic elements of Standard 7.</p>	<p>Our vision on a future situation is developed in our centralised approach to accounting officer.</p> <p>Alongside, we encourage the schools to address the identified issues:</p> <ul style="list-style-type: none"> - Configuration of SAP should be improved and a working group should convene to determine additional IT tools that can be purchased or developed and deployed across the school network to improve efficiency and effectiveness and which could improve control requirements. - Development of procedures describing daily operations (including SAP guidance) while simplifying the number of policies and procedures yet developed. Link to Standard 8 and Standard 12. 	2	1

Standard	Description	Current situation	Recommendation	Maturity	Priority
8 Procedures	<p>The OSG/School's main processes are adequately and comprehensively documented and kept up-to-date; effective controls are established. These include arrangements to ensure segregation of duties and are compliant with the Financial Regulation and all relevant decisions of the Board of Governors.</p>	<p>The main concerns that are disclosed by the schools are the lack of formal procedures describing daily operations including SAP guidance and adequate internal controls and the lack of IT tools reinforcing the segregation of duties.</p> <p>No flowcharts are available or procedures laying out roles & responsibilities and functions (link to Standard 7 and Standard 10), including how to use SAP (and other (IT) tools) (by clicking on for instance part of chart). For example for basic operations such as booking an invoice, or order, or inserting a contract in the system, etc.</p> <p>We do note there is a general memo on segregation of duties, but this document establishes a set of basic principles and cannot be considered an operational document. It's not translated further into procedures. Similarly we understand that SAP training materials are available, but these allegedly do not meet the requirements of the field.</p> <p>As such, the following questions are not answered in available procedures: (1) Who performs the control? (2) How is the control performed? (3) What information, documents are needed to perform the control? (4) How frequently is the control done?</p> <p>The lack of daily operating procedures also reinforces the issues with continuity of operations, as previously described (also see Standard 11).</p>	<p>Procedures should be developed describing daily operations (including SAP guidance) while simplifying the number of policies and procedures yet developed.</p> <p>This effort goes alongside improvements in the configuration of the SAP system and the implementation of a centralised approach of accounting officer.</p>	1	1

Standard	Description	Current situation	Recommendation	Maturity	Priority
9 Exceptions	<p>The SG/DSG and each Director establish appropriate arrangement to ensure that all instances of overriding of controls or deviations from established policies and procedures under exceptional circumstances are documented, justified and approved at an appropriate level.</p>	<p>We have identified that all the schools we visited have maintained a list of exceptions, however all schools also reported that there is an overall lack of central guidance in view of composing the list and central follow up (different interpretations of exceptions), despite the fact that a memo with more guidance appears to have been issued (lost in the vast amount of memo's stored on DOCEE - see standard 12).</p> <p>We also identified that the list is maintained by different people in the different schools.</p> <ul style="list-style-type: none"> - In Mol it is composed based on a conversation between the authorising officer (director) and bursar or accounting - time stamped and emailed once - proof that before carrying out transaction, it was recorded. - In Luxembourg this is the responsibility of the accounting officer (Stephanie Etienne). <p>-> No consistent procedure is implemented across the school system, ensuring that exceptions are authorized prior to be put into practice.</p> <p>Secondly, due to the configuration of SAP and potential security issues, not all recurring items are systematically posted, such as payments in foreign currencies that are not executable in SAP, as well as extra budgetary revenue and expenditure such as school trips (not applicable for Lux II, where the school trips are recorded in the SAP system).</p> <p>Due to the above reasons, the schools are not on track in terms of mitigating the exceptions reported in the list.</p>	<p>We recommend to readress the standard from a central level and to centrally provide guidance in view of what should be reported and what not, how a consistent approval procedure could be implemented and how compliance with the standard could be measured by a set of ex post controls.</p>	3	2

	Standard	Description	Current situation	Recommendation	Maturity	Priority
10	Control and supervision arrangements	<p>The SG/DSG and each director establishes appropriate supervision arrangements to ensure the OSG/School's activities run efficiently and comply with applicable provisions.</p>	<p>Main remark made is that currently the schools are run, but not effectively and efficiently.</p> <ul style="list-style-type: none"> - Inappropriate segregation of duties or supervision. - Lack of proper IT tools and human resources to work efficiently and with segregation of duties. - Accounting system SAP is not considered adequate: too much time lost - too much handling. SAP is an issue of configuration and security. - No system of systematic ex post controls is developed. 	<p>For a thorough analysis, we refer to the detailed recommendations per functional unit of accounting officer: Treasury, Purchases, Receivables, Payroll, Closing & Accounting and Other.</p> <p>Alongside, we recommend:</p> <ul style="list-style-type: none"> - Configuration of SAP should be improved and a working group should convene to determine additional IT tools that can be purchased or developed and deployed across the school network to improve efficiency and effectiveness and which could improve control requirements. - Development of procedures describing daily operations (including SAP guidance) while simplifying the number of policies and procedures yet developed. Link to Standard 8 and Standard 12. - Set up of a periodic and systematic review of the internal control standards by central office. 	2	1

Standard	Description	Current situation	Recommendation	Maturity	Priority
11 Continuity of operations	<p>The SG/DSG and each Director establish appropriate arrangement to ensure continuity of operations to the extent possible, whatever is the nature of a major disruption (e.g. absence of staff, migration to new IT system, break-down of IT systems, change of processes).</p>	<p>We have identified that all schools are committed to mitigate the risks of a major disruption:</p> <ul style="list-style-type: none"> - Risk analyses are completed in line with recommendations OSG. - Health and Safety Committees are in place. - Security trainings attended (that were organised by OSG). - Red Cross first training provided. - Prevention plan is updated and presented. - Fire safety and site safety is assessed - mitigating plans are rolled out. - Procedures in case of fire and general evacuation plan - yearly exercises. - IT back-up systems. - Badging system in the school of Lux II for all employees and parents of nursery and primary school (100% coverage). <p>Additional requirements are considered, for example the schools of Luxembourg (I & II) will appoint a Risk & Security Officer and more detailed procedures what to do in case of certain disruptions are to be developed.</p> <p>However, one big risk that is consistently reported by the school is the lack of human resources and staff, and the related concentration of know how to specific individuals, which makes the risk of absence of staff imminent. Main example given is the staff member responsible for the calculation of the seconded staff. The school of Mol also mentioned the IT expert.</p> <p>We remark that the lack of formal operational procedures as reported in Standard 8 amplifies this risk.</p>	<p>A number of measures could be implemented to mitigate the risk:</p> <ul style="list-style-type: none"> - Composition of daily operational procedures as referenced in Standard 8. - Centralisation of tasks of the accounting officer as reported in the detailed analysis per functional accounting unit. 	3	3

Standard	Description	Current situation	Recommendation	Maturity	Priority
12 Mail and document management	<p>Appropriate arrangements are in place to ensure that incoming and outgoing mail is efficiently and adequately handled and that documents are securely and safely stored while complying with applicable legislation.</p>	<p>Opening and recording of incoming mail (including packages) is not adequately done in Mol. In Luxembourg II this process has only been enforced since the last 2 years and in Bxl III no issues have been reported. This means that incoming mails are first of all sorted, opened by two people and subsequently registered in the internal mail service (Bxl III has developed a separate procedure for this). At OSG we have not identified issues either. Confidential mail follows different rules and are stamped.</p> <p>Designated spaces are created for archiving purposes in all schools visited and retention periods are respected.</p> <p>- In Mol, the personnel files have been completely reordered following recommendations of OSG. For Lux II and Bxl III no issues were reported either. All personnel files are maintained and stored safely (in Bxl III there is a separate procedure developed).</p> <p>- DOCEE, the application on which policies, memo's, guidelines and reports are stored, is not user friendly and holds too many documents (different guidelines, versions and memo's related to the same topics, etc). The school in Luxembourg intends to create an intranet for communication and documentation purposes.</p>	<p>We understand from our interviews that the standard is essentially complied with, except for the opening and registry of incoming mail in Mol, which will need remediation.</p> <p>We recommend to perform a desk review of the existing policies and memo's stored on the DOCEE platform with the objective of making the platform user friendly, by implementing a more clear structure and by simplifying and decreasing the number of policies, guidelines and memo's.</p>	3	3

Standard	Description	Current situation	Recommendation	Maturity	Priority
13 Management information and communications	The SG/DSG, each director and/or managerial staff receive regular, reliable and easily accessible management information on budget, use of resources and other defined KPI's. As regards external communication, clear guidance is in place to ensure coherent, effective and authorized communication towards external media.	<p>Significant issues concerning SAP have been reported: (1) difficulties in extracting valuable information out of the system and (2) general lack of confidence in the reliability of the recorded numbers. Consequently, budget and budget implementation is followed up by means of specifically tailored and individually developed excel sheets</p> <p>In general, besides the annual plan and ad hoc questions, there is no periodic and systematic reporting in view of the financials from the schools to the central office. We understand that the school quarterly reports on financials (SAP) and budget implementation only for consolidation purposes, not for reviewing and controlling purposes. Content level is lacking, information comes without much of explanations, operational or pedagogical feedback.</p> <p>Similarly for external communication no clear guidance is in place. As an example we have identified that each School is responsible for its own website, both on level of design as on the level of content.</p>	The European School system should develop quarterly closing procedures and allocate resources from central office to be able to establish a controlling function.	2	1

Standard	Description	Current situation	Recommendation	Maturity	Priority
14	Adequate procedures and controls are in place to ensure that accounting data and related information used for preparing the OSC/School's annual accounts and financial reports are accurate, complete and timely available.	For a thorough analysis, we refer to the detailed findings per functional accounting unit: Treasury, Purchases, Receivables, Payroll, Closing & Accounting and Other.	For a thorough analysis, we refer to the detailed recommendations per functional accounting unit: Treasury, Purchases, Receivables, Payroll, Closing & Accounting, Other.	2	1

Standard	Description	Current situation	Recommendation	Maturity	Priority
15	<p>Audits</p> <p>The SG/DSG and each director review the recommendations resulting from audits made by the European Court of Auditors, the Internal Audit Service or any other internal or external auditor. Appropriate action plans to remedy weaknesses are timely established and their implementation is regularly monitored.</p>	<p>In order to reinforce the appropriate implementation of the outstanding recommendations given by the Court of Auditors (CoA) and the Internal Audit Service of the European Commission (IAS), the Board of Governors has decided in its meeting in April 2015 to create a Working Group (WG) exercising the function of Audit Progress Committee. The Working Group is chaired by the Secretary-General of the European Schools. Further participants are the Commission (DG HR), IAS and a representative of the delegation of the presidency; the Internal Control Coordinator and the Financial Controller are also part of the WG.</p> <p>The aim of the WG is to:</p> <ul style="list-style-type: none"> - better supervise the implementation of the recommendations. - give advice and support to the European Schools to comply with the recommendations - regularly report to the Budgetary Committee and to the Board of Governors on the state of play of the implementation of recommendations. <p>A lot of measures have been taken in the last two years to improve sound financial management in the European Schools. We refer to the 'Follow-up of the implementation of recommendations of the Court of Auditors and Internal Audit Service' (2016-10-D-28-en-2). Also on local level we understand that action plans are developed to follow up on recommendations not only from the auditors, but also of the financial controller.</p> <p>We do however note that individual audits carried out by the CoA and IAS at the schools are rather limited:</p> <ul style="list-style-type: none"> - External audit is carried out by the Court of Auditors following International Standards on Review Engagements (ISRE 2400 - not ISA). OSG or consolidation is audited every year + 2 schools. Therefore, the schools are only audited every 7 years. - Internal audit is outsourced to the Internal Audit Service of the European Commission (no internal audit function in the ES), but similarly the schools are not subject to a yearly and periodic review. <p>This is why certain schools, such as Mol, have taken initiative to have audits performed at the school level at its own expense.</p> <p>Also the OSG has taken initiative of appointing an external auditor following International Standards on Auditing (ISA's) to audit all the schools in the coming 2-3 years. No recurring engagement yet.</p>	<p>In line with the magnitude of the organisation, we acknowledge the efforts of the Schools of appointing an external auditor to audit the different schools, OSG and the consolidated accounts following the International Standards on Auditing. Additionally, the Internal Audit Service should be complemented by a set of ex post controls carried out by central office, as referenced to in other standards, which addresses the compliance with basic internal controls and procedures in every school on a yearly basis.</p>	2	2

Standard	Description	Current situation	Recommendation	Maturity	Priority
16	<p>The SG/DSG and each director assess the compliance with the Internal Control Standards as part of the preparation of the Annual Activity Report.</p>	<p>We have identified that all the schools that we visited could provide a self-assessment of their compliance with the internal control standards (previous version which contains 18 standards). The standard is therefore essentially complied with. We have however identified that the schools lack an extent of guidance as to how evaluate its compliance, despite the revision of the Internal Control Standards in 2016. The document '2016-03-D-9-en-2 - Revision of the Internal Control Standards - draft' aims at further providing guidance for this assessment, besides clarifying content of certain standards and deleting redundant ones. OSG has to our understanding not assessed its compliance with the ICS.</p>	<p>The schools should continue assessing its compliance with the internal control standards following guidance developed at the level of the OSG, to ensure a consistent reporting across the school system in the Annual Activity Report. To that effect, the OSG should expand the current guidance, further clarify what is required per standard and establish a template with key assessment indicators.</p>	3	3

5. Implementation plan

An implementation plan has been developed to implement the Target Operating Model complying with the revised Financial Regulations and Internal Control Standards. This plan consists of 19 projects that will be deployed between June 2017 and the first of January 2020, when the newly developed financial regulations will take effect. As highlighted in the scope, the plan takes into account the three main principles: priorities, timing and resources.

To guarantee a delivery of the program on time, within scope and within budget, we suggest to set up a (part-time) PMO-function. Other advantages of this approach is an alignment of a portfolio of projects with an eye towards future strategy and a facilitated communication within the program team among the stakeholders.

5.1. Preliminary activities

Before starting with the centralisation, an exercise should be conducted to align the procedures of the schools. This allows the European Schools to have a detailed view on how activities should be performed and where insufficient segregation of duties are in place. This first step also provides more guidance and support for subsequent projects like the central bank-SAP reconciliation, central aging analysis and the instalment of adequate extra budgetary procedures. As can be seen on the overview of Annex B, this would also allow identifying redundant activities and required improvements in terms of IT tools and technology.

Before installing new procedures we strongly suggest to review and potentially revise the configuration of SAP, since during our walkthroughs a number of issues have been expressed. Some examples are (not exhaustive):

- Overall lack of segregation of duties allowing for adjustments in other schools master data and accounts without notification;
- Missing adequate links between supportive databases (SMS, CIPAL);
- A large amount of handling for basic transactions;
- Accounting records that change and a resulted decrease of confidence in the system;
- A lack of training and the absence of testing environments, both complicating the learning curve.

The current functionalities of SAP should be revised, taking into account the priory aligned procedures.

5.2. New target operating model

Once the alignment of procedures and the overall SAP improvements have been completed, the Target Operating Model can be implemented. There is no specific sequence of importance since all activities need to be finalised before 01/01/2020. The only consideration is that the instalment of extra budgetary procedures can only take place once employees are reallocated from their other tasks.

In the implementation plan a logical sequence, going from design towards construction and implementation, is incorporated.

To illustrate with the centralisation of the calculation of salaries of seconded staff, we suggest to first determine the requirements for centralising this activity from a design perspective. What systems are required? Which qualifications do central resources require to be able to perform the calculations? What roles and responsibilities do we anticipate? In the construction phase, the system should be modified to perform all calculations. New resources should be hired and trained. The centralised calculation can subsequently be tested in one or more pilot projects. This limits the impact in case of errors in the process. Finally, this implementation can be rolled out to other schools in one or more phases.

For the implementation plan, refer to appendices.

Appendix A. - Detailed accounting officer plan

A.1. Appendix – Guidance and summary

Colour code

Local => Central

Redundant

Additional activity

Central procedure already in place

Resources overview*	Total employees	Reallocated local FTE's	Additional OSG FTE's
Treasury	6,11	-3,45	2,26
Purchases	20,22	3,55	0,10
Receivables	9,13	-3,13	0,29
Payroll	26,46	-9,91	9,40
Closing & accounting quality	8,88	0,00	1,50
Other	1,18	0,00	0,35
Ex-post controls**	3,00	0,00	1,98
Accounting officer	0,00	0,00	0,50
Internal control	1,00	3,50	1,00
Accounting manager	1,00	0,00	0,00
	76,98	-9,44	17,38

* This resource overview only takes into account the accounting resources in the 14 schools

** Ex-post- & ex-ante controls are performed centrally and is an exception on the first asterisk

A.2. Treasury

Procedure	Task	ASIS	TO BE	Comments	Actual FTE's (following 14 schools overview)	FTE impact local	FTE impact central
Payments	Payment proposal (F110)	Accountant	Local				
Payments	Manual checks with invoice coordinates by Accounting Officer	Accounting officer/ accountant	/	If full reliance on SAP is in place, some activities will be unnecessary	1,48	-0,74	
Payments	Manual checks with invoice coordinates by Authorising Officer	Authorising officer	/				
Payments	Preparation of payment run	Accounting officer/ accountant	Local		1,03		
Payments	If total batch > XK EUR => approval by central financial controller (based on online attached docs)	Financial controller (central)	Central				
Payments	Transfer to Isabel	Accounting officer/ accountant	Local		/		
Payments	Signature authorising officer in Isabel	Authorising officer	Local				
Payments	Signature accounting officer in Isabel	Accounting officer	Central		0,44	-0,44	0,40
Payments	Bank does payment run	Bank	Bank				
Payments	Manual mapping outgoing payments with suppliers balances	Treasury accountant	/	Implement automatic links between payments & accounting at all remaining schools	0,20	-0,20	
Internal audit	Weekly reconciliations between SAP & bank account	Treasury accountant	Central	Install a centralised SAP-bank reconciliation	2,07	-2,07	1,86
Internal transfers	Performing transfers between budgetary & extra-budgetary bank account (in SAP)	Treasury accountant	Local		0,30		
Internal transfers	Approving transfers between budgetary & extra-budgetary bank account (in SAP)	Authorising officer	Local				
Cash	Collection of cash	Treasury accountant	Local				
Cash	Cash registrations in cashbook & documenting supporting documents	Treasury accountant	Local				
Cash	Cash delivery to accounting officer	Treasury accountant	Local		0,59		
Cash	Saving cash in safe	Accounting officer	Local				
Cash	Delivering batches of cash to bank (as instructed by accounting officer)	Treasury accountant	Local				
Cash	Reconciliation on cash accounts	Accounting officer	Local				
Total:					6,11	-3,45	2,26

A.3. Purchases

Procedure	Task	ASIS	TO BE	Comments	Actual FTE's (following 14 schools overview)	FTE impact local	FTE impact central
Purchases	PO request (following procurement procedures)	Requestor/ AP clerk	Local		1,50		
Purchases	Completion of proposition form	Requestor/ AP clerk	Local				
Purchases	Approval on proposition form	Director of department, bursor, authorising officer	Local				
Purchases	Decision in case of multiple offers	Director of department (or bursor)	Local				
Purchases	Scanning of external PO forms	AP clerk	Local		2,24		
Purchases	Registration of PO in SAP	AP clerk	Local				
Purchases	Approval of PO registration in SAP	Bursor & authorising officer	Local				
Purchases	Sending of PO to the supplier	AP clerk	Local		0,75		
Purchases	Acceptance of the goods (+ check on paper if PO matches with delivery note) + stamp	AP clerk	Local				
Purchases	Scanning of DN in SAP	AP clerk	Local		2,24		
Purchases	Registration of delivery in SAP	AP clerk	Local				
Purchases	Signature on invoice	Bursor & authorising officer	/	Signature on invoice only required in case of deviation from original (signed) PO. In such a case, the invoice has to be considered as a direct invoice.			
Purchases	Preparation of "suivi comptable" & execution of 3W match	AP clerk	Local				
Purchases	Scanning of invoice in SAP	AP accountant	Local		2,62		
Purchases	Registration of invoice in SAP	AP clerk/ AP accountant	Local				
Purchases	Direct invoice signature	Bursor & authorising officer	Local				
Purchases	Direct invoice scanning	Accountant	Local				
Purchases	Direct invoice registration	Accountant	Local		0,37		
Purchases	Direct invoice approval (SAP)	Bursor & authorising officer	Local				
Purchases	Credit notes admin & scanning	AP clerk	Local				
Purchases	Credit notes registration	AP clerk	Local				
Other	Disputes (only solving per mail/ telephone, no further steps)	AP clerk	Local				
Other	VAT follow-up	AP clerk	Central		2,24		0,10
Other	Overall admin	AP clerk	Local		1,12		
Fixed assets	Completing FA disposal form	AP clerk	Local		1,50		
Fixed assets	Approving FA's disposals	/	Local bursor	Create FA's disposal form			
Fixed assets	Disposals of fixed assets in SAP	AP accountant	Local				
Extra-budgetary purchases	Follow budgetary procedures	See overall purchase process		In different schools, the extra-budgetary purchases are registered outside SAP (accounting) resources should be locally hired. In order to close this gap, additional trained to use the ERP system. Another option is however to transfer the largest extra-budgetary expenses (school trips) to the budgetary accounting (by adding limits to the extra-budgetary expenses in the financial regulations).	5,26	3,55	N/A
Total:					20,22	3,55	0,10

A.4. Receivables

Procedure	Task	ASIS	TO BE	Comments	Actual FTE's (following 14 schools overview)	FTE Impact local	FTE Impact central
Schoolfices	Registration of overall students data in SMS	Secretary & AR clerk	Local		1,57		
Schoolfices	Individual registration of students invoices in SMS	AR clerk	Local		0,78		
Schoolfices	Signature on final registration on paper (prepayment) per student	Authorising officer	Local		/		
Schoolfices	Loading of batch from SMS to SAP	AR clerk	Local		/		
Schoolfices	Creation of (automatic) invoice in SAP	AR clerk	Local		/		
Schoolfices	Sending of invoices to parents	AR clerk	Central	Consider the possibility to introduce electronic invoicing		-0,49	
Schoolfices	Follow-up on incoming payments & mapping them (often manually) to the corresponding "client"	AR clerk	Local		1,96		
Schoolfices	Creation of (manual) reminders	AR clerk	Central	Automatic dunning letters development in SAP		-0,49	0,15
Schoolfices	Sending of reminders	AR clerk	Central	Consider the possibility to introduce electronic invoicing		-0,49	
Schoolfices	Registration of school prices (final invoice) in SMS	AR clerk	Central	School prices need to be centrally predefined in SMS	/		
Schoolfices	Individual registration of students invoices in SMS	AR clerk	Local		0,78		
Schoolfices	Signature on final registration on paper (final invoice) per student	Authorising officer	Local		/		
Schoolfices	Loading of batch from SMS to SAP	AR clerk	Local		/		
Schoolfices	Creation of (automatic) invoice in SAP	AR clerk	Local		/		
Schoolfices	Follow-up on incoming payments & linking them (often manually) to the corresponding "client"	AR clerk	Local		/		
Schoolfices	Sending of invoices to parents	AR clerk	Central	Consider the possibility to introduce electronic invoicing	1,96	-0,49	0,15
Schoolfices	Creation of (manual) reminders	AR clerk	Central	Automatic dunning letters development in SAP		-0,49	
Schoolfices	Sending of reminders	AR clerk	Central	Consider the possibility to introduce electronic invoicing		-0,49	
Schoolfices	Calculation of CNS	AR clerk	Central				
Schoolfices	Registration of CN in SMS & transfer to SAP	AR clerk	Local		0,39		
Schoolfices	Registration of CN's to parents	AR clerk	Local		/	-0,20	
Grants	Collection of local funds & SAP	Treasury accountant	Local		/		
Grants	Collection of local funds approvals in SAP	Authorising officer	Local		/		
Grants	Collection of institutions funds	Treasury accountant	Central		/		
Grants	SAP postings on received funds	Treasury accountant	Central		/		
Grants	Approving SAP postings on received funds	Authorising officer	Central	Enabling accounting system to perform one central posting	/		
Grants	Calculation on expected amount for last quarter	Accounting department & authorising officer	Local		/		
Sundry income	Creation of sales order	AR Clerk	Local		/		
Sundry income	Signing of sales order on paper	Barter & authorising officer	Local		/		
Sundry income	Sending of invoice to client	AR clerk	Local		/		
Sundry income	Registration of sales invoice in SAP & attaching signed docs	AR Clerk	Local		/		
Sundry income	Follow-up on sundry income	AR Clerk	Local		/		
Extra-budgetary purchases	Follow budgetary procedures			In different schools, the extra-budgetary receivables are registered outside SAP by sometimes non-accounting people. In order to close this gap, additional (accounting) resources should be locally hired. Further, others should be trained to use the ERP system. Another option is however to transfer the largest extra-budgetary expenses (school trips) to the budgetary accounting (by adding limits to the extra-budgetary expenses in the financial regulations).	1,69		
		See overall receivable process			9,43	-3,13	0,29
				Total:			

A.5. Payroll

Procedure	Task	AS IS	TO BE	Comments	Actual FTEs following 14 events/year	FTE Impact local	FTE Impact central
Registration seconded	Registration of staff members in different databases & obtaining the relevant information from local employees and contracts	Payroll clerk & secretary	Local		1,86		
Registration seconded	Manual salary calculation based on former contracts	Payroll clerk	Central				
Calculation seconded	Calculation of salaries in payroll software	Payroll clerk	Central	Use additional central employees and develop central guidelines	8,67	-8,67	6,94
Calculation seconded	Verification of automatic calculation	Payroll clerk	Central		/		
Calculation seconded	Upload to SAP, transferring over wages to SAP	Payroll clerk	Central	Having central access to local databases	/		
Calculation seconded	General budgetary posting in SAP (global figures)	Payroll clerk	Central		/		
Calculation seconded	Approval on general budgetary posting in SAP	Local treasury officer	Central				1,00
Payment seconded	Transfer from SAP to payroll software (net wages assessment)	Accounting officer	Local				
Other seconded	Applying on ad-hoc employees questions	Payroll clerk seconded	Central	Create a central service desk to respond to questions raised by seconded staff	1,84	1,84	1,10
Registration locally staff	Registration of staff members in different databases & obtaining the relevant information from local employees and contracts management.	Payroll clerk	Local		3,19		
Registration locally staff	Input of data in management software	Payroll clerk	Local		5,10		
Calculation locally staff	Verification of automatic calculation	Payroll clerk	Local		/		
Calculation locally staff	General budgetary posting in SAP (global figures)	Payroll clerk	Local		/		
Calculation locally staff	Approval on general budgetary posting in SAP	Local treasury officer	Local				
Payment locally	Transfer from SAP to payroll software (net wages assessment)	Accounting officer	Local				
Other locally	Applying on ad-hoc employees questions	Payroll clerk locally	Local		3,19		
Other	Approval on registration of new employees & bank account master data change	Secretary	Local		1,80		0,35
Travel expenses	Register expenses as PO in SAP (expense point)	AP accountant	Local		0,53		
Travel expenses	Registration of documents, sending the expenses	Treasurer/secretary	Local				
Travel expenses	Calculation daily allowances (on document the expenses)	Payroll clerk/AP accountant	Local		0,53		
Travel expenses	Sign document stating the travel expense	Accounting officer when on behalf of them	Local				
Travel expenses	Posting in SAP (travel expenses) -> conversion of initial PO	Payroll clerk/AP accountant	Local		/		
Travel expenses	Sign posting to SAP (travel expenses)	Accounting officer	Local				
Travel expenses	Create a DN for travel expenses to be recovered from OSC	Payroll clerk	Local		0,13		
Travel expenses	Sign DN on paper & in SAP	Payroll	Local				
Travel expenses	Perform follow up on recovery travel expenses from OSC	Accounting officer	Local		0,13		
Other	Salary increases on paper	Central payroll clerk	Central				
Other	Approval (on paper) on salary increases	Central accounting officer	Central				
				Total:	26,16	-9,91	9,10

A.6. Closing & accounting quality

Procedure	Task	ASIS	TO BE	Comments	Actual FTE's (following 14 schools overview)	FTE impact local	FTE impact central
General	Performing all closing activities (accruals, depreciation, reserve allocation, result of the year, comparison with budget,...) for both budgetary & IPSAS closing	Accounting department	Local		2,22		
General	Complete reporting sheets	Accounting department	Local				
General	Verification on reporting sheets	Central accountant	Central	Detailed investigation on local reporting			0,75
Sundry postings	Calculation & parking of closing / sundry postings	Accountant	Local		2,22		
Sundry postings	Approving & review of closing / sundry postings	Accounting & authorising officer	Central	Grant central access to local accounting system			
General	Interaction with auditors/ Revision participation	Accounting department	Local/ central				
General	Corrections of auditors	Accounting officer	Local/ central		2,22		
General	Follow-up on auditors improvement actions	Accounting officer	Local/ central				
Reserve funds	Allocating money to the reserve funds at year-end	Central accountant	Central				
Reserve funds	Approving a request for the reserve funds	Secretary general	Central				
General	Making sure that accounting rules as imposed by HQ are applied	Accounting officer	Central	Covered in other obligations	2,22		
Consolidation	Making the consolidation at year-end	Central accounting officer	Central				
Consolidation	Performing consolidation reporting towards stakeholders	Central accounting officer	Central				
Accounting system validation	Validate on a yearly (rotation) basis the accounting supporting systems (SMS,...)	/	Central	Validation of local accounting systems on a yearly basis as part from internal audit department		0,00	0,75
Total:					8,88	0,00	1,50

A.7. Other

Procedure	Task	AS IS	TO BE	Comments	Actual FTE's (following 14 schools overview)	FTE impact local	FTE impact central
Changing accounts in SAP	Prepare change request	AP accountant	Central				
Changing accounts in SAP	Approving change request	Authorising officer	Central				
Changing accounts in SAP	Executing the request	SAP responsables	Central				
Foreign currencies	Registration of foreign currencies based on EC rates	Central accountant	Central				
Master data	Master data creation or adjustments in SAP	AP clerk/ AR clerk	Local		1,18		
Master data	First approval on bank accounts master data adjustments in SAP	/	Local				
Master data	Master data adjustments approval in SAP (bank account)	authorising officer	Central				0,35
Inventory	Annual inventory	None	Local			/	
Inventory	Annual inventory checks	None	Central				
				Central observance of annual inventory documentation	1,18	0,00	0,35
				Total:			

A.8. Financial control

Procedure	Task	ASIS	TO BE	Comments	Actual FTE's (following 14 schools overview)	FTE impact local	FTE impact central
Treasury	Monthly ex-post sample on: * Reports of manual payments * bank-SAP reconciliations	/	Central	Central ex-post control department to be created			0,26
Purchases	Monthly ex-post sample on: * paper signature procedure * 3W match	/	Central	Central ex-post control department to be created			0,20
Receivables	Monthly ex-post sample on: * registered school prices per person * credit notes * sundry invoices	/	Central	Central ex-post control department to be created			0,35
Calculation locally staff	Ex-post control sample on calculated & registered salaries	/	Central	Central ex-ante control department to be created			0,70
Salaries	Monthly ex-post sample on: * Exception list on salary increases & masterdata changes (including new employees) * Travel expenses	/	Central	Central ex-post control department to be created			0,38
Master data	Master data adjustments checks (exception list)	None	Central	Central ex-post control department to be created			0,09
Total:					0,00	0,00	1,98

A.9. FTE overview

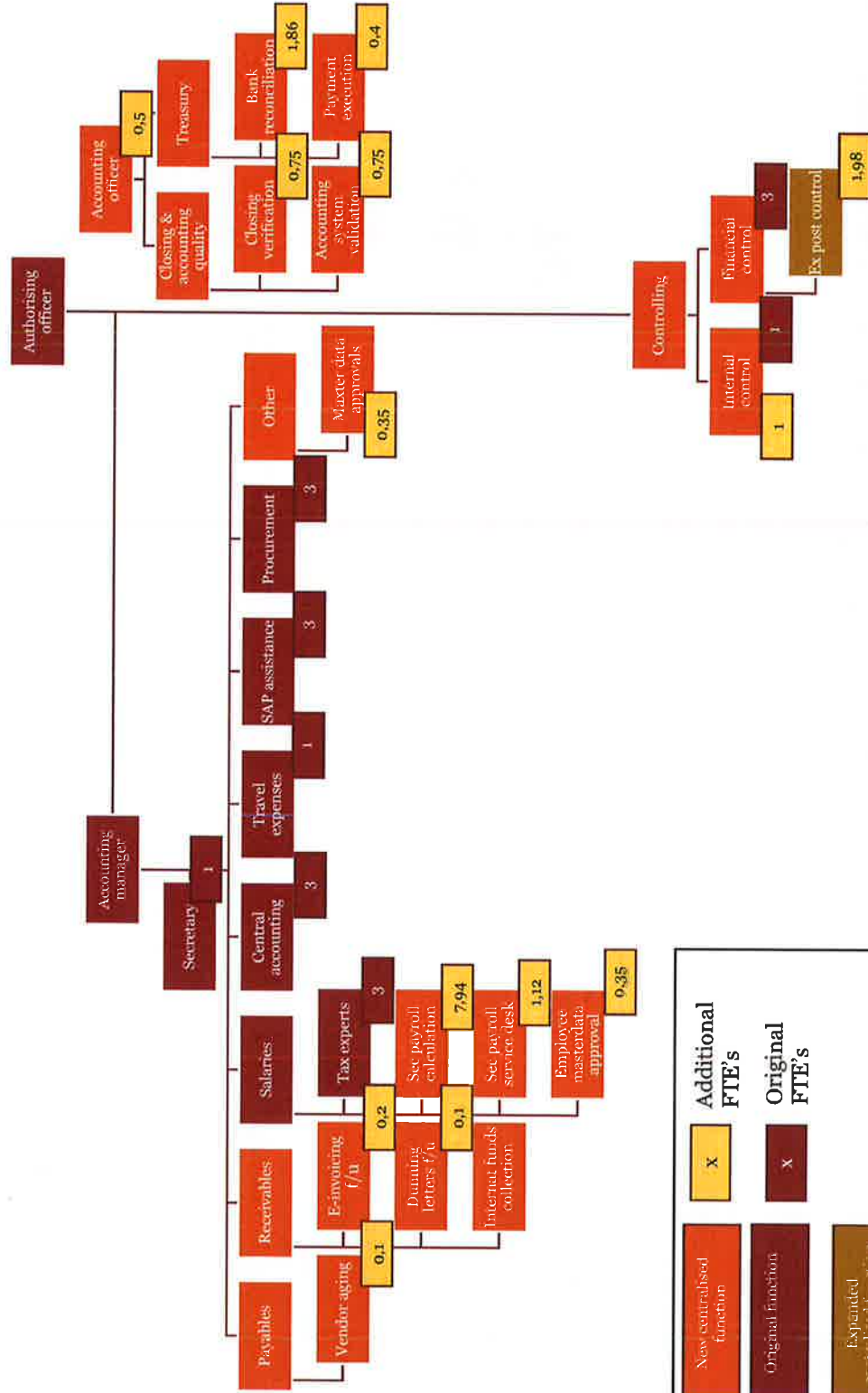
AREA	TASK	ALCANTO		EBDSH *		EBD I + Bénévoles		EBD II		EBD III		BOLV		PROSECUT		ASIS/BSIE		LUXI		LUXI *		MARCH		VANDSE		CJUSAM		MDL		TOTAL	
		Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other	Full-time equivalent	Secretary and other
PROCUREMENT	Procurement	0.1				0.1						0.2		0.2		0.21						0.3		0.2		0.12				1.43	0.57
	Supply management	0.65				0.6						0.7		0.26		0.4						0.5		0.15		0.38				0.89	0.77
GENERAL SERVICES	General services	0.35				0.4						0.7		0.25		0.5						0.3		0.1		0.3				0.76	2.62
	Management information systems											0.3				0.45						0.5		0.1		0.25				0.1	0.34
SECURITY	Security	0.3				0.1						0.2		0.4		0.45						0.5		0.15		0.25				0.56	1.754
	Security (contractual)	0.02				0.1			0.1			0.2		0.2		0.15						0.1		0.06		0.25				0.56	0.53
LEGAL SERVICES	Legal services	0.2				0.6						0.6		0.15		0.21						0.3		0.03		0.25				0.43	2.28
	Legal services (contractual)											0.2		0.15		0.21						0.2		0.03		0.17				0.29	1.78
ACCOUNTS PAYABLE	Accounts payable	0.35				0.2						0.3		0.2		0.02						0.3		0.332		0.23				0.63	0.753
	Accounts payable (contractual)	0.35				0.6						0.3		0.15		0.21						0.3		0.03		0.23				0.72	0.11
GENERAL ACCOUNTING	General accounting	0.35				0.2						0.3		0.2		0.3						0.5		0.5		0.25				0.81	0.53
	General accounting (contractual)	0.15				0.2						0.1		0.1		0.25						0.1		0.1		0.12				0.3	0.11
EX-POST CONTROLS	Ex-post controls					0.7						0.2		0.13		0.08						0.4		0.3		0.12				0.58	2.38
	Ex-post controls (contractual)											0.2		0.13		0.08						0.2		0.2		0.12				0.4	0.63
ADMINISTRATIVE	Administrative					0.5						0.2		0.1		0.12						0.1		0.1		0.2				0.3	0.6
	Administrative (contractual)											0.2		0.1		0.12						0.1		0.1		0.2				0.3	0.6
DOCTRINAIRE	Doctrinaire											0.2		0.1		0.12						0.1		0.1		0.2				0.3	0.6
	Doctrinaire (contractual)											0.2		0.1		0.12						0.1		0.1		0.2				0.3	0.6
TOTAL	TOTAL	3	1.25	3.57	0.39	5	0.75	4.5	0.3	4	2.9	4	2.3	3.75	2	3.1	2.05	5.8	2.6	4.88	3.7	4.5	0.5	3	3.0667	3	0.24	3.11	0.5	55.21	20.57
	Organigramme Chart 2017 approved by the Belg	3		3.5		5		4		4	4	4	4	7	2	2.1	2.1	5.4	2.6	4.88	4.5	4.5	0.5	3	3	3	0.24	3.2	0.5	54.58	

A.10. FTE assumptions

Area	Task	Total	Distribution	Treasury	Purchases	Receivables	Payroll	Salary seconded	Salary local	Travel expenses	Closing & accounting quality	Other
PURCHASES	Orders, certifications VAT	8,82	100% purchases									
	Reception of purchases	2,58	100% purchases		14,96							0,79
	Accounting and payments (goods, services, multi-ten)	7,25	40% treasury 60% purchases									
ACCOUNTING OFFICER	Implementation of payments, collection of revenues, treasury management, account management	7,52	40% treasury 60% accounting quality	5,91							4,51	
	EXTRAIT BANCAIRE * LETTRAGE	0,20	100% treasury	0,20								
CLIENTS	School fees and other school revenues	7,83	100% receivables			7,44						0,39
	Schools fees and other expenses	5,26	100% purchases		5,26							
EXTRA BUDGETARY	Clients	1,69	100% receivables			1,69						
	Salary seconded Staff	8,85	100% seconded									
HUMAN RESOURCES	Salary locally recruited Staff	10,42	100% local									
	Salary AAS	0,60	100% local				26,46		12,75			
	File management, differential adjustment	5,08	25% local 75% seconded					12,39		1,32		
	Time management and absences	1,51	75% local 25% seconded									
	Financial and budgetary situations, closure of accounts, bank reconciliations	4,36	100% closing/ accounting quality									4,36
GENERAL ACCOUNTANCY		71,98		6,11	20,22	9,13	26,46	12,39	12,75	1,32	8,87	1,18
=> total FTEs of accounting department less the ones that are not marked in orange in the previous tab (as considered not to be relevant for the performance of pure accounting tasks)												

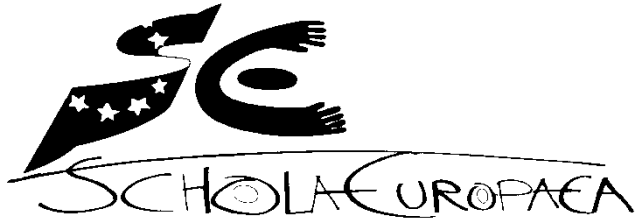
Appendix B. - Implementation plan

Appendix C. - OSG organigram updates



	Additional FTE's	Original FTE's
New centralised function	X	
Original function		X
Expanded centralised function		

European Schools
Office of the Secretary-General



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Preliminary Report of the Working Group on the Revision of the Financial Regulation

Board of Governors

Brussels, 6th-9th December 2016

I.- Introduction: Modifications approved by the Board of Governors at December 2014 and mandate given for further review

I.1. Modifications approved by the Board of Governors at December 2014.

The Board of Governors, at its meeting of December 2014, approved a substantial review of the Financial Regulation (document 2014-10-D-21-en-2). The main lines of this review, in accordance with the mandate given by the Secretary-General to the working group on the review to address some very important recommendations issued by the Court of Auditors and the IAS, were the following:

- a) the adoption of an accrual based accounting system for the accounts of the European Schools, and the clarification of the applicable accounting framework and of the responsibilities on the preparation of the financial statements.
- b) revision of Procurement Rules, taking into account in particular the latest changes made in the procurement rules applicable to the European Institutions.
- c) revision of the role and responsibilities of the central Financial Control Unit, implying, in particular, a shift of the function from ex ante financial control (to be decentralised to the Schools, after implementation of appropriate rules for segregation of duties on financial circuits) to ex post financial control.
- d) revision and reinforcement of the Rules on Payment Procedures.

I.2. Mandate for further review of additional matters to be analysed as from 2015.

In addition to the approval of the above detailed modification of the Financial Regulation and its Implementing Rules, it was also agreed by the Board of Governors for the working group on the revision to get an extension of its mandate, in principle up to April 2016, in order to further analyse some remaining items, mentioned below, proposed by the consulted bodies or identified during the revision process, which it was concluded would require additional discussion. The referred to items were mainly:

-revision of the role of the Accounting Officer of the OSG.

-analysis of the role and responsibilities of the Secretary-General regarding financial management of the OSG (possible appointment as Authorising Officer etc.) and possible creation of a governing body for budgetary decisions concerning the OSG, equivalent to the Administration Boards of the Schools.

-revision of the rules related to imprest accounts.

-analysis of the different budgetary principles stated on the Financial Regulation applicable to the general budget of the European Union and their possible applicability and effects in the framework of the European Schools.

-analysis of substantive comments included in the contribution of the DG Budget of the European Commission –document Ref. Ares(2014)3662270 -04/11/2014-, mainly referring to global financial governance.

For this purpose, the following new composition of the working group was set by the Secretary-General:

- two members of the Budgetary Committee representing the Member States, being invited in practise the current and previous Presidency, (as from September 2016, Mr Maiwald/Ms Tramer, Germany -Presidency of Budgetary Committee- and Ms Lundeloft/Ms Dahl, Denmark –former Presidency-);
 - a representative of the Commission (Mr De Bongnie);
 - a representative of the Directors (Mr Goggins);
 - a representative of the Administrator-Bursars (Mr Cattari);
 - the Head of the Unit Accountancy at the OSG (Mr Escudero)
 - the financial Controller (Mr Villatoro).
 - the deputy financial Controller (Mr Lazaridis)
- the assistant to the financial Control unit (Mrs Georgiou), as assistant to the meetings.

The Internal Control Coordinator of the European Schools, Ms Spitzer, attended also regularly the meetings.

Members of the Internal Audit Service and the DG Budget of the European Commission were also invited to participate in the meetings of the Working Group.

II.- The work done by the Working Group for the review as from 2015. The question of the Global Financial Governance of the European Schools as an item identified for specific additional in depth analysis.

To analyse the mentioned subjects, the Working Group on the review met three times during 2015 (30th April, 10th September and 16th December). After the discussions held at these meetings, it considered that in order to properly analyse the full scope of the expected review, and in particular the question of the global financial governance of the European Schools (namely the detailed comparison between the models: 1 single central Authorising Officer, as in the Commission, versus 15 local Authorising Officers, as in the European Schools, and of 1 Central Accounting Officer -Commission-, versus 15 local Accounting Officers -European Schools-), taking into account the complexity of the matter and the substantial potential

implications for the European Schools System, it is deemed appropriate that the working group, chaired by the financial controller, could get an extension of the mandate up to April 2017. This extended mandate would also cover a refund of the texts of the Financial Regulation, its Implementing Rules and the Internal Rules of the Budgetary Committee, as agreed in principle by the members of the working group in line with former recommendations of the Court of Auditors in this sense. The Board of Governors at its meeting in April 2016 (document 2016-03-D-11-en-2) supported this approach and the following concrete calendar:

- the working group presents a first proposal to the Budgetary Committee (BC) at its meeting in November 2016. If the BC does not have remarks, the text is submitted for consultation to the Court of Auditors and to the European Patent Office, and to any other body considered appropriate by the Secretary-General or by the Presidency of the Working Group.

- once the Working Group receives the opinion of the abovementioned bodies, it considers the needed adjustments to the initial text, to prepare a final proposal. (this final proposal would also include the proposed additions to be made in the text of the new Financial Regulation coming from the text of the existing Implementing Rules).

- the said final proposal is submitted to the BC March 2017 for opinion, and subsequently to the Board of Governors April 2017 for final approval.

III.- Preliminary Conclusions of the Working Group

On the basis of the abovementioned extension of the mandate at April 2016, the Working Group has met twice, on 6th July 2016 and on 5th October 2016 (plus an additional meeting held on the 16th November, as explained below under point VI) , being the following the main lines of the agreed changes proposed in the text of the Financial Regulation, on the following 3 main blocks of the review: 1. Financial Governance; 2. Budgetary Principles; 3 Procurement. The concretion of these proposed changes in the text of the Financial Regulation is stated under annex I attached.

III.1 Financial Governance:

Within the Financial Governance heading, the main purpose of the review is a reinforcement of the sound financial management for the whole European Schools system via a reinforced accountability at central level (newly created functions of central Authorising Officer and Central Accounting officer), without minoring the existing responsibilities at the local level of the Schools and of the OSG. More concretely:

- Centralisation of the function of Authorising Officer for the European Schools, gradually as from 1st January 2018, on the person of the Secretary-General who would appoint authorising officers by delegation on each School and on the OSG. The Authorising Officer of the European Schools shall prepare a global Annual Activity Report for the whole European Schools System (once the centralisation of the function is completed, by 1st January 2020 –in the transitory

period 1st January 2018-1st January 2020 such global annual activity report would only cover the OSG plus the Schools already included under the centralised model-). This substantially increased accountability of the Secretary-General should be accordingly supported via a reinforcement of the Internal Control function, both centrally and at the level of the Schools, so that the central Authorising Officer may have the sufficient assurance about the legality and regularity of the financial management at the Schools and at the OSG to sign a global declaration of assurance for the whole European Schools system. For this purpose of support to the central Authorising Officer it is also proposed the creation of the new position of Director of Finance and Administration who, among other functions, could assume the function of Authorising Officer by delegation for the OSG.

-Centralisation of the function of Accounting Officer for the European Schools, also gradually as from 1st January 2018, on a newly created position for that purpose, to be appointed directly by the Board of Governors to reinforce her/his independence, in line with the opinion of the Court of Auditors. This central Accounting Officer should sign the consolidated accounts of the European Schools thereby certifying that she/he has reasonable assurance about the fact that the consolidated accounts give a true and fair view of the financial situation and performance of the system on the corresponding period. This function of central Accounting Officer would be supported by accounting correspondents at the level of the Schools and of the OSG, in line with the model currently applied in the European Commission.

III.2 Budgetary Principles:

On this matter the purpose is the clarification and rationalisation of the existing rules and their coordination with the equivalent rules in the Financial Regulation of the European Union (e.g. introduction of the rules related to the principles of equilibrium, transparency etc). Also a proposal is included to modify the timing for the provision of the contribution of the budget of the European Union to the budget of the European Schools with a view to simplification and facilitation of treasury management at the level of the Schools (reduction of the number of tranches in the payments of the Commission).

III.3 Procurement :

In this field a complete alignment is proposed with the procurement rules of the European Union, without prejudice of definition of some relevant particularities (e.g. recognition of the Schools and of the OSG as the relevant contracting authorities). This change is intended to facilitate that applicable procurement rules are always in line with those of the Union, without additional period needed for the adoption at the European Schools level. It is also expected an additional support for the Schools in this field via the corresponding helpdesk of the Commission.

IV. Financial implications

The Working Group considers that there could be important financial implications linked with the proposed review of the Financial Regulation, which are preliminary related under annex II, without prejudice of their further concretion on the final report of the Working Group at March 2017 on the basis of the new possible available evidence on the matter (e.g. consultancy engagement on Financial Governance).

V. Proposal

In line with the abovementioned decision of the Board of Governors at its meeting in April 2016, it was proposed that the Budgetary Committee at its meeting on November 2016 should give its opinion on the working group's preliminary report, which proposes determinate changes in the text of the Financial Regulation applicable to the Budget of the European Schools, stated under annex I attached.

The Annex I presents a 3 columns format, where:

-1st column: current text of the Financial Regulation (Document 2014-12-D-10);

-2nd column: proposed new text for the Financial Regulation. The amendments are indicated as follows: Deletions: **Deletions**; Insertions: **Insertions**; Only those articles where an amendment is proposed are reprinted.

-3rd column: comments/justification for the proposed changes.

VI. Opinion of the Budgetary Committee

The Secretary-General and the Chair of the Working Group underlined the in-depth changes that the proposed review implies in the administrative and financial structure of the European Schools system.

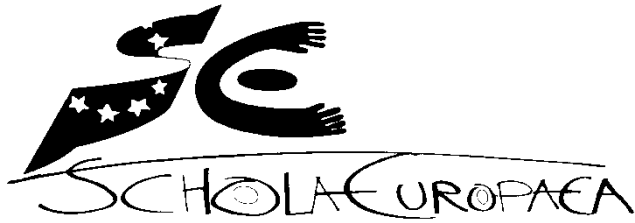
Concerns were raised by some delegations about the lack of parallelism between the timing for centralization of the functions of Authorising Officer and Accounting Officer (financial years 2018 and 2020, respectively, as from the proposal presented at the Budgetary Committee).

The Commission underlined the importance to reinforce the financial management at the European Schools, via reinforcement of the Financial Governance.

In the light of the discussions, the Chair of the Budgetary Committee concluded that the report as presented would be taken to a meeting of the Working Group in mid-November and subsequently sent to the Court of Auditors within ten calendar days. The version sent to the Court of Auditors would also be published on DOCEE for the benefit of the members of the Budgetary Committee.

In accordance with the above, the present document 2016-10-D-34-en-2, in particular its annex I with the proposed new text for the Financial Regulation, takes into account the further discussions had at the Working Group at the meeting held on the 16th November 2016.

This document 2016-10-D-34-en-2 is the one that has been submitted for consultation to the Court of Auditors and to the European Patent Office, as recorded in the Preamble of the Financial Regulation. Consultation is also being made to the Internal Audit Service of the European Commission and to the legal services of the Office of the Secretary-General.



European Schools
Office of the Secretary-General

**2016-10-D-34-en-2 Annex I. Proposed modifications in the text of the
Financial Regulation applicable to the Budget of the European
Schools**

Financial Regulation of the European Schools	Proposed text Financial Regulation of the European Schools	Comments/Justification
<p style="text-align: center;"><u>TITLE I</u></p> <p style="text-align: center;"><u>GENERAL PRINCIPLES</u></p> <p><u>Article 1</u></p> <p>1. The budget of the European Schools (hereinafter called "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 17.</p> <p>For the purposes of this Financial Regulation, the revenue and expenditure of the Schools shall comprise:</p> <ul style="list-style-type: none"> - that of the Schools themselves - that of the Office of the Secretary-General. 	<p style="text-align: center;"><u>TITLE I</u></p> <p style="text-align: center;"><u>GENERAL PRINCIPLES</u></p> <p><u>Article 1</u></p> <p><u>Scope of the budget</u></p> <p>1. The budget of the European Schools (hereinafter called "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 17.</p> <p>For the purposes of this Financial Regulation, the <u>budget revenue and expenditure</u> of the Schools shall comprise:</p> <ul style="list-style-type: none"> — that of the Schools themselves — that of the Office of the Secretary-General. <p><u>(a) contributions from the Member States through the continuing payment of the remuneration for seconded or assigned teaching staff and, where appropriate, a financial</u></p>	<p>General comment: it might be useful to consider at the time of merging the texts of FR-IR to foresee the Articles (at least the ones related to generalities of budget implementation) with titles for an easier orientation (this is already the case for some Articles of the existing IR).</p> <p>For the sake of clarity, the different kinds of revenue are listed as per Article 25 of the</p>

<p>References to the Schools shall include the Office of the Secretary-General unless stated otherwise.</p> <p>2. The appropriations entered in the budget shall be authorised for the duration of one financial year. They shall constitute the upper limit of expenditure which may be paid or authorised during each financial year.</p>	<p><u>contribution decided on by the Board of Governors acting unanimously;</u></p> <p><u>(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;</u></p> <p><u>(c) contributions from non-Union organizations with which the Board of Governors has concluded an Agreement;</u></p> <p><u>(d) the School's own revenue, notably the school fees charged to parents by the Board of Governors;</u></p> <p><u>(e) miscellaneous revenue;</u></p> <p><u>(f) the expenditure of the Schools.</u></p> <p>References to the Schools shall include the Office of the Secretary-General unless stated otherwise.</p> <p>2. The appropriations entered in the budget shall be authorised for the duration of one financial year. They shall constitute the upper limit of expenditure which may be paid or authorised during each financial year.</p> <p>Expenditure resulting from contracts which have been concluded in accordance with local</p>	<p>Convention.</p> <p>Article 1(2) first sentence and Article 6(1) are merged in one Article with the title "Annuality".</p> <p>The second sentence is a repetition of Article 5(1) second sentence and is therefore deleted.</p>
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<p>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.</p> <p><u>Article 2</u></p> <p>1. 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.</p> <p>2. 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.</p> <p>The principle of efficiency concerns the best</p>	<p>usage for periods going beyond the financial year shall be charged to the budget for the financial year in which it is effected.</p> <p><u>Article 2</u></p> <p><u>Principle of sound financial management.</u> <u>Principles of economy, efficiency and effectiveness</u></p> <p>1. 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.</p> <p>2. 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.</p>	<p>The third sentence is moved under Article 6.</p>
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<p>relationship between resources employed and results achieved.</p> <p>The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.</p> <p><u>Article 3</u></p> <p>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.</p>	<p>The principle of efficiency concerns the best relationship between resources employed and results achieved.</p> <p>The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.</p> <p><u>Article 3</u></p> <p><u>Financial statement</u></p> <p>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.</p> <p><u>Article 3 bis 18 bis</u></p>	<p>This article is moved here from previous 18bis, as considered more appropriate to be</p>
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	<p>Internal control of budget implementation</p> <p>1. The budget shall be implemented in compliance with effective and efficient internal control.</p> <p>2. For the purposes of the implementation of the budget, internal control is defined as a process applicable at all levels of management and designed to provide reasonable assurance of achieving the following objectives:</p> <p>(a) effectiveness, efficiency and economy of operations;</p> <p>(b) reliability of reporting;</p> <p>(c) safeguarding of assets and information;</p> <p>(d) prevention, detection, correction and follow-up of fraud and irregularities;</p> <p>(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.</p> <p>3. Effective internal control shall be based on best international practices and include, in particular, the following:</p>	<p>under “General Principles” for parallelism with FR EU.</p>
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	<p>(a) segregation of tasks;</p> <p>(b) an appropriate risk management and control strategy;</p> <p>(c) avoidance of conflicts of interests;</p> <p>(d) adequate audit trails and data integrity in data systems;</p> <p>(e) procedures for monitoring of performance and for follow-up of identified internal control weaknesses and exceptions;</p> <p>(f) periodic assessment of the sound functioning of the internal control system.</p> <p>4. Efficient internal control shall be based on the following elements:</p> <p>(a) the implementation of an appropriate risk management and control strategy; coordinated among appropriate actors involved in the control chain;</p> <p>(b) the accessibility for all appropriate actors in the control chain of the results of controls carried out;</p> <p>(c) the timely application of corrective measures;</p> <p>(d) the elimination of multiple controls;</p>	
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<p><u>Article 4</u></p> <p>1. Subject to Article 26, all revenue and expenditure shall be entered in full in the budget and in the accounts, without any adjustment against each other. All revenue shall be used to cover all expenditure; revenue shall not be assigned to a specific purpose.</p> <p>2. 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 the provisions of article 26(2).</p> <p>3. The Schools may accept donations which may involve some financial charge only subject to prior authorisation from the</p>	<p>(e) improving the cost-benefit ratio of controls.</p> <p><u>Article 4</u></p> <p><u>Principle of universality.</u> <u>Definition and scope</u></p> <p>1. Subject<u>Without prejudice</u> to <u>Article 4 quarter 26,</u> all revenue and expenditure shall be entered in full in the budget and in the accounts, without any adjustment against each other. <u>Without prejudice to Article 4 bis</u> all revenue shall be used to cover all expenditure; revenue shall not be assigned to a specific purpose.</p> <p>2. 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 the provisions of article 26(2) <u>4 bis.</u></p>	<p>Equivalent to Article 20 of EU FR.</p> <p>This rule about donations is moved to a separate article (4 ter).</p>
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<p>Board of Governors.</p> <p>4. Notwithstanding paragraph 1, this revenue, earmarked for a specific purpose, may not be used for any other purpose.</p>	<p><u>Article 4 bis NEW ARTICLE</u></p> <p><u>Assigned revenue</u></p> <p><u>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:</u></p> <p><u>(a) revenue arising from the repayment of amounts wrongly paid against budget appropriations;</u></p> <p><u>(b) insurance payments received;</u></p> <p><u>(c) revenue from the sale of publications;</u></p> <p><u>(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;</u></p> <p><u>(e) revenue from third parties in respect of the supply of goods and services against payment;</u></p> <p><u>(f) proceeds from the sale of vehicles, equipment and installations which are being replaced;</u></p> <p><u>(g) donations and subsidies other than those included in the budget.</u></p>	<p>For the sake of clarity, this new article specifies the possible categories of assigned revenue.</p>
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	<p><u>Article 4 ter</u></p> <p><u>Donations</u></p> <p>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 the provisions of Article 26(2) <u>7(3)</u>.</p> <p>2. The Schools may accept donations which may involve some financial charge only subject to prior authorisation from the Board of Governors.</p> <p>Notwithstanding paragraph 1, this revenue, earmarked for a specific purpose, may not be used for any other purpose.</p> <p><u>Article 264 quater</u></p> <p><u>Rules on deductions and exchange rate adjustments</u></p> <p>1. By way of derogation from Article 4, the</p>	<p>Included in the new Article 4 bis. Donations fall under assigned revenue, therefore also covered by the general provision.</p> <p>Rules on deductions and exchange rates adjustments moved here for reason of</p>
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	<p>following may be deducted from all payment requests, invoices or statements, which shall then be passed for payment of the net amount:</p> <p>(a) fines imposed on a party to a contract;</p> <p>(b) adjustment of amounts paid in error, which may be achieved by means of deduction beforehand when another validation is being effected with regard to the same third party;</p> <p>(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.</p> <p>(d) Discounts, refunds and rebates on invoices and bills shall not be recorded as separate revenue.</p> <p>2. By way of derogation from Articles 4 and 5, the following sums may be reused:</p>	<p>coherence from former Art. 26.1 FR 2006</p>
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	<p>(a) revenue arising from the refund of amounts paid in error against budget appropriations;</p> <p>(b) proceeds from the supply of goods and services to other organizations;</p> <p>(c) insurance payments received;</p> <p>(d) revenue from the sale of publications;</p> <p>(e) refunds of taxes – incorporated in the price of the products 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;</p> <p>(f) revenue from the supply of goods and services against payment;</p> <p>(g) proceeds from the sale of vehicles, equipment and installations which are being replaced;</p> <p>(h) donations and subsidies other than those included in the budget.</p> <p>Such sums must be re-used before the end of the financial year following that in which the revenue was collected.</p>	<p>Paragraph 2 Art. 26 FR 2006 becomes a separate Article concerning assigned revenue (new Art. 4bis).</p>
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~~The accounting plan shall include suspense accounts in order to record the re-use of sums in respect of revenue and of expenditure.~~

~~2.3.~~ Notwithstanding Article 4, 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.

~~3.4.~~ By way of derogation from Article 4, adjustments may be made in respect of exchange differences occurring in budget operations.

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

Article 254 quinquies

Principle of specification

1. Appropriations shall be earmarked for specific purposes for the schools or for the Office of the Secretary-General, by section, class, chapter,

Former Art. 25.1 FR 2006 becomes a separate Article (4 quinquies) for reasons of clarity

	<p>article and item.</p> <p><u>Article 4 sexies 25</u></p> <p><u>Transfers</u></p> <p>1. Subject to paragraph 2 article 25.3, authorising officers may effect <u>initiate</u> 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 following meeting.</p> <p>2. Transfers from items relating to remuneration and allowances of staff into items relating to other types of expenditure shall be subject to the 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 are also subject to the prior agreement of the Administrative and Financial Committee.</p> <p><u>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 next following meeting.</u></p>	<p>Former Art. 25 paragraphs 2,3&4 FR 2006 become a separate Article (4 sexies) for reasons of clarity</p> <p>In line with the new financial governance architecture and role of the Authorising Officer of the European Schools over the whole budget.</p>
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<p><u>Article 5</u></p> <p>1. No revenue shall be collected and no expenditure effected unless credited to or charged against an article in the budget, save as otherwise provided in the implementing rules referred to in Article 105, such exceptions however remaining subject to the provisions of Title VI.</p> <p>2. Without prejudice to Article 26, no expenditure may be committed or authorised in excess of the authorised appropriations.</p>	<p><u>4. Appropriations corresponding to assigned revenue referred to in Article 4 bis may be transferred only if such revenue is to be used for the purpose for which it is assigned.</u></p> <p>5. Every proposal for a transfer within a section must be duly substantiated. <u>The responsible authorising officer Head of the school, and the Deputy Secretary-General in so far as the Office of the Secretary-General is concerned,</u> shall certify that the appropriations are available and that the transfer is consistent with the basic principles of implementation of the budget.</p> <p><u>Article 5</u></p> <p><u>Principle of unity and budgetary accuracy</u></p> <p>1. No revenue shall be collected and no expenditure effected unless credited to or charged against an article in the budget, save as otherwise provided in the implementing rules referred to in Article 105, such exceptions however remaining subject to the provisions of Title <u>VI</u>.</p> <p>2 Without prejudice to Article 26, No expenditure may be committed or authorised in excess of the</p>	<p>Transfers. A new provision regulates the transfer of assigned revenue (4.4)</p> <p>IR to be merged with the Financial regulation in one single text</p> <p>Specific rules on the principles of unity and budgetary accuracy</p>
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<p><u>Article 6</u></p> <ol style="list-style-type: none"> 1. The financial year shall run from 1 January to 31 December. 2. 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. 3. 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, save as otherwise provided in Article 7, and to cover the amounts due against commitments from preceding financial years for which no appropriation was carried forward. 4. The commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December. 5. 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. 	<p>authorised appropriations.</p> <p><u>3. An appropriation may be entered in the budget only if it is for an item of expenditure considered necessary.</u></p> <p><u>Article 6</u></p> <p><u>Principle of Annuality. Definition and accounting for revenue and appropriations</u></p> <ol style="list-style-type: none"> <u>1. The appropriations entered in the budget shall be authorised for the duration of one financial year.</u> 2. The financial year shall run from 1 January to 31 December 2. 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. 3. 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, save as otherwise provided in Article 7, and to cover the amounts due against commitments from preceding financial years for which no appropriation was carried forward. 4. 5. The commitments shall be entered in the accounts on the basis of the legal commitments 	<p>Article 26 referred to in the second paragraph relates to assigned revenue. This reference is deleted from Article 5, as it is in fact not an exception.</p> <p>The third sentence of Article 1(2) FR 2006 is here incorporated.</p>
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<p><u>Article 7</u></p> <p>The following rules shall govern the utilisation of appropriations:</p> <ol style="list-style-type: none"> 1. Appropriations relating to remunerations and allowances of staff may not be carried over to the next financial year. 2. Appropriations in respect of payments still 	<p>entered into up to 31 December.</p> <p>5. 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.</p> <p>6. 7. By way of derogation from paragraph 3 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</p> <p><u>Article 6 bis NEW ARTICLE</u></p> <p><u>Commitment of appropriations</u></p> <p><u>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.</u></p> <p><u>Article 7</u></p> <p><u>Cancellation and carry-over of appropriations</u></p>	<p>This new provision will facilitate the management of resources for the opening of a budget year while respecting the principle of annuality.</p>
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<p>outstanding as at 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.</p> <p>3. Unused revenue available as at 31 December arising out of the donations referred to in Article 4(2) shall be carried over automatically.</p> <p>4. The following appropriations shall lapse at the end of the financial year:</p> <p>(a) appropriations carried over automatically which have not been paid;</p> <p>(b) unused appropriations of the financial year which have not been carried over.</p> <p>5. A list of automatic carryovers shall be annexed to the revenue and expenditure accounts at the end of the financial year.</p> <p>6. For the purpose of implementing the budget, the utilisation of appropriations carried over</p>	<p>The following rules shall govern the utilisation of appropriations:</p> <p>1. Appropriations relating to remunerations and allowances of staff may not be carried over to the next financial year.</p> <p>2. Appropriations in respect of payments still outstanding as at 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.</p> <p>3. Unused revenue <u>referred to in Article 4 bis and available as at 31 December arising out of the donations referred to in Article 4(2)</u> shall be carried over automatically. <u>Such assigned revenue sums 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.</u></p> <p>4. The following appropriations shall <u>lapse be cancelled</u> at the end of the financial year:</p> <p>(a) appropriations carried over automatically which have not been paid;</p>	<p>All unused assigned revenues shall be carried over automatically.</p>
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<p>shall be shown separately, according to the original nomenclature, in the accounts for the current financial year.</p> <p>7. Appropriations carried over may not be transferred.</p> <p><u>Article 8</u></p> <p>If the budget is not finally adopted at the beginning of the financial year, the provisions below shall apply to commitment and payment of expenditure already approved in principle in the last budget duly adopted.</p> <p>An item of expenditure shall be considered as having been approved in principle in the last budget duly adopted if it could have been charged to a specific budget heading under the financial year concerned.</p>	<p>(b)unused appropriations of the financial year which have not been carried over.</p> <p>5. A list of automatic carryovers shall be annexed to the revenue and expenditure accounts at the end of the financial year.</p> <p>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.</p> <p>7. Appropriations carried over may not be transferred.</p> <p><u>Article 8</u></p> <p><u>Rules applicable in the event of late adoption of the budget</u></p> <p>1. If the budget is not finally adopted at the beginning of the financial year, the provisions below shall apply to commitment and payment of expenditure already approved in principle in the last</p>	<p>Rules applicable in the event of late adoption</p>
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<p>1. 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 13 or, in the absence thereof, in the preliminary draft budget.</p> <p>2. 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 13 or, in the absence thereof, in the preliminary draft budget.</p> <p>3. At the request of the Administrative Board</p>	<p>budget duly adopted.</p> <p><u>2.</u> An item of expenditure shall be considered as having been approved in principle in the last budget duly adopted if it could have been charged to a specific budget heading under the financial year concerned.</p> <p><u>3.1.</u> 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 13 or, in the absence thereof, in the preliminary draft budget.</p> <p><u>4. 2.</u> 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 13 or, in the absence thereof, in the preliminary draft budget.</p>	<p>of the budget of the European Schools</p> <p>Re-numbering of paragraphs</p>
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<p>and/or of the Secretary-General, and without prejudice to the preceding paragraph, the Board of Governors, consulted by means of the written procedure, may, as dictated by administrative requirements, authorise the simultaneous expenditure of more than one provisional twelfth, but not exceeding the total of four provisional twelfths, except in duly justified cases, both for commitments and for payments over and above those automatically made available in accordance with paragraphs 1 and 2.</p> <p>4. The decisions referred to above shall include the requisite measures in respect of revenue for the purposes of this Article.</p> <p>5. The application of the measures provided for in paragraph 4 above may not, with regard to the contribution of the European Union, result in the appropriations entered in the general budget of the European Union being exceeded.</p>	<p>5. 3. At the request of the Administrative Board and/or of the Secretary-General, and without prejudice to the preceding paragraph, 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, but not exceeding the total of four provisional twelfths, except in duly justified cases, both for commitments and for payments over and above those automatically made available in accordance with paragraphs 1 and 2.</p> <p>6. 4. The decisions referred to above shall include the requisite measures in respect of revenue for the purposes of this Article.</p> <p>7. 5. The application of the measures provided for in paragraph 6. 4 above may not, with regard to the contribution of the Union, result in the</p>	
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appropriations entered in the general budget of the Union being exceeded.

Article 8 bis NEW ARTICLE

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.

3. The Union contribution to the Schools shall constitute a balancing contribution for the budget of the Schools.

4. The Schools shall implement rigorous cash management, taking due account of assigned revenue, in order to ensure that its cash balances are limited to duly justified requirements.

This article encompasses the principle of equilibrium and the balancing nature of the EU contribution (Article 25 of the Convention).

<p><u>Article 9</u></p> <p>The budget and the amending budgets, as adopted, shall be published at the instance of the Secretary-General.</p>	<p><u>Article 9</u></p> <p><u>Principle of Transparency</u></p> <p><u>1. The budget of the Schools shall be established and implemented and the accounts presented in accordance with the principle of transparency.</u></p> <p><u>2.</u> The budget and the amending budgets, as adopted, shall be published at the instance of the Secretary-General <u>on its webpage within three months of their adoption.</u></p> <p><u>3. The final consolidated accounts and the report on budgetary and financial management shall be published on the webpage of the Secretary-General.</u></p> <p><u>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.</u></p> <p><u>Where natural persons are concerned, the 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</u></p>	<p>Provisions under Article 9 relate to the principle of transparency of the Budget to put in line with equivalent provisions on EU FR.</p>
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<p><u>Article 10</u></p> <p>The budget shall be drawn up in EURO.</p> <p>The conditions for the application of the EURO to revenue and expenditure shall be determined by the implementing rules referred to in Article 105.</p>	<p><u>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.</u></p> <p><u>The publication shall be waived if such disclosure risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union or harm the commercial interests of the recipients.</u></p> <p><u>The information shall be published no later than 30 June of the year following the financial year in which the funds were awarded.</u></p> <p><u>Article 10</u></p> <p><u>Principle of unit of accounts</u></p> <p>The budget shall be drawn up <u>and implemented</u> in <u>euro</u>EURO. <u>The accounts shall be presented in euro.</u></p> <p>The conditions for the application of the euroEURO to revenue and expenditure shall be determined by the implementing rules referred to in Article 105.</p>	<p>IR to be merged with the FR in one single text.</p>
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TITLE II

ESTABLISHMENT AND STRUCTURE OF
THE BUDGET

SECTION I

Establishment of the budget

Article 11

1. The Head of each School shall, each year by 15 January at the latest, draw up an estimate of its revenue and expenditure for the following year.

TITLE II

ESTABLISHMENT AND STRUCTURE OF THE
BUDGET

SECTION I

Establishment of the budget

Article 11

1. The authorising officer of the European Schools shall each year draw up a draft budget for the schools and the Office of the Secretary-General by 28 February at the latest.

<p>2. Each of the sections shall be preceded by an introduction concerning the objectives and the policy followed by the School and shall include:</p> <ul style="list-style-type: none"> - changes in appropriations from one financial year to the next - changes in the number of staff in post, with a statement justifying such changes; - expected changes in the number of pupils on roll; - information available on the implementation of the budget for the preceding financial year. 	<p>1.2. For this purpose the Head of each School responsible authorising officers shall, each year by 15 January at the latest, draw up an estimate of its <u>the school's</u> revenue and expenditure <u>of the corresponding section of the budget</u> for the following year (<u>draft budget</u>).</p> <p>2.3. Each of the sections shall be preceded by an introduction concerning the objectives and the policy followed by the School and shall include:</p> <ul style="list-style-type: none"> - changes in appropriations from one financial year to the next - changes in the number of staff in post, with a statement justifying such changes; - expected changes in the number of pupils on roll; - information available on the implementation of the budget for the preceding financial year. <p>3.4. The Administrative Board of each School shall approve the <u>corresponding estimate draft</u></p>	
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3. The Administrative Board of each School shall approve the estimate by 15 February at the latest and forward it to the Secretary-General by 28 February at the latest. The Secretary-General shall draw up the estimate for his Office by 28 February at the latest.

Article 12

The Secretary-General, in the preliminary draft budget which he shall place before the Board of Governors at the latest by 31 March of each year, shall:

- consolidate, using a uniform nomenclature,

budget by 15 February at the latest and forward it to the ~~Secretary-General~~ **authorising officer of the European Schools to make the final consolidation of the European Schools' draft budget** by 28 February at the latest, **taking into account the possible revisions decided by the Administrative Boards.** ~~The Secretary-General shall draw up the estimate for his Office by 28 February at the latest.~~

Article 12

The ~~Secretary-General, in the preliminary~~ draft budget **of the European Schools** ~~which he shall be presented to place before~~ the Board of Governors at the latest by 31 March of each year, **and** shall:

- consolidate, using a uniform nomenclature, the **draft estimates** referred to in Article 11(~~3~~ **4**);

<p>the estimates referred to in Article 11(3);</p> <ul style="list-style-type: none"> - include an opinion on any differing estimates, accompanied by the reasons therefore; - prepare a general introduction to the preliminary draft budget, containing in particular financial tables covering the entire budget. <p><u>Article 13</u></p> <p>The Board of Governors, after examination by the Committee referred to in Article 103, shall approve the draft budget by 19 April at the latest and forward it to the European Commission and to the European Patent Office.</p>	<ul style="list-style-type: none"> - include an opinion on any differing estimates, accompanied by the reasons therefore; - prepare a general introduction to the preliminary draft budget, containing in particular financial tables covering the entire budget. <p><u>Article 13</u></p> <p>The Board of Governors, after examination by the Committee referred to in Article 103, shall approve the draft budget <u>of the European Schools</u> by 19 April at the latest and forward it to the European Commission and to the European Patent Office.</p>	
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<p><u>Article 14</u></p> <p>1. During the week that follows the completion of their own budgetary procedures, the European Commission and the European Patent Office shall communicate the amount of their contributions.</p> <p>2. If the amount of the contributions communicated by the organisations referred to in paragraph 1 above is identical with that provided for in the draft budget in accordance with Article 13 above, the budget shall be deemed to be adopted.</p> <p>3. If the amount of the contributions from the organisations referred to in paragraph 1 is different from the amount entered in the draft budget, the Board of Governors, on the initiative of the Secretary-General, shall take the appropriate steps and shall adopt the budget at the latest by 15 May of the financial</p>	<p><u>Article 14</u></p> <p>1. During the week that follows the completion of their own budgetary procedures, the European Commission and the European Patent Office shall communicate the amount of their contributions.</p> <p>2. If the amount of the contributions communicated by the organisations referred to in paragraph 1 above is identical with that provided for in the draft budget in accordance with Article 13 above, the budget shall be deemed to be adopted.</p> <p>3. If the amount of the contributions from the organisations referred to in paragraph 1 is different from the amount entered in the draft budget, the Board of Governors, on the initiative of the <u>Secretary-General authorising officer of the European Schools</u>, shall take the appropriate steps and shall adopt the budget at the latest by 15 May of the financial year concerned.</p> <p>4. The adoption of the budget shall bind the</p>	
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<p>year concerned.</p> <p>4. The 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.</p> <p><u>Article 15</u></p> <p>1. In the event of unavoidable, exceptional or unforeseen circumstances, the Secretary-General may submit preliminary draft amending budgets.</p> <p>2. These preliminary drafts shall be treated in the same form and according to the same procedure as the preliminary draft budget whose estimates they are amending. They must be substantiated by reference to the latter.</p>	<p>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.</p> <p><u>Article 15</u></p> <p>1. In the event of unavoidable, exceptional or unforeseen circumstances, <u>the authorising officer of the European Schools Secretary-General</u> may submit a preliminary draft amending budgets.</p> <p>2. These <u>This preliminary</u> drafts amending budget shall be treated in the same form and according to the same procedure as the preliminary draft budget whose estimates they are <u>it is</u> amending. They <u>It</u> must be substantiated by reference to the latter.</p> <p>3. All <u>The draft</u> amending budgets must be approved by the Board of Governors at the latest by 15 November of the financial year in question.</p>	
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<p>3. All amending budgets must be approved by the Board of Governors at the latest by 15 November of the financial year in question.</p> <p>4. They shall be accompanied by justifications and information available on the implementation of the current budget at the time of their establishment. They shall take into account the transfers approved up to the time of their establishment.</p> <p>5. The decisions referred to above shall include the requisite measures in respect of revenue for the purposes of this Article.</p> <p><u>SECTION II</u></p> <p><u>Structure and presentation of the budget</u></p> <p><u>Article 16</u></p>	<p>4. They <u>It</u> shall be accompanied by justifications and information available on the implementation of the current budget at the time of their <u>its</u> establishment. <u>It</u> They shall take into account the transfers approved up to the time of their <u>its</u> establishment.</p> <p>5. The decisions referred to above shall include the requisite measures in respect of revenue for the purposes of this Article.</p> <p><u>SECTION II</u></p> <p><u>Structure and presentation of the budget</u></p> <p><u>Article 16</u></p> <p>1. The budget shall consist of:</p>	
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<p>1. The budget shall consist of:</p> <ul style="list-style-type: none"> - a general statement of revenue and expenditure, together with a summary showing the balance between this revenue and expenditure; - separate sections subdivided into statements of revenue and expenditure of each School and of the Office of the Secretary-General. <p>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.</p> <p>3. Each section of the budget may include a chapter “reserve”. The appropriations entered in this chapter may be used only by means of transfer in accordance with the procedure laid down in Article 25. The appropriations in reserve may not be carried over to the next financial year.</p>	<ul style="list-style-type: none"> - a general statement of revenue and expenditure, together with a summary showing the balance between this revenue and expenditure; - separate sections subdivided into statements of revenue and expenditure of each School and of the Office of the Secretary-General. <p>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.</p> <p>3. Each section of the budget may include a chapter “reserve”. The appropriations entered in this chapter may be used only by means of transfer in accordance with the procedure laid down in Article 25 <u>Article 4 sexies</u>. The appropriations in reserve may not be carried over to the next financial year.</p>	
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<p><u>Article 17</u></p> <p>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:</p> <p>(a) as regards the statement of revenue:</p> <ul style="list-style-type: none"> - 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; 	<p><u>Article 17</u></p> <p>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:</p> <p>(a) as regards the statement of revenue:</p> <ul style="list-style-type: none"> - 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; <p>(b) as regards the statement of expenditure:</p>	
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<p>(b)as regards the statement of expenditure:</p> <ul style="list-style-type: none"> - 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; <p>(c) as regards total staff:</p> <ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - 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; <p>(c) as regards total staff:</p> <ul style="list-style-type: none"> - 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; <u>the list of posts shall show, next to the number of posts authorised</u> 	
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	<p style="text-align: center;"><u>TITLE III</u></p> <p style="text-align: center;"><u>IMPLEMENTATION OF THE BUDGET</u></p> <p style="text-align: center;"><u>SECTION I (NEW SECTION)</u> <u>FINANCIAL ACTORS</u></p> <p><u>Article 17 bis (NEW ARTICLE)</u></p> <p><u>Principle of segregation of duties</u></p> <p><u>The duties of authorizing officer and accounting officer shall be segregated and mutually exclusive.</u></p> <p><u>Article 17 ter NEW ARTICLE</u></p> <p><u>Authorising officer of the European Schools</u></p> <p><u>The role of authorising officer of the European Schools is conferred to the Secretary-General.</u></p> <p><u>Article 17 quater NEW ARTICLE</u></p> <p><u>Powers and duties of the authorising officer of the European Schools</u></p> <p><u>1. The authorising officer of the European Schools shall be responsible for implementing revenue and expenditure in accordance with the</u></p>	<p>Reinforce financial governance</p> <p>Note: former Title V FR 2006 (Articles 79-85) related to liability of financial actors is placed also here, under the Title related to the implementation of the Budget, together with the generic regulation of the financial actors, for reasons of parallelism with the FR of the EU.</p>
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principles of sound financial management and for ensuring compliance with the requirements of legality and regularity.

2. For the purpose of the above and in compliance with Article 3bis 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 and the internal control systems suited to the performance of his or her duties, via a charter of tasks and responsibilities to be approved by the Board of Governors. For this purpose, the authorising officer may establish in the Office of the Secretary-General a control and advice function to help him or her fulfil his or her tasks and responsibilities and control the associated risks.

3. To implement expenditure, the authorising officer of the European Schools shall make budgetary commitments and legal commitments, shall validate expenditure, authorise payments and shall undertake the preliminary steps for the implementation of appropriations.

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

Deletion of Art. 20 Financial controller function, to be transformed into Internal Control Function.

5. The authorising officer of the European Schools shall conserve the supporting documents relating to operations carried out for a period of five years from the date of the decision granting discharge in respect of the implementation of the budget of the European Schools. 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 conservation of traffic data, Article 37(2) of Regulation (EC) No 45/2001 shall apply

6. Within the framework set for in this Regulation, the authorising officer of the European Schools may issue Memoranda compulsory for the Schools where necessary for clarification purposes.

Article 17 quinquies NEW ARTICLE

Delegation of budget implementation powers

The authorising officer of the European Schools may delegate the powers of implementation of the budget to one or more authorising officers by delegation in the Schools and the Office of the Secretary-General.

The acts of delegation shall be communicated to the Board of Governors, the Budgetary

Committee, and to the Administrative Boards.

Within the framework of this Regulation, the respective roles and responsibilities of the authorising officer of the European Schools and authorising officers by delegation, and as the case may be authorising officers by sub-delegation, will be set in a Charter proposed by the Secretary-General and approved by the Board of Governors.

Article 17 sexies NEW ARTICLE

Authorising officers by delegation

Each school and the Office of the Secretary-General may have an authorising officer by delegation.

He or she 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.

For the authorising officers by delegation the powers and duties of the authorising officer of the European Schools defined in Article 17 quarter above shall apply mutatis mutandis, except for the paragraph 6 of that article.

In particular, they will be responsible to put 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 under Article 17 quater.

Within the scope of the delegated powers the authorising officer by delegation, and as the case may be the authorising officer by sub-delegation, takes full responsibility for any authorisation granted.

Article 17 septies Ex-ante and ex-post controls

Initiation of an operation shall be understood to mean all the operations which are preparatory to the adoption of the acts implementing the budget by the authorising officer responsible.

Verification is 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 (ex-ante verification/control).

Each transaction shall be subject at least to an ex-ante verification, 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 organized on a sample basis according to a risk analysis.

For a given transaction, the verification shall be carried out by staff other than those who initiated the operation. The staff who carry out the verification shall not be subordinate to the members of staff who initiated the operation.

The ex-ante verification/control 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.

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 verification function shall be subject to the codes of professional standards approved by the Board of Governors.

Article ~~19~~17 ~~octies~~

Reporting

1. ~~The authorising officers by delegation—The Head of each School~~ shall implement the budget as ~~authorising officer~~, in accordance with this—Financial Regulation and within the limits of

To put in line with equivalent rules of Financial Regulation of the European Union

the authorised appropriations. ~~He or she~~ **They** shall report **in form of an annual activity report** to the Administrative Board. ~~in the form of an annual activity report.~~ **After approval by the Administrative Board this report shall be submitted to the authorising officer of the European Schools at the latest by 15 February.**

The authorising officer of the European Schools shall summarise the schools' annual activity reports and prepare a global annual activity report for the European Schools by the end of February. This summary which he or she shall also be attached to be attached as an annex to the consolidated accounts drawn up in accordance with the provisions of Article 86 Section I of Title V that shall be submitted to the Board of Governors no later than 1 July of the following year.

The annual activity report **of each school and of the Office of the Secretary-General** 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, ~~he or she~~ **the responsible authorising officer** 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 report **of each school and of the Office of the Secretary-General** 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.

The annual activity report of the European Schools shall give a summary of the annual activity reports of the Schools and of the Office of the Secretary-General. It shall conclude on the achievement of the objectives and implementation of sound financial management.

Without prejudice to the annual activity report, the authorising officer will provide a regular reporting to the Board of Governors, by mid of July of the corresponding financial year, on the following elements:

-a budgetary statement showing the real consumption of appropriations by budgetary line, their real rate of utilisation and an updated projection of this consumption till the end of the year;

-a synthetic report on the functioning of the internal control systems in the European Schools system and on the main findings resulting from the ex-post controls that the authorising officers may had put in place at 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 ~~19-17~~ nonies NEW ARTICLE

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.

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 should be established for the protection of the persons communicating the irregularities referred to under this Article.

Article 17 decies NEW ARTICLE

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

Substitutes article 24 FR 2006.

regulation;

- **issuing binding accounting standards and guidance for the Schools;**
- **validating the accounting systems for the production of the accounts.**
- **Treasury and asset management and their safekeeping;**
- ~~preparing and signing off the consolidated accounts of the European Schools, thereby certifying that he/she has reasonable assurance that the accounts present a true and fair view of the financial situation;~~

3. The accounting officer shall be responsible for laying down the accounting rules, procedures and the harmonised charts of accounts in accordance with Title V.

4. The accounting officer shall obtain from the responsible authorising officer ~~shall provide the accounting officer of each School access to~~ all the information necessary for the production of accounts which give a true and fair view of the school's financial situation and of budgetary implementation. ~~Without prejudice of the responsibilities of the accounting officer as stated in Article 87,~~ The **responsible** authorising officer shall guarantee the reliability of that information.

5. Before the adoption of the accounts, the accounting office shall sign them off, thereby certifying that he/she has reasonable assurance that the accounts present a true and fair view of the financial situation.

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 3 of this Article, and that all revenue and expenditure is entered in the accounts.

The authorising officers by delegation shall forward any information that the accounting officer needs in order to fulfil his or her duties.

The authorising officers by delegation 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.

6. 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.

To put in line with equivalent rules of Financial Regulation of the European Union

7. 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.

8. 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.

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

In addition, the accounting officer may be supported by the correspondents, in each School and in the Office of the Secretary-General. This shall be agreed by the respective Administrative Board and by the Secretary-General for the Office of the Secretary-General.

Article 17 undecies NEW ARTICLE

Administrators of Imprest accounts

For the payment of certain categories of expenditure, imprest accounts may be set up by the Accounting Officer upon favourable proposal of the Authorising Officer. The decision will spell out the responsibilities of the administrators of imprest accounts, under the general framework established under this Regulation.

Section II

LIABILITY OF THE FINANCIAL ACTORS

Article 79

Article 17 doudecies

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 definitely 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

Moved in paragraph 5 to put in line with equivalent rules of Financial Regulation of the European Union

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 79 Article 17 ter decies

Rules 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/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

As mentioned above, former Title V (Articles 79-85 FR 2006) related to liability of financial actors is placed here, together with the generic regulation of the financial actors, for reasons of parallelism with the FR of the EU.

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.

Without prejudice to previous provisions of this, the 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 .

~~Authorising officers who, by intentional mistake or serious negligence on their part, when establishing entitlements to be recovered or issuing recovery orders, entering into a commitment of expenditure or signing a payment~~

	<p>order do so without complying with this Financial Regulation and the rules for its implementation, shall render themselves liable to disciplinary action and, where appropriate, to payment of compensation. The same shall apply if, under the abovementioned conditions, they omit to draw up a document establishing a debt or if they neglect to issue recovery or payment orders or are, without justification, late in issuing them, thereby rendering the School or the Office of the Secretary-General liable to civil action by third parties.</p> <p>Article 80</p> <p>Financial controllers shall render themselves liable to disciplinary action and, where appropriate, to payment of compensation for any action taken during their term of office, in particular, by granting their approval in excess of the budgetary appropriations, where applicable under paragraph 3 of Article 20.</p> <p><u>Article 81</u></p> <p><u>Article 17 quater decies</u></p> <p>Rules applicable to accounting officer</p>	<p>Financial control function to be integrated under more generic Internal Control function.</p>
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The accounting officers, and assistant accounting officers shall **be render themselves** liable to disciplinary action and, where appropriate, to payment of compensation as regards payments made by him **or her them** in disregard of the third paragraph of Article 47 .

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

Under the same conditions, **he or she they** shall be responsible for the correct execution of orders received by **him or her them** 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 them** do not agree with the amounts on the corresponding recovery or payment orders;
 - (b) where **he or she they** effects payment to a party other than the payee entitled;
- and where he or she fails to collect revenue due.**

Article 82 Article 17 quinquies decies

Rules applicable to administrators of imprest accounts

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

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

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

(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 83

Article 17 sexies decies

The accounting officers, ~~assistant accounting officers~~ and administrators of imprest accounts shall insure themselves against the risks arising under Articles **17 quater decies and 17 quinquies decies 81 and 82. with the exclusion of the cases of intentional mistake.** The Schools shall cover the insurance costs relating thereto and shall pay the premiums directly to the insurer.

TITLE III

IMPLEMENTATION OF THE BUDGET

SECTION I

General provisions

Article 18

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

Article 84

Article 17 septies decies

Pursuant to Articles ~~79 to 82~~ 17 ter decies to 17 quinquies decies 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 sub-delegation and the accounting officers ~~and the financial controller~~ shall be determined by the Board of Governors;

2. the liability to payment of compensation and disciplinary action of ~~assistant—accounting officers~~, ~~and~~ administrators of imprest accounts shall be determined by the Administrative Board and/or the Secretary-General;

3. furthermore, a civil or criminal action may be brought against the persons referred to in the preceding ~~points paragraphs~~ in the courts of competent jurisdiction at the instigation of the Board of Governors or of the Administrative Board or of the Secretary-General.

<p>The appropriations shall be administered by the authorising officer who alone is empowered to enter into commitments regarding expenditure, establish entitlements to be collected and issue recovery orders and payment orders.</p> <p>The operations of collection or payment shall be carried out by the accounting officer.</p> <p>The duties of authorising officer, financial controller accounting officer and internal auditor shall be mutually exclusive.</p> <p>2. All financial actors and other persons 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. Where such a risk</p>	<p>Article 85 Article 17 octies decies</p> <p>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 accounting officers for the transaction relating thereto.</p> <p style="text-align: center;"><u>TITLE III</u></p> <p><u>SECTION III</u></p> <p><u>IMPLEMENTATION OF THE BUDGET</u></p> <p><u>SECTION I</u></p> <p><u>General provisions</u></p> <p><u>Article 18</u></p> <p>1. The budget shall be implemented in accordance with the principle that the</p>	
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<p>exists, the person in question shall refrain from such action and refer the matter to the authorizing officer, who shall personally take any further appropriate action. If the person in question is the authorising officer, he/she shall refer the matter to the Secretary General of the European Schools, which shall act accordingly.</p> <p>There is a conflict of interests 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.</p> <p><u>Article 18 bis</u></p>	<p>authorising officers and accounting officers are different individuals.</p> <p>The appropriations shall be administered by the authorising officer(s), who is/are alone empowered to enter into commitments regarding expenditure, establish entitlements to be collected and issue recovery orders and payment orders.</p> <p>The operations of collection or payment shall be carried out by the accounting officer.</p> <p>The duties of authorising officer, financial controller accounting officer and internal auditor shall be mutually exclusive.</p> <p><u>Article 18 bis NEW ARTICLE</u></p> <p><u>Conflict of interests</u></p> <p>All financial actors and other persons involved in budget implementation and management</p>	<p>For reasons of clarity and to underline the importance of the absence of conflict of interest, it is proposed to dedicate a separate Article to this matter.</p>
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<p>Internal control of budget implementation</p> <p>1. The budget shall be implemented in compliance with effective and efficient internal control.</p> <p>2. For the purposes of the implementation of the budget, internal control is defined as a process applicable at all levels of management and designed to provide reasonable assurance of achieving the following objectives:</p> <p>(a) effectiveness, efficiency and economy of operations;</p> <p>(b) reliability of reporting;</p> <p>(c) safeguarding of assets and information;</p> <p>(d) prevention, detection, correction and follow-up of fraud and irregularities;</p> <p>(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.</p> <p>3. Effective internal control shall be based on best international practices and include, in particular,</p>	<p>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. Where such a risk exists, the person in question shall refrain from such action and refer the matter to the <u>responsible</u> authorising officer, who shall personally take any further appropriate action. If the person in question is <u>the an</u> authorising officer by delegation, he/she shall refer the matter to the Secretary-General of the European Schools, <u>which who</u> shall act accordingly. <u>In the case the person in question is the Secretary-General, the matter should be referred to the Board Governors, who shall decide on it.</u></p> <p>There is a conflict of interests 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.</p>	
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<p>the following:</p> <p>(a) segregation of tasks;</p> <p>(b) an appropriate risk management and control strategy;</p> <p>(c) avoidance of conflicts of interests;</p> <p>(d) adequate audit trails and data integrity in data systems;</p> <p>(e) procedures for monitoring of performance and for follow-up of identified internal control weaknesses and exceptions;</p> <p>(f) periodic assessment of the sound functioning of the internal control system.</p> <p>4. Efficient internal control shall be based on the following elements:</p> <p>(a) the implementation of an appropriate risk management and control strategy; coordinated among appropriate actors involved in the control chain;</p> <p>(b) the accessibility for all appropriate actors in the control chain of the results of controls carried out;</p>	<p><u>The Secretary-General shall adopt rules on the prevention and management of conflict of interests.</u></p> <p><u>Article 18 bis</u></p> <p>Internal control of budget implementation</p> <p>1. The budget shall be implemented in compliance with effective and efficient internal control.</p> <p>2. For the purposes of the implementation of the budget, internal control is defined as a process applicable at all levels of management and designed to provide reasonable assurance of achieving the following objectives:</p> <p>(a) effectiveness, efficiency and economy of operations;</p> <p>(b) reliability of reporting;</p> <p>(c) safeguarding of assets and information;</p> <p>(d) prevention, detection, correction and follow-up of fraud and irregularities;</p> <p>(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.</p> <p>3. Effective internal control shall be based on best international practices and include, in particular, the following:</p> <p>(a) segregation of tasks;</p>	<p>Former Art. 18 bis FR 2006 moved to new Art. 3 bis under General Principles of Budget Implementation for reason of systematic</p>
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<p>(c) the timely application of corrective measures;</p> <p>(d) the elimination of multiple controls;</p> <p>(e) improving the cost-benefit ratio of controls.</p> <p><u>Article 19</u></p> <p>1. The Head of each School shall implement the budget as authorising officer, in accordance with this Financial Regulation and within the limits of the authorised appropriations. He or she shall report to the Administrative Board in the form of an annual activity report, to be attached as an annex to the consolidated accounts drawn up in accordance with the provisions of Article 86.</p> <p>The annual activity report 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, he or she has reasonable assurance that:</p>	<p>(b) an appropriate risk management and control strategy;</p> <p>(c) avoidance of conflicts of interests;</p> <p>(d) adequate audit trails and data integrity in data systems;</p> <p>(e) procedures for monitoring of performance and for follow-up of identified internal control weaknesses and exceptions;</p> <p>(f) periodic assessment of the sound functioning of the internal control system.</p> <p>4. Efficient internal control shall be based on the following elements:</p> <p>(a) the implementation of an appropriate risk management and control strategy; coordinated among appropriate actors involved in the control chain;</p> <p>(b) the accessibility for all appropriate actors in the control chain of the results of controls carried out;</p> <p>(c) the timely application of corrective measures;</p> <p>(d) the elimination of multiple controls;</p> <p>(e) improving the cost benefit ratio of controls.</p>	
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<p>(a) the information contained in the report presents a true and fair view;</p> <p>(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;</p> <p>(c) the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.</p> <p>The activity report 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.</p> <p>2. The requisite powers for the implementation of the section of the budget relating to the Office of the Secretary-General shall be conferred upon the Deputy Secretary-General as authorising officer responsible.</p>	<p><u>Article 19</u></p> <p>1. The Head of each School shall implement the budget as authorising officer, in accordance with this Financial Regulation and within the limits of the authorised appropriations. He or she shall report to the Administrative Board in the form of an annual activity report, to be attached as an annex to the consolidated accounts drawn up in accordance with the provisions of Article 86.</p> <p>The annual activity report shall contain financial and management information, including the results of controls, declaring that, except as</p>	<p>Annual Activity report regulated under specific Article on reporting (Art. 17 octies)</p>
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<p>4. The authorising officer shall be responsible for implementing revenue and expenditure in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with.</p> <p>4. To implement expenditure, the authorising officer shall make budgetary commitments and legal commitments, shall validate expenditure and authorise payments and shall undertake the preliminaries for the implementation of appropriations.</p> <p>5. Implementation of revenue shall comprise establishing entitlements to be recovered and issuing recovery orders. It shall involve waiving established entitlements where appropriate.</p> <p>6. a) The authorising officer shall put in place, in compliance with the principles set up in Article 18 bis and the minimum standards adopted by the</p>	<p>otherwise specified in any reservations related to defined areas of revenue and expenditure, he or she has reasonable assurance that:</p> <p>(a) the information contained in the report presents a true and fair view;</p> <p>(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;</p> <p>(c) the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.</p> <p>The activity report 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.</p> <p>2. The requisite powers for the implementation of the section of the budget relating to the Office of the Secretary-General shall be conferred upon</p>	
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Board of Governors and having due regard to the risks associated with the management environment and the nature of the actions financed, the organisational structure and the internal management and control procedures suited to the performance of his/her duties. The procedures for internal control put in place by the authorising officer shall take account of the verification carried out by the financial controller and the results of his/her annual report referred to in Article 20. In any case, these procedures should include an appropriate segregation of duties of initiation and verification of an operation, as stated below and in the implementing rules referred to in Article 105, that shall be validated by the financial controller. In addition, the authorising officer may put in place *ex post* controls to verify operations already approved following *ex ante* controls. Such controls may be organized on a sample basis according to risk.

- b) Initiation of an operation shall be understood to mean all the operations which are preparatory to the adoption of the acts implementing the budget by the authorising officer responsible.
- c) *Ex ante* verification is a system of checks put in place by the authorising officer responsible in order to verify the operational and financial aspects of operations.

~~the Deputy Secretary-General as authorising officer responsible.~~

~~3. The authorising officer shall be responsible for implementing revenue and expenditure in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with.~~

~~4. To implement expenditure, the authorising officer shall make budgetary commitments and legal commitments, shall validate expenditure and authorise payments and shall undertake the preliminaries for the implementation of appropriations.~~

~~5. Implementation of revenue shall comprise establishing entitlements to be recovered and issuing recovery orders. It shall involve waiving established entitlements where appropriate.~~

~~6. a) The authorising officer shall put in place, in~~

<p>d) Each operation shall be subject to the system of <i>ex ante</i> control, as stated in the implementing rules referred to in Article 105,</p> <p>e) For a given transaction, the verification shall be carried out by staff other than those who initiated the operation. The staff who carry out the verification shall not be subordinate to the members of staff who initiated the operation.</p> <p>f) The <i>ex ante</i> controls shall be carried out by staff other than those responsible for <i>ex post</i> controls. The staff responsible for the <i>ex post</i> controls shall not be subordinate to the members of staff responsible for the <i>ex ante</i> controls.</p> <p>7. All staff responsible for controlling the management of financial operations must have the necessary professional skills. They shall be subject to the codes of professional standards approved by the Board of Governors in accordance with the implementing rules</p>	<p>compliance with the principles set up in Article 18 bis and the minimum standards adopted by the Board of Governors and having due regard to the risks associated with the management environment and the nature of the actions financed, the organisational structure and the internal management and control procedures suited to the performance of his/her duties. The procedures for internal control put in place by the authorising officer shall take account of the verification carried out by the financial controller and the results of his/her annual report referred to in Article 20. In any case, these procedures should include an appropriate segregation of duties of initiation and verification of an operation, as stated below and in the implementing rules referred to in Article 105, that shall be validated by the financial controller. In addition, the authorising officer may put in place <i>ex post</i> controls to verify operations already approved following <i>ex ante</i> controls. Such controls may be organized on a sample basis according to risk.</p> <p>b) Initiation of an operation shall be understood to mean all the operations which are preparatory to the adoption of the acts implementing the budget by the authorising officer responsible.</p> <p>e) <i>Ex ante</i> verification is a system of checks put in place by the authorising officer responsible in order to verify the operational and financial aspects of operations.</p>	
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<p>referred to in Article 105.</p> <p>8. Any member of staff involved in the financial management and control of transactions who considers that a decision he/she is required by his/her superior to apply or to agree to is irregular or contrary to the principles of sound financial management or the professional rules he/she is required to observe shall inform the authorising officer in writing and, if the latter fails to take action, the Secretary- General. 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, he or she shall inform the authorities and bodies designated by the applicable legislation.</p> <p>9. Each authorising officer may delegate his or her powers in accordance with the conditions laid down by rules of procedure, approved by the Administrative Boards or by the Secretary-General in so far as the Office of the Secretary-General is concerned, and within the limits they themselves lay down in the act of</p>	<p>d) Each operation shall be subject to the system of <i>ex ante</i> control, as stated in the implementing rules referred to in Article 105,</p> <p>e) ————— For a given transaction, the verification shall be carried out by staff other than those who initiated the operation. The staff who carry out the verification shall not be subordinate to the members of staff who initiated the operation.</p> <p>f) The <i>ex ante</i> controls shall be carried out by staff other than those responsible for <i>ex post</i> controls. The staff responsible for the <i>ex post</i> controls shall not be subordinate to the members of staff responsible for the <i>ex ante</i> controls.</p> <p>7. All staff responsible for controlling the management of financial operations must have the necessary professional skills. They shall be subject to the codes of professional standards approved by the Board of Governors in accordance with the implementing rules referred to in Article 105.</p> <p>8. Any member of staff involved in the financial management and control of transactions who considers that a decision he/she is required by</p>	<p>Since this provision (Art. 19.7) is referred in particular to the role of vericator: that shall be subject to the Code of Professional Standards approved by the BoG, it is considered appropriate to move it to the specific Article related to Segregation of Duties</p> <p>Separate article on protection of European School's financial interests</p>
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<p>delegation.</p> <p>Those so empowered may act only within the limits of the powers expressly conferred upon them in accordance with the implementing rules referred to in Article 105.</p> <p>The acts of delegation shall be communicated to the Administrative Boards, the Secretary-General and the financial controller.</p>	<p>his/her superior to apply or to agree to is irregular or contrary to the principles of sound financial management or the professional rules he/she is required to observe shall inform the authorising officer in writing and, if the latter fails to take action, the Secretary-General. 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, he or she shall inform the authorities and bodies designated by the applicable legislation.</p> <p>9. Each authorising officer may delegate his or her powers in accordance with the conditions laid down by rules of procedure, approved by the Administrative Boards or by the Secretary-General in so far as the Office of the Secretary-General is concerned, and within the limits they themselves lay down in the act of delegation.</p> <p>Those so empowered may act only within the limits of the powers expressly conferred upon them in accordance with the implementing rules referred to in Article 105.</p> <p>The acts of delegation shall be communicated to the Administrative Boards, the Secretary-</p>	
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<p><u>Article 20</u></p> <p>1. The Board of Governors shall appoint a financial controller, responsible for financial control on the expenditure and revenue of the Schools in accordance with the conditions and arrangements specified in this Article.</p> <p>2. The financial controller shall carry out ex-post controls on the basis of an annual plan, based on a risk analysis, which is coherent with the intended objectives, with the priorities set for each financial year and with the available resources. The annual plan will be submitted for approval to the Board of Governors before its implementation.</p>	<p>General and the financial controller.</p>	
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<p>3. In exceptional circumstances, in accordance with the implementing rules referred to in Article 105, the approval of the financial controller may be required, as an ex-ante financial control, for the commitment and authorisation of expenditure and for the establishment and collection of revenue. An ex-ante centralised financial control shall only apply for duly justified reasons on proposal of the financial controller and shall be subject to the prior consent of the Secretary-General, or of the President of the Board of Governors for the budget of the Office of the Secretary-General. The decision to implement this procedure shall be communicated to the respective Administrative Board, Budgetary Committee and to the Board of Governors.</p> <p>4. The financial controller shall propose to the Board of Governors the general internal control framework, namely Internal Control Standards and Code of Professional Standards, and its adaptations, and shall validate the internal control systems put in place by the Authorising Officers in order to provide reasonable assurance that financial transactions are authorised following appropriate segregation of duties of initiation and verification as referred to in Article 19.6.</p>	<p>Article 20</p> <p>1. The Board of Governors shall appoint a financial controller, responsible for financial control on the expenditure and revenue of the Schools in accordance with the conditions and arrangements specified in this Article.</p> <p>2. The financial controller shall carry out ex-post controls on the basis of an annual plan, based on a risk analysis, which is coherent with the intended objectives, with the priorities set for each financial year and with the available resources. The annual plan will be submitted for approval to the Board of Governors before its implementation.</p> <p>3. In exceptional circumstances, in accordance with the implementing rules referred to in Article 105, the approval of the financial controller may be required, as an ex-ante financial control, for the commitment and authorisation of expenditure and for the establishment and collection of revenue. An ex-ante centralised financial control shall only apply for duly justified reasons on proposal of the financial controller and shall be subject to the prior consent of the Secretary-General, or of the President of the Board of Governors for the</p>	<p>Financial control to be integrated under more generic Internal Control function.</p>
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<p>5. The financial controller, by the end of February of the year following the financial year concerned, shall make an annual report which shall be communicated to the Court of Auditors and to the Board of Governors. Without prejudice to the annual report, in case of material findings resulting from the execution of the controls included in the annual plan referred to above, or from the analysis of the internal control systems of the Schools, they shall be timely communicated to the Board of Governors.</p> <p>6. The financial controller shall be consulted on the application of all accounting systems. He/she shall have access at all times to the information contained in these systems.</p> <p>7. The financial controller may issue recommendations on best practice and advice on financial and administrative procedures.</p> <p>8. The financial controller may be assisted, if necessary, in his/her duties by one or more assistant financial controllers, who shall also be appointed by the Board of Governors.</p> <p>9. The special rules applicable to the financial</p>	<p>budget of the Office of the Secretary-General. The decision to implement this procedure shall be communicated to the respective Administrative Board, Budgetary Committee and to the Board of Governors.</p> <p>4 The financial controller shall propose to the Board of Governors the general internal control framework, namely Internal Control Standards and Code of Professional Standards, and its adaptations, and shall validate the internal control systems put in place by the Authorising Officers in order to provide reasonable assurance that financial transactions are authorised following appropriate segregation of duties of initiation and verification as referred to in Article 19.6.</p> <p>5. The financial controller, by the end of February of the year following the financial year concerned, shall make an annual report which shall be communicated to the Court of Auditors and to the Board of Governors. Without prejudice to the annual report, in case of material findings resulting from the execution of the controls included in the annual plan referred to above, or from the analysis of the internal control systems of the Schools, they shall be timely</p>	
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<p>controller and the assistant financial controllers , which shall be laid down in the implementing rules referred to in Article 105, shall be such as to guarantee that they are independent in the performance of their duties.</p>	<p>communicated to the Board of Governors.</p> <p>6. The financial controller shall be consulted on the application of all accounting systems. He/she shall have access at all times to the information contained in these systems.</p> <p>7. The financial controller may issue recommendations on best practice and advice on financial and administrative procedures.</p> <p>8. The financial controller may be assisted, if necessary, in his/her duties by one or more assistant financial controllers, who shall also be appointed by the Board of Governors.</p> <p>9. The special rules applicable to the financial controller and the assistant financial controllers , which shall be laid down in the implementing rules referred to in Article 105, shall be such as to guarantee that they are independent in the performance of their duties.</p>	
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<p><u>Article 21</u></p> <p>The Board of Governors shall establish an internal auditing function which must be performed in compliance with the relevant international standards with the objective of verifying the proper operation of budgetary implementation systems and procedures.</p> <p><u>Article 22</u></p> <p>1. The internal auditing function shall consist in advising the Board of Governors on dealing with risks, by issuing independent opinions on the quality of management and control systems</p>	<p style="text-align: center;"><u>SECTION IV</u></p> <p style="text-align: center;"><u>INTERNAL AUDITING FUNCTION</u></p> <p><u>Article 21</u></p> <p>The Board of Governors shall establish an internal auditing function which must be performed in compliance with the relevant international standards with the objective of verifying the proper operation of budgetary implementation systems and procedures.</p> <p><u>Article 22</u></p> <p>1. The internal auditing function shall consist in</p>	
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<p>and by issuing recommendations for improving the conditions of implementation of operations and promoting sound financial management.</p> <p>This function shall include in particular:</p> <p>(a) the 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;</p> <p>(b) the assessment of the suitability and quality of the internal control and audit systems applicable to every budgetary implementation operation.</p> <p>2. This function shall be carried out on 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 on the spot.</p>	<p>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.</p> <p>This function shall include in particular:</p> <p>(a) the 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;</p> <p>(b) the assessment of the suitability and quality of the internal control and audit systems applicable to every budgetary implementation operation.</p> <p>2. This function shall be carried out on 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 on the spot.</p>	<p>To put in line reporting of the Internal Audit function with the new architecture of</p>
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<p>3. On completion of each audit, a report shall be established for the attention of the Board of Governors setting out the findings and recommendations. The Board shall ensure that action is taken on recommendations resulting from audits.</p> <p>4. An annual audit report shall be established by the end of February of the year following the financial year concerned, as specified in the implementing rules referred to in Article 105, and shall be addressed for the attention of the Board of Governors which shall communicate it to the Court of Auditors.</p> <p><u>Article 23</u></p> <p>1. The Board of Governors shall determine the scope of the mission of the internal auditor and shall lay down, in detail, the objectives and procedures for the exercise of the internal auditing function.</p>	<p>3. On completion of each audit, a report shall be established for the attention <u>of the Secretary-General and</u> of the Board of Governors setting out the findings and recommendations. <u>The Secretary-General and</u> The Board shall ensure that action is taken on recommendations resulting from audits.</p> <p>4. An annual audit report shall be established by the end of February of the year following the financial year concerned, as specified in the implementing rules referred to in Article 105, and shall be addressed for the attention of the <u>of the Secretary-General and of the</u> Board of Governors which shall communicate it to the Court of Auditors.</p> <p><u>Article 23</u></p> <p>1. The Board of Governors shall determine the scope of the mission of the internal auditor and shall lay down, in detail, the objectives and procedures for the exercise of the internal</p>	<p>Financial Governance (proposal of the IAS).</p>
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<p>2. The Board of Governors shall appoint its internal auditor in accordance with arrangements adapted to its specific features and requirements.</p> <p><u>Article 24</u></p> <p>In each School, the collection of revenue and the payment of expenditure shall be carried out by an accounting officer.</p> <p>Two or more Schools may appoint the same accounting officer.</p> <p>Accounting officers shall be recruited on the grounds of their particular competence as evidenced by diplomas or by equivalent professional experience.</p> <p>The Secretary-General shall appoint the accounting officer of the Office of the Secretary-General, who shall be responsible, in particular, for consolidation of accounts.</p> <p>Subject to the third paragraph of Article 49 and to Article 50 of this Regulation, the accounting officers alone are empowered to manage the treasury and other assets. They shall be responsible for their safekeeping.</p>	<p>auditing function.</p> <p>2. The Board of Governors shall appoint its internal auditor in accordance with arrangements adapted to its specific features and requirements.</p> <p><u>Article 24</u></p> <p>In each School, the collection of revenue and the payment of expenditure shall be carried out by an accounting officer.</p> <p>Two or more Schools may appoint the same accounting officer.</p> <p>Accounting officers shall be recruited on the grounds of their particular competence as evidenced by diplomas or by equivalent professional experience.</p> <p>The Secretary-General shall appoint the accounting officer of the Office of the Secretary-General, who shall be responsible, in particular, for consolidation of accounts.</p> <p>Subject to the third paragraph of Article 49 and to Article 50 of this Regulation, the accounting officers alone are empowered to manage the treasury and other assets. They shall be responsible for their safekeeping.</p>	<p>Rules related to the Accounting Officer under section related to financial actors (Section I of Title III)</p>
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<p>The accounting officers shall be responsible for preparing the financial statements provided for in Articles 75, 76, 77 and 78 of this Regulation. In each School, the accounting officer may be assisted in his or her duties by one or more assistant accounting officers, appointed by the Administrative Boards or by the Secretary-General in so far as the Office of the Secretary-General is concerned.</p> <p>The accounting officer may, in the performance of his or her duties, delegate certain tasks to subordinate staff, where this is indispensable for the performance of his or her duties. The instrument of delegation shall lay down the tasks entrusted to the delegates and their rights and obligations.</p> <p><u>Article 25</u></p> <p>1. Appropriations shall be earmarked for specific purposes by chapter, article and item.</p>	<p>The accounting officers shall be responsible for preparing the financial statements provided for in Articles 75, 76, 77 and 78 of this Regulation. In each School, the accounting officer may be assisted in his or her duties by one or more assistant accounting officers, appointed by the Administrative Boards or by the Secretary-General in so far as the Office of the Secretary-General is concerned.</p> <p>The accounting officer may, in the performance of his or her duties, delegate certain tasks to subordinate staff, where this is indispensable for the performance of his or her duties. The instrument of delegation shall lay down the tasks entrusted to the delegates and their rights and obligations.</p> <p><u>Article 25</u></p> <p>1. — Appropriations shall be earmarked for specific purposes, by chapter, article and item.</p> <p>1. Subject to article 25.3, authorising officers may effect transfers from one item to another, from</p>	<p>Transfer of appropriations regulated under new Article 4 sexies.</p>
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<p>2. Subject to article 25.3, authorising officers may effect 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 following meeting.</p> <p>3. Transfers from items relating to remuneration and allowances of staff into items relating to other types of expenditure shall be subject to the 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 are also subject to the prior agreement of the Budgetary Committee.</p> <p>4. Every proposal for a transfer within a section</p>	<p>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 following meeting.</p> <p>2. Transfers from items relating to remuneration and allowances of staff into items relating to other types of expenditure shall be subject to the 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 are also subject to the prior agreement of the Administrative and Financial Committee.</p> <p>4. Every proposal for a transfer within a section must be duly substantiated. The Head of the school, and the Deputy Secretary-General in so far as the Office of the Secretary-General is concerned shall certify that the appropriations are available and that the transfer is consistent</p>	
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must be duly substantiated. The Head of the school, and the Deputy Secretary-General in so far as the Office of the Secretary-General is concerned, shall certify that the appropriations are available and that the transfer is consistent with the basic principles of implementation of the budget.

Article 26

1. By way of derogation from Article 4, 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 a party to a contract;
- (b) adjustment of amounts paid in error, 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

~~with the basic principles of implementation of the budget.~~

Article 26

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- ~~(a) fines imposed on a party to a contract;~~
- ~~(b) adjustment of amounts paid in error, 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~~

Article moved to Article 4 quarter

<p>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.</p> <p>(d) Discounts, refunds and rebates on invoices and bills shall not be recorded as separate revenue.</p> <p>2. By way of derogation from Articles 4 and 5, the following sums may be reused:</p> <p>(a) revenue arising from the refund of amounts paid in error against budget appropriations;</p> <p>(b) proceeds from the supply of goods and services to other organizations;</p> <p>(c) insurance payments received;</p> <p>(d) revenue from the sale of publications;</p> <p>(e) refunds of taxes – incorporated in the price of the products or services provided to the Schools – effected by Member States pursuant to the agreements signed by the Member State in which one or more</p>	<p>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.</p> <p>(d) Discounts, refunds and rebates on invoices and bills shall not be recorded as separate revenue.</p> <p>2. By way of derogation from Articles 4 and 5, the following sums may be reused:</p> <p>(a) revenue arising from the refund of amounts paid in error against budget appropriations;</p> <p>(b) proceeds from the supply of goods and services to other organizations;</p> <p>(c) insurance payments received;</p> <p>(d) revenue from the sale of publications;</p> <p>(e) refunds of taxes – incorporated in the price of the products 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;</p> <p>(f) revenue from the supply of goods and services against payment;</p>	
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<p>European Schools are located and the Board of Governors;</p> <p>(f) revenue from the supply of goods and services against payment;</p> <p>(g)proceeds from the sale of vehicles, equipment and installations which are being replaced;</p> <p>(h) donations and subsidies other than those included in the budget.</p> <p>Such sums must be re-used before the end of the financial year following that in which the revenue was collected.</p> <p>The accounting plan shall include suspense accounts in order to record the re-use of sums in respect of revenue and of expenditure.</p> <p>3. Notwithstanding Article 4, 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.</p>	<p>(g)proceeds from the sale of vehicles, equipment and installations which are being replaced;</p> <p>(h) donations and subsidies other than those included in the budget.</p> <p>Such sums must be re-used before the end of the financial year following that in which the revenue was collected.</p> <p>The accounting plan shall include suspense accounts in order to record the re-use of sums in respect of revenue and of expenditure.</p> <p>3. Notwithstanding Article 4, 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.</p> <p>4. By way of derogation from Article 4, adjustments may be made in respect of exchange differences occurring in budget operations.</p>	
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<p>4. By way of derogation from Article 4, adjustments may be made in respect of exchange differences occurring in budget operations.</p> <p>The final gain or loss shall be entered in the balance for the year.</p> <p><u>SECTION II</u></p> <p><u>Budgetary revenue and management of available funds</u></p> <p><u>Article 27</u></p> <p>1. All measures which may give rise to or modify a debt must be approved by the competent authorising officer. 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 the approval by the authorising officer shall be to</p>	<p>The final gain or loss shall be entered in the balance for the year.</p> <p><u>SECTION V</u></p> <p><u>REVENUE OPERATIONS</u></p> <p><u>Article 27</u></p> <p><u>Estimate, establishment and approval of recovery</u></p> <p>1. All measures which may give rise to or modify a debt must be approved by the competent responsible authorising officer. 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 the approval by the responsible authorising officer shall be to establish that:</p>	
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<p>establish that:</p> <p>(a) the revenue is booked to the correct budget item;</p> <p>(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 made in implementation of the Statutes, Protocols and Agreements concluded, and to the principles of sound financial management.</p> <p>Forward proposals may be made in respect of certain items of current revenue in accordance with the implementing rules referred to in Article 105.</p> <p>In the cases as referred to in paragraph 3 of Article 20, where the approval of the financial controller is needed, the financial controller may withhold his approval if he or she considers that the conditions referred to in points (a) and (b) above are not met. The Administrative Board of the School, and the Secretary-General with regard to the Office of the Secretary-General, may, by a decision stating the full reasons therefor and on their sole responsibility, overrule this refusal. This decision shall be enforceable; it shall be</p>	<p>(a) the revenue is booked to the correct budget item;</p> <p>(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 made in implementation of the Statutes, Protocols and Agreements concluded, and to the principles of sound financial management.</p> <p>Forward proposals may be made in respect of certain items of current revenue in accordance with the implementing rules referred to in Article 105.</p> <p>In the cases as referred to in paragraph 3 of Article 20, where the approval of the financial controller is needed, the financial controller may withhold his approval if he or she considers that the conditions referred to in points (a) and (b) above are not met. The Administrative Board of the School, and the Secretary-General with regard to the Office of the Secretary-General, may, by a decision stating the full reasons therefor and on their sole responsibility, overrule this refusal. This decision shall be enforceable; it shall be communicated for information to the financial controller. The Administrative Board and the Secretary-General shall inform the Board of Governors and the Court of Auditors of all such decisions quarterly.</p> <p>2. The competent responsible authorising officer shall approve, in respect of every debt established, a recovery order. Such recovery orders shall be</p>	
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<p>communicated for information to the financial controller. The Administrative Board and the Secretary-General shall inform the Board of Governors and the Court of Auditors of all such decisions quarterly.</p> <p>2. The competent authorising officer shall approve, in respect of every debt established, a recovery order. Such recovery orders shall be registered by the accounting officer in accordance with the implementing rules referred to in Article 105.</p> <p>The purpose of the approval shall be to establish that:</p> <p>(a) the revenue is booked to the correct budget item;</p> <p>(b) the order is in order and conforms to the relevant provisions;</p> <p>(c) the supporting documents are in order;</p> <p>(d) the debtor is correctly described;</p> <p>(e) the due date is indicated;</p> <p>(f) the order conforms to sound financial management;</p> <p>(g) the amount and currency of the sum to be</p>	<p>registered by the accounting officer in accordance with the implementing rules referred to in Article 105.</p> <p>The purpose of the approval shall be to establish that:</p> <p>(a) the revenue is booked to the correct budget item;</p> <p>(b) the order is in order and conforms to the relevant provisions;</p> <p>(c) the supporting documents are in order;</p> <p>(d) the debtor is correctly described;</p> <p>(e) the due date is indicated;</p> <p>(f) the order conforms to sound financial management;</p> <p>(g) the amount and currency of the sum to be recovered are correct.</p> <p>In the cases as referred to in paragraph 3 of Article 20, where the approval of the financial controller is needed, if approval is withheld, the third subparagraph of paragraph 1 shall apply.</p>	<p>Article not relevant under the new architecture of financial governance where current financial control function is to be integrated under the new Internal Control function.</p>
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<p>recovered are correct.</p> <p>In the cases as referred to in paragraph 3 of Article 20, where the approval of the financial controller is needed, if approval is withheld, the third subparagraph of paragraph 1 shall apply.</p> <p><u>Article 28</u></p> <p>1. The accounting officer shall assume responsibility for the recovery of orders duly drawn up. He shall exercise all due diligence to ensure that the resources due to the School are recovered at the due dates indicated in the recovery orders and shall ensure that its rights are safeguarded.</p> <p>The accounting officer shall inform the authorising officer and the financial controller of any revenue not recovered within the time limits laid down in the specific applicable rules for each particular case. If necessary, he shall initiate the recovery procedure.</p> <p>2. If the authorising officer waives the right to recover an established debt, he shall send the corresponding approval for cancellation to the accounting officer for information.</p>	<p><u>Article 28</u></p> <p><u>Rules on recovery</u></p> <p>1. The accounting officer shall assume responsibility for the recovery of amounts receivable orders established by the authorising officer responsible drawn up. The accounting officer He shall exercise all due diligence to ensure that the revenue resources due to the Schools are recovered at the due dates indicated in the recovery orders and shall ensure that the Schools' its rights are safeguarded.</p> <p>The accounting officer shall inform the responsible authorising officer and the financial controller of any revenue not recovered within the time limits laid down in the specific applicable rules for each particular case. If necessary, he shall initiate the recovery procedure.</p> <p>2. If the responsible authorising officer plans to waives or partially waive the right to recovery of an established amount receivable debt, he shall send the corresponding approval for waiver cancellation to the accounting officer for</p>	<p>Financial Control function to be integrated under more generic Internal Control Function.</p>
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<p>The purpose of the approval by the Authorising Officer, and by the financial controller where applicable under paragraph 3 of Article 20, shall be to establish that the waiver is in order and conforms with the principles of sound financial management. The proposal concerned shall be registered by the accounting officer. If approval by the financial controller is withheld, the procedure laid down in the third subparagraph of Article 27 (1) shall apply.</p> <p>3. When the financial controller finds that a document establishing a debt has not been drawn up, or that a sum has not been recovered, he shall inform the Administrative Board and/or the Secretary-General thereof.</p> <p>4. The implementing conditions in respect of this Article shall be determined by the implementing rules referred to in Article 105</p> <p><u>Article 29</u></p> <p>Payments to the Schools shall be effected through a bank account.</p> <p><u>Article 30</u></p>	<p>information.</p> <p>The purpose of the approval by the Aauthorising Oofficer, and by the financial controller where applicable under paragraph 3 of Article 20, shall be to <u>ensure establish</u> that the waiver is in order and <u>is in accordance conforms</u> with the principles of sound financial management. The proposal concerned shall be registered by the accounting officer. If approval by the financial controller is withheld, the procedure laid down in the third subparagraph of Article 27 (1) shall apply.</p> <p>3-When the financial controller finds that a document establishing a debt has not been drawn up, or that a sum has not been recovered, he shall inform the Administrative Board and/or the Secretary-General thereof.</p> <p>4. The implementing conditions in respect of this Article shall be determined by the implementing rules referred to in Article 105.</p> <p><u>Article 29</u></p> <p>Payments to the Schools shall be effected through a</p>	<p>Implementing Rules to be merged with the Financial Regulation</p>
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<p>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 31 and 32 of this Regulation.</p> <p><u>Article 31</u></p> <p>The contribution from the European Union budget referred to in Article 14(1) of this Regulation shall be paid as follows:</p> <ul style="list-style-type: none"> - three twelfths of the amount shown in the budget not later than 15 January, - three twelfths not later than 15 March, - four twelfths not later than 15 July, - the remaining twelfths not later than 15 November, account being taken of real requirements. <p>The last payment of this contribution shall be made on the basis of a call for funds supported by</p>	<p>bank account.</p> <p><u>Article 30</u></p> <p>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 <u>Articles 31 and 32</u> of this Regulation.</p> <p><u>Article 31</u></p> <p><u>Contribution from the European Union budget</u></p> <p>The contribution from the European Union budget referred to in Article 14(1) of this Regulation shall be paid as follows:</p> <ul style="list-style-type: none"> - six three twelfths of the amount shown in the budget not later than 15 January <u>of year N</u>, - <u>four twelfths not later than 15 June of year N</u>, - the remaining twelfths not later than 15 November <u>of year N</u>, account being taken of real requirements. <p>The last payment of this contribution shall be made on the basis of a call for funds supported by the</p>	<p>It is considered that this change would facilitate the treasury management of the schools enormously and would simplify the Commission's administrative work</p>
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<p>the following documents:</p> <ul style="list-style-type: none"> - a financial statement closed on the last day of the month preceding that of the request - production of a budgetary statement, showing the consumption of appropriations, their rate of utilisation and an updated projection of this consumption. <p><u>Article 32</u></p> <p>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.</p> <p>The documents referred to in article 31 shall be furnished in support of the call for this contribution.</p>	<p>following documents:</p> <ul style="list-style-type: none"> - a financial statement closed on the <u>15 September of year N</u> - a budgetary statement, showing the consumption of appropriations <u>by budget line</u>, their rate of utilisation and an updated projection of this consumption <u>until the end of the year.</u> <p><u>These documents shall be provided no later than 22 September of year N.</u></p> <p><u>Article 32</u></p> <p><u>Contributions from the European Patent Office</u></p> <p>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 <u>A</u>article 31 shall be furnished in support of the call for this contribution.</p>	
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<p><u>SECTION III</u></p> <p><u>Commitment, validation, authorization and payment of expenditure</u></p> <p><u>1. Commitment of expenditure</u></p> <p><u>Article 33</u></p> <p>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 relevant authorising officer. A provisional commitment may be entered into in respect of current expenditure.</p> <p>2. The procedure for implementing paragraph 1 above shall be determined by the implementing rules referred to in Article 105. This procedure shall ensure that an exact account is kept of commitments and authorizations, in accordance with real requirements.</p>	<p>SECTION VIII</p> <p><u>EXPENDITURE OPERATIONS</u></p> <p><u>Commitment, validation, authorization and payment of expenditure</u></p> <p><u>1. Commitment of expenditure</u></p> <p><u>Article 33</u></p> <p>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 responsible authorising officer. A provisional commitment may be entered into in respect of current expenditure.</p> <p>2. The procedure for implementing paragraph 1 above shall ensure that an exact account is kept of</p>	
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<p><u>Article 34</u></p> <p>Proposals for commitments, accompanied by the supporting documents, shall be transmitted to the authorising officer and to the accounting officer; 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, in accordance with the implementing rules referred to in Article 105.</p>	<p>commitments and authorizations, in accordance with real requirements.</p>	
<p><u>Article 35</u></p> <p>1. The purpose of the approval for commitments of expenditure given by the authorising officer, and of the ex-ante control of the financial controller where applicable under paragraph 3 of Article 20, shall be to establish that:</p> <ul style="list-style-type: none"> (a) the expenditure has been charged to the correct item in the budget; (b) the appropriations are available; (c) the expenditure is in order and conforms to 	<p><u>Article 34</u></p> <p>Proposals for commitments, accompanied by the supporting documents, shall be transmitted to the responsible authorising officer and to the accounting officer; 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.</p> <p><u>Article 35</u></p> <p>The purpose of the approval for commitments of expenditure given by the responsible authorising officer shall be to establish that:</p> <ul style="list-style-type: none"> (a) the expenditure has been charged to the 	

<p>the relevant provisions, in particular of the budget and the regulations, and of all acts made in implementation of the Agreements and Statutes;</p> <p>(d) the principle of sound financial management is respected.</p> <p>2. Approval may not be conditional.</p> <p>3. The procedures for implementing this article shall be determined by the implementing rules referred to in Article 105.</p> <p><u>Article 36</u></p> <p>In the cases where the approval of the financial controller is needed under paragraph 3 of Article 20, he/she may withhold his/her approval if he/she considers that the conditions laid down in Article 35 are not met. If he/she withholds his/her approval he/she shall make a written statement, stating the full reasons therefor. The authorising officer shall be notified accordingly. If approval is withheld and the authorising officer maintains his/her proposal, this refusal shall be referred for a decision to the Administrative Board or the Secretary-General. Except where the availability of the appropriations is in doubt, the</p>	<p>correct item in the budget;</p> <p>(b) the appropriations are available;</p> <p>(c) the expenditure is in order and conforms to the relevant provisions, in particular of the budget and the regulations, and of all acts made in implementation of the Agreements and Statutes;</p> <p>(d) the principle of sound financial management is respected.</p> <p>2. Approval may not be conditional.</p> <p>Article 36</p> <p>In the cases where the approval of the financial controller is needed under paragraph 3 of Article 20, he/she may withhold his/her approval if he/she considers that the conditions laid down in Article 35 are not met. If he/she withholds his/her approval he/she shall make a written statement, stating the full reasons therefor. The authorising officer shall be notified accordingly. If approval is withheld and the authorising officer maintains his/her proposal, this refusal shall be referred for a decision to the Administrative Board or the Secretary-General. Except where the availability of the appropriations is in doubt, the Administrative Board or the Secretary-General may proceed in accordance with the third</p>	<p>Article not relevant under the new architecture of financial governance where current financial control function is to be integrated under the new Internal Control function.</p>
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<p>Administrative Board or the Secretary-General may proceed in accordance with the third subparagraph of Article 27 (1).</p> <p>2. <u>Validation of expenditure</u></p> <p><u>Article 37</u></p> <p>Validation of expenditure is the act whereby the authorising officer shall:</p> <ul style="list-style-type: none"> - 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. <p><u>Article 38</u></p> <p>1. 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. The</p>	<p>subparagraph of Article 27 (1).</p> <p><u>2. Validation of expenditure</u></p> <p><u>Article 37</u></p> <p>Validation of expenditure is the act whereby the <u>responsible</u> authorising officer shall:</p> <ul style="list-style-type: none"> - 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. <p><u>Article 38</u></p> <p>1. Validation of any expenditure shall be subject to the submission of supporting documents showing</p>	
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<p>implementing rules referred to in Article 105 shall lay down the nature and the contents of the supporting documents to be enclosed with the payment order.</p> <p>2. Supporting documents pertaining to the accounts and the drawing up of the revenue and expenditure account and the balance sheet shall be kept for a period of five years following the date of the decision giving discharge in respect of the implementation of the budget, referred to in Article 95.</p> <p>However, the documents relating to transactions not finally closed shall be kept for longer than the said period.</p> <p>3. The authorising officer empowered to validate expenditure shall personally check the supporting documents or shall, on his own responsibility, ascertain that this has been done.</p> <p><u>Article 39</u></p> <p>Remuneration and allowances shall be validated</p>	<p>the creditor's entitlement and the service rendered, supplies actually delivered or works actually carried out or the existence of a document justifying payment. The implementing rules referred to in Article 105 shall lay down the nature and the contents of the supporting documents to be enclosed with the payment order.</p> <p>2. Supporting documents pertaining to the accounts and the drawing up of the revenue and expenditure account and the balance sheet shall be kept for a period of five years following the date of the decision giving discharge in respect of the implementation of the budget, referred to in Article 95.</p> <p>However, the documents relating to transactions not finally closed shall be kept for longer than the said period.</p> <p>3. The authorising officer empowered to validate expenditure shall personally check the supporting documents or shall, on his own responsibility, ascertain that this has been done.</p> <p><u>Article 39</u></p>	
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<p>in accordance with collective statements drawn up by the department in charge of personnel, except where individual validation is necessary.</p> <p><u>3. Authorization of expenditure</u></p> <p><u>Article 40</u></p> <p>Authorization is the act whereby the authorising officer, by the issue of a payment order, instructs the accounting officer to pay an amount of expenditure which he has validated.</p>	<p>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.</p> <p><u>3. Authorization of expenditure</u></p> <p><u>Article 40</u></p> <p>Authorization <u>of expenditure</u> is the act <u>by which whereby</u> the <u>responsible</u> authorising officer, <u>having verified that the appropriations are available, by the issue of a payment order,</u> instructs the accounting officer, <u>by issuing a payment order,</u> to pay an amount of expenditure which <u>the authorising officer responsible</u> he has validated.</p> <p><u>Article 40bis</u></p> <p>When drawing up the payment orders the authorising officer responsible shall ensure that:</p> <p>(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.</p>	<p>This new Article. 40 bis. substantially reproduces the content of former Article 44 of the FR 2006.</p>
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<p><u>Article 41</u></p> <p>The payment order shall state:</p> <ul style="list-style-type: none"> - the financial year against which the payment shall be charged; - the budget article and any other subdivision that may apply; - the amount to be paid, expressed in EURO; - the name, address and bank account details of the payee; - the purpose of the expenditure; - the method of payment, wherever possible. <p>The payment order shall be dated and signed by the authorising officer.</p> <p><u>Article 42</u></p> <p>The payment order shall be accompanied by the original supporting documents, as determined by</p>	<p><u>Article 41</u></p> <p>The payment order shall state:</p> <ul style="list-style-type: none"> - the financial year against which the payment shall be charged; - the budget article and any other subdivision that may apply; - the amount to be paid, expressed in euro EURO; - the name, address and bank account details of the payee; - the purpose of the expenditure; - the method of payment, wherever possible. <p>The payment order shall be dated and signed by the authorising officer <u>responsible and then sent to the accounting officer.</u></p> <p><u>Article 42</u></p>	
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<p>the implementing rules referred to in Article 105. 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 71.</p> <p>The payment order shall show the numbers of the relevant approvals of commitment. Copies of supporting documents, certified as true copies by the authorising officer, may, in some cases, be accepted in place of the original</p> <p><u>Article 43</u></p> <p>For payments by instalment, the first payment order shall be accompanied by documents establishing the creditor's claim to payment of the instalment in question. Subsequent payment orders shall refer to the supporting documents already furnished, and repeat the reference number of the first payment order.</p> <p>The authorising officer may grant advances to personnel if the staff regulations or a provision laid down by this Regulation or by rules drawn up by the Secretary-General specifically provide therefor.</p>	<p>The payment order shall be accompanied by the original supporting documents, as determined by the implementing rules referred to in Article 105. 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 71 <u>95</u>.</p> <p>The payment order shall show the numbers of the relevant approvals of commitment. Copies of supporting documents, certified as true copies by the <u>responsible</u> authorising officer, may, in some cases, be accepted in place of the originals.</p> <p><u>Article 43</u></p> <p>For payments by instalment, the first payment order shall be accompanied by documents establishing the creditor's claim to payment of the instalment in question. Subsequent payment orders shall refer to the supporting documents already furnished, and repeat the reference number of the first payment order.</p> <p>The authorising officer <u>responsible</u> may grant advances to personnel if the staff regulations or a</p>	<p>Implementing Rules to be merged with the Financial Regulation.</p>
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<p>The authorising officer may grant advances to cover disbursements to be effected by a member of staff on behalf of the School. The implementing conditions for this subparagraph shall be determined by the implementing rules referred to in Article 105.</p> <p><u>Article 44</u></p> <p>Payment orders shall be sent for approval to the authorising officer. The purpose of this approval, and of the ex-ante control of the financial controller where applicable under paragraph 3 of Article 20, shall be to establish that:</p> <p>(a) the payment order has been properly issued;</p> <p>(b) the payment order corresponds to the commitment of expenditure and the amount thereof is correct;</p> <p>(c) the expenditure is charged to the correct item in the budget;</p> <p>(d) the appropriations are available;</p> <p>(e) the supporting documents are in order;</p> <p>(f) the payee is correctly named and described.</p>	<p>provision laid down by this Regulation or by rules drawn up by the Secretary-General specifically provide therefor.</p> <p>The authorising officer responsible may grant advances to cover disbursements to be effected by a member of staff on behalf of the School. The implementing conditions for this subparagraph shall be determined by the implementing rules referred to in Article 105.</p> <p><u>Article 44</u></p> <p>Payment orders shall be sent for approval to the authorising officer. The purpose of this approval, and of the ex-ante control of the financial controller where applicable under paragraph 3 of Article 20, shall be to establish that:</p> <p>(a) the payment order has been properly issued;</p> <p>(b) the payment order corresponds to the commitment of expenditure and the amount thereof is correct;</p> <p>(c) the expenditure is charged to the correct item in the budget;</p> <p>(d) the appropriations are available;</p> <p>(e) the supporting documents are in order;</p>	<p>Content of this Article under new Art. 40 bis.</p>
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<p><u>Article 45</u></p> <p>Should approval be refused by the financial controller, where applicable under paragraph 3 of Article 20, Article 36 shall apply.</p> <p><u>Article 46</u></p> <p>After approval, by the authorizing officer and where applicable of the financial controller, the original of the payment order, together with all supporting documents, shall be forwarded to the accounting officer.</p> <p><u>4. Payment of expenditure</u></p> <p><u>Article 47</u></p> <p>Payment is the final action whereby the School concerned is discharged of its obligations towards its creditors.</p> <p>Payment shall be made by the accounting officer</p>	<p>(f) the payee is correctly named and described.</p> <p><u>Article 45</u></p> <p>Should approval be refused by the financial controller, where applicable under paragraph 3 of Article 20, Article 36 shall apply.</p> <p><u>Article 46</u></p> <p>After <u>issuing a payment order approval</u>, by the <u>responsible</u> authorizing officer and where applicable of the financial controller, <u>shall send</u> the original of the payment order, together with all supporting documents, shall be forwarded to the accounting officer.</p> <p><u>4. Payment of expenditure</u></p> <p><u>Article 47</u></p> <p>Payment is the final action whereby the School concerned is discharged of its obligations towards its creditors.</p>	<p>Article not relevant under the new architecture of financial governance where current financial control function is to be integrated under the new Internal Control function.</p>
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<p>within the limits of the funds available.</p> <p>In the event of a substantive error or of the validity of the discharge being contested or of failure to observe the formalities prescribed by this Financial Regulation, the accounting officer shall suspend the time limit for payment. The creditor concerned shall be informed in writing of the reasons for that suspension.</p> <p><u>Article 48</u></p> <p>If payment is suspended, the accounting officer shall give the reasons for his decision in a written statement which he shall send forthwith to the authorising officer and, for information, to the financial controller.</p> <p>Except where the validity of the discharge is contested, the authorising officer 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.</p>	<p>Payment shall be made by the accounting officer within the limits of the funds available.</p> <p>In the event of a substantive error or of the validity of the discharge being contested or of failure to observe the formalities prescribed by this Financial Regulation, the accounting officer shall suspend the time limit for payment. The creditor concerned shall be informed in writing of the reasons for that suspension.</p> <p><u>Article 48</u></p> <p>If payment is suspended, the accounting officer shall give the reasons for his decision in a written statement which he shall send forthwith to the responsible authorising officer and, for information, to the financial controller.</p> <p>Except where the validity of the discharge is contested, the responsible authorising officer 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.</p>	
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Article 49

Payments shall be effected as a general rule through a bank account by electronic means.

The procedure for opening, administering and using such accounts shall be determined by the implementing rules referred to in Article 105.

These rules shall, in particular, indicate expenditure the payment of which must necessarily be effected by bank transfer order, and shall receive the signature on bank transfer orders of one or more duly authorised officials, one signature necessarily being that of the accounting officer, an assistant accounting officer, or an administrator of an imprest account. In particular, until an effective link is put in place between the accounting software and the electronic banking payment systems, payment of expenditure shall receive the joint signature on bank transfer orders of two duly authorised officials.

Article 49

Payments shall be effected as a general rule through a bank account by electronic means.

The ~~rules procedure~~ for opening, administering and using such accounts ~~shall be determined by the implementing rules referred to in Article 105.~~

~~These rules~~ shall, in particular, indicate expenditure the payment of which must necessarily be effected by bank transfer order, and shall receive the signature on bank transfer orders of one or more duly authorised officials, one signature necessarily being that of the accounting officer, ~~an assistant accounting officer,~~ or an administrator of an imprest account. In particular, until an effective link is put in place between the accounting software and the electronic banking payment systems, payment of expenditure shall receive the joint signature on bank transfer orders of two duly authorised officials.

Payments shall be initiated by the accounting officer in the available electronic payment system and authorised by the authorising officer responsible. These roles shall be embedded in the electronic payment system.

<p><u>5. Imprests</u></p> <p><u>Article 50</u></p> <p>For the payment of certain categories of expenditure, imprest accounts may be set up in accordance with the implementing rules referred to in Article 105.</p> <p>Only the accounting officer may replenish the imprest accounts, save in exceptional cases defined in the implementing measures.</p> <p>These measures shall contain specific provisions concerning in particular:</p> <ul style="list-style-type: none"> - the method of appointment and the responsibilities of administrators of imprest accounts; - the nature and maximum amount of each item of expenditure to be incurred; - the maximum amount of the imprest which may be advanced; - the time within which supporting documents must be produced; 	<p><u>Article 50</u></p> <p><u>Imprest accounts</u></p> <p>For the payment of certain categories of expenditure, imprest accounts may be set up. <u>The maximum amount which may be paid by the administrator of imprest accounts shall not exceed EUR 60 000 for each item of expenditure.</u></p> <p>Only the accounting officer may replenish the imprest accounts, save in <u>the</u> exceptional cases defined in <u>this Regulation</u> the implementing measures.</p> <p>These measures shall contain specific provisions concerning in particular:</p> <p>— the method of appointment and the responsibilities of administrators of imprest accounts;</p> <p>— the nature and maximum amount of each item of expenditure to be incurred;</p> <p>— the maximum amount of the imprest which may be advanced;</p>	<p>Provisions for Imprest Accounts to be completed when merging IR with the FR.</p>
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<p>- the procedures for settlement.</p> <p><u>SECTION IV</u></p> <p><u>Management of posts</u></p> <p><u>Article 51</u></p> <p>Within each School and the Office of the Secretary-General the following shall be established:</p> <p>(a) a table of staff,</p> <p>(b) an organization chart with a diagram of the organization of the departments.</p>	<p>– the time within which supporting documents must be produced;</p> <p>– the procedures for settlement.</p> <p><u>SECTION I–VII</u></p> <p><u>Management of posts</u></p> <p><u>Article 51</u></p> <p>Within each School and the Office of the Secretary-General the following shall be established:</p> <p>(a) a table of staff,</p> <p>(b) an organization chart with a diagram of the organization of the departments.</p>	
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<p style="text-align: center;"><u>TITLE IV</u></p> <p style="text-align: center;"><u>PROCUREMENT, INVENTORIES, ACCOUNTANCY</u></p> <p><u>SECTION I</u> <u>Procurement</u></p>	<p style="text-align: center;"><u>TITLE IV</u></p> <p style="text-align: center;"><u>PROCUREMENT, INVENTORIES, ACCOUNTANCY</u></p> <p><u>SECTION I</u> <u>Procurement</u></p> <p><u>Article 52 NEW ARTICLE</u></p> <p><u>1.As regards procurement, Title V of Regulation (EU, Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012 shall apply subject to paragraphs 2 to 6 of this Article.</u></p> <p><u>2. The Schools and the Office of the Secretary-General shall be deemed to be contracting authorities.</u></p> <p><u>3 .The obligation of the Schools and the Office of the Secretary-General to issue invitations to tender shall not apply to contracts with a value below the thresholds provided for in Article 4 (b) of the Directive 2014/24/ EU and which are concluded with the same contractors and on the same terms as a contract concluded by a</u></p>	<p>To align with the rules laid down in the Financial Regulation No 966/2012 and with the Commission Delegated Regulation No 1268/2012, as far as the implementing provisions are concerned. This alignment will allow immediate follow up and direct applicability of the rules on procurement procedures whenever the modification is taken place at the EU level. Furthermore the full alignment and direct applicability will offer the Schools the possibility to use the Commission’s Help Desk and the subsequent services in interpreting and applying properly the relevant rules on tendering procedures.</p> <p>Nevertheless a possibility of the Schools not to issue invitation to tender for middle value contracts, not covered by the Directive No 2014/24/EU, namely up to 134.000 euros, contracts which are concluded with the same contractors and on the same</p>
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governmental organization, a public administration or a Union institution, organization or agency or by the European Patent Office.

4.The European Schools may be associated, at their request, as contracting authority, in the award of Commission or interinstitutional contracts and with the award of contracts of other Union bodies.

5.The European Schools may conclude a contract, without having recourse to a public procurement procedure, with the Commission, the European 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.

6.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. In such case, Article 104a of Regulation (EU, Euratom) No 966/2012 shall apply mutatis

terms as a contract concluded by a governmental organization, a public administration or a Community institution or agency or by the European Patent Office, is proposed to be kept in the text.

<p><u>Article 52</u></p> <p>1. Public contracts are contracts for pecuniary interest concluded in writing by a contracting authority within the meaning of Article 68, in order to obtain, against payment of a price paid in whole or in part from the budget, the supply of movable assets, the execution of works or the provision of services.</p> <p>These contracts comprise:</p> <p>(a) supply contracts;</p> <p>(b) works contracts;</p> <p>(c) service contracts.</p> <p>2. Framework contracts are contracts concluded between one or more economic operators and one or more contracting authorities, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged. They shall be governed by the provisions of this Title concerning the award procedure, including advertising.</p>	<p><u>mutandis.</u></p> <p>Article 52</p> <p>1. Public contracts are contracts for pecuniary interest concluded in writing by a contracting authority within the meaning of Article 68, in order to obtain, against payment of a price paid in whole or in part from the budget, the supply of movable assets, the execution of works or the provision of services.</p> <p>These contracts comprise:</p> <p>(a) supply contracts;</p> <p>(b) works contracts;</p> <p>(c) service contracts.</p> <p>2. Framework contracts are contracts concluded between one or more economic operators and one or more contracting authorities, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged. They shall be governed by the provisions of this Title</p>	
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<p><u>Article 53</u></p> <p>1. All public contracts financed in whole or in part by the budget shall comply with the principles of transparency, proportionality, equal treatment and non-discrimination.</p> <p>2. All procurement contracts shall be put out to tender on the broadest possible base, except when use is made of the negotiated procedure referred to in Article 55(1)(b).</p>	<p>concerning the award procedure, including advertising.</p> <p>Article 53</p> <p>1. All public contracts financed in whole or in part by the budget shall comply with the principles of transparency, proportionality, equal treatment and non-discrimination.</p> <p>2. All procurement contracts shall be put out to tender on the broadest possible base, except when use is made of the negotiated procedure referred to in Article 55(1)(b).</p>	
<p><u>Article 54</u></p> <p>1. All contracts exceeding the thresholds provided for in Article 69 shall be published in the Official Journal of the European Union.</p> <p>Contract notices shall be published in advance except in the cases referred to in Article 55(2) and for the service contracts covered by Annex II B to Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures</p>	<p>Article 54</p> <p>1-All contracts exceeding the thresholds provided for in Article 69 shall be published in the Official Journal of the European Union.</p> <p>Contract notices shall be published in advance except in the cases referred to in Article 55(2) and for the service contracts covered by Annex II B to Directive 2004/18/EC of the</p>	

<p>for the award of public works contracts, public supply contracts and public service contracts.</p> <p>Publication of certain information after the contract has been awarded may be dropped where it would hinder application of the law, would be contrary to the public interest or would harm the legitimate business interests of public or private undertakings or could distort fair competition between them.</p> <p>2. Contracts with a value below the thresholds provided for in Article 69 shall be advertised as appropriate.</p> <p><u>Article 55</u></p> <p>1. Procurement procedures shall take one of the following forms:</p> <p>(a) the open procedure;</p>	<p>European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts.</p> <p>Publication of certain information after the contract has been awarded may be dropped where it would hinder application of the law, would be contrary to the public interest or would harm the legitimate business interests of public or private undertakings or could distort fair competition between them.</p> <p>2. Contracts with a value below the thresholds provided for in Article 69 shall be advertised as appropriate.</p> <p>Article 55</p> <p>1. Procurement procedures shall take one of the following forms:</p>	
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<p>(b) the restricted procedure;</p> <p>(c) the negotiated procedure.</p> <p>2. For contracts where the value exceeds the thresholds provided for in Article 69, use of the negotiated procedure shall be authorised only in the cases provided for in the implementing rules.</p> <p>3. The thresholds below which the contracting authority may use a negotiated procedure shall be determined in the implementing rules.</p> <p>4. The procedures applicable to the types of procurement procedure, low value contracts and payment against invoices shall be determined in the implementing rules.</p> <p>5. The estimated value of a contract may not be determined with a view to evading the requirements laid down in this Regulation, nor may a contract be split up for that purpose.</p>	<p>(a) the open procedure;</p> <p>(b) the restricted procedure;</p> <p>(c) the negotiated procedure.</p> <p>2. For contracts where the value exceeds the thresholds provided for in Article 69, use of the negotiated procedure shall be authorised only in the cases provided for in the implementing rules.</p> <p>3. The thresholds below which the contracting authority may use a negotiated procedure shall be determined in the implementing rules.</p> <p>4. The procedures applicable to the types of procurement procedure, low value contracts and payment against invoices shall be determined in the implementing rules.</p> <p>5. The estimated value of a contract may not be determined with a view to evading the requirements laid down in this Regulation, nor may a contract be split up for that purpose.</p>	
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<p><u>Article 56</u></p> <p>1. A full, clear and precise description of the subject of the contract must be given in the documents relating to the call for tenders and specify the exclusion, selection and award criteria applicable to the contract.</p> <p>2. The content of tender documents, including the possibility of, and the conditions for, revision of the price and the technical specifications shall be determined in the implementing rules.</p> <p><u>Article 57</u></p> <p>1. Candidates or tenderers shall be excluded from participation in a procurement procedure if:</p> <p>(a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning</p>	<p>Article 56</p> <p>1. A full, clear and precise description of the subject of the contract must be given in the documents relating to the call for tenders and specify the exclusion, selection and award criteria applicable to the contract.</p> <p>2. The content of tender documents, including the possibility of, and the conditions for, revision of the price and the technical specifications shall be determined in the implementing rules.</p> <p>Article 57</p> <p>1. Candidates or tenderers shall be excluded from participation in a procurement procedure if:</p> <p>(a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities,</p>	
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<p>those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;</p> <p>(b) they have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata;</p> <p>(c) they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;</p> <p>(d) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;</p> <p>(e) they have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity</p>	<p>are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;</p> <p>(b) they have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata;</p> <p>(c) they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;</p> <p>(d) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;</p> <p>(e) they have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity</p>	
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<p>detrimental to the Communities' financial interests;</p> <p>(f) following a procurement procedure financed by the Community budget, they have been declared to be in serious breach of contract for failure to comply with their contractual obligations.</p> <p>2. Candidates or tenderers shall certify that they are not in one of the situations listed in paragraph 1. However, the contracting authority may refrain from requiring such certification for very low value contracts.</p> <p>For the purpose of the correct application of paragraph 1, the candidate or tenderer, whenever requested by the contracting authority, shall:</p> <p>(a) where the candidate or tenderer is a legal person, provide information on the ownership or on the management, control and power of representation of the legal person and certify that they are not in one of the situations referred to in paragraph 1;</p>	<p>detrimental to the Communities' financial interests;</p> <p>(f) following a procurement procedure financed by the Community budget, they have been declared to be in serious breach of contract for failure to comply with their contractual obligations.</p> <p>2. Candidates or tenderers shall certify that they are not in one of the situations listed in paragraph 1. However, the contracting authority may refrain from requiring such certification for very low value contracts.</p> <p>For the purpose of the correct application of paragraph 1, the candidate or tenderer, whenever requested by the contracting authority, shall:</p> <p>-(a) where the candidate or tenderer is a legal person, provide information on the ownership or on the management, control and power of representation of the legal person and certify that they are not in one of the situations referred to in paragraph 1;</p> <p>-(b) where subcontracting is envisaged, certify that the subcontractor is not in one of the</p>	
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<p>(b) where subcontracting is envisaged, certify that the subcontractor is not in one of the situations referred to in paragraph 1.</p> <p><u>Article 58</u></p> <p>Contracts may not be awarded to candidates or tenderers who, during the procurement procedure:</p> <p>(a) are subject to a conflict of interest;</p> <p>(b) are guilty of misrepresentation in supplying the information required by the contracting authority as a condition of participation in the contract procedure or fail to supply this information.</p> <p>(c) find themselves in one of the situations of exclusion, referred to in Article 57.1 for the procurement procedure.</p>	<p>situations referred to in paragraph 1.</p> <p>Article 58</p> <p>Contracts may not be awarded to candidates or tenderers who, during the procurement procedure:</p> <p>(a) are subject to a conflict of interest;</p> <p>- are guilty of misrepresentation in supplying the information required by the contracting authority as a condition of participation in the contract procedure or fail to supply this information.</p> <p>(c) find themselves in one of the situations of exclusion, referred to in Article 57.1 for the procurement procedure.</p> <p>Article 59</p> <p>The European Schools and the Office of the Secretary-General shall have access to the</p>	
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<p><u>Article 59</u></p> <p>The European Schools and the Office of the Secretary-General shall have access to the database of the European Commission provided for by Article 108 of Council Regulation (EU, Euratom) N° 966/2012 of 25 October 2012, being obliged to transmit relevant information for inclusion in the database.</p> <p><u>Article 60</u></p> <p>Administrative penalties may be imposed by the contracting authority on candidates or tenderers who are in one of the cases of exclusion provided for in Articles 57 and 58, after they have been given the opportunity to present their observations.</p> <p>These penalties may consist in the exclusion of the candidate or tenderer concerned from contracts for a maximum period of five years.</p> <p>The penalties imposed shall be in proportion to</p>	<p>database of the European Commission provided for by Article 108 of Council Regulation (EU, Euratom) N° 966/2012 of 25 October 2012, being obliged to transmit relevant information for inclusion in the database.</p> <p>Article 60</p> <p>Administrative penalties may be imposed by the contracting authority on candidates or tenderers who are in one of the cases of exclusion provided for in Articles 57 and 58, after they have been given the opportunity to present their observations.</p> <p>These penalties may consist in the exclusion of the candidate or tenderer concerned from contracts for a maximum period of five years.</p> <p>The penalties imposed shall be in proportion to the importance of the contract and the seriousness of the misconduct.</p>	
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<p>the importance of the contract and the seriousness of the misconduct.</p> <p><u>Article 61</u></p> <p>1. The selection criteria for evaluating the capability of candidates or tenderers and the award criteria for evaluating the content of the tenders shall be defined in advance and set out in the call for tender.</p> <p>3. Contracts may be awarded by the automatic award procedure or by the best-value-for-money procedure.</p> <p>4. The specification of the selection criteria and the award criteria, the documents that give proof of economic and financial capacity and the evidence of technical and professional capacity and detailed rules on abnormally low tenders shall be specified in the implementing rules.</p>	<p>Article 61</p> <p>1. The selection criteria for evaluating the capability of candidates or tenderers and the award criteria for evaluating the content of the tenders shall be defined in advance and set out in the call for tender.</p> <p>1. Contracts may be awarded by the automatic award procedure or by the best-value-for-money procedure.</p> <p>2. The specification of the selection criteria and the award criteria, the documents that give proof of economic and financial capacity and the evidence of technical and professional capacity and detailed rules on abnormally low tenders shall be specified in the implementing rules.</p> <p>Article 62</p> <p>1. The arrangements for submitting tenders shall ensure that there is genuine competition and that the contents of tenders remain confidential until they are all opened</p>	
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<p><u>Article 62</u></p> <p>1. The arrangements for submitting tenders shall ensure that there is genuine competition and that the contents of tenders remain confidential until they are all opened simultaneously.</p> <p>2. With the exception of the contracts involving small amounts referred to in Article 55(3), applications and tenders shall be opened by an opening board appointed for this purpose. Any tender or application declared by the board not to satisfy the conditions laid down shall be rejected.</p> <p>3. All requests to participate or tenders declared by the opening board to satisfy the conditions laid down shall be evaluated, on the basis of the selection and award criteria laid down in the documents relating to the call for tenders, by a committee appointed for this purpose with a view to proposing to whom the contract should be awarded.</p> <p>4. The different methods of communication and detailed rules on the opening of tenders, on the requests to participate and on the Committee for the evaluation of tenders and requests to participate will be determined in the</p>	<p>simultaneously.</p> <p>2. With the exception of the contracts involving small amounts referred to in Article 55(3), applications and tenders shall be opened by an opening board appointed for this purpose. Any tender or application declared by the board not to satisfy the conditions laid down shall be rejected.</p> <p>3. All requests to participate or tenders declared by the opening board to satisfy the conditions laid down shall be evaluated, on the basis of the selection and award criteria laid down in the documents relating to the call for tenders, by a committee appointed for this purpose with a view to proposing to whom the contract should be awarded.</p> <p>4. The different methods of communication and detailed rules on the opening of tenders, on the requests to participate and on the Committee for the evaluation of tenders and requests to participate will be determined in the implementing rules.</p> <p>Article 63</p>	
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<p>implementing rules.</p> <p><u>Article 63</u></p> <p>While the procurement procedure is under way, all contacts between the contracting authority and candidates or tenderers must satisfy conditions ensuring transparency and equal treatment. They may not lead to amendment of the conditions of the contract or the terms of the original tender.</p> <p><u>Article 64</u></p> <p>1. The authorising officer shall decide to whom the contract is to be awarded, in compliance with the selection and award criteria laid down in advance in the documents relating to the call for tenders and the procurement rules.</p> <p>2. The contracting authority shall notify all</p>	<p>While the procurement procedure is under way, all contacts between the contracting authority and candidates or tenderers must satisfy conditions ensuring transparency and equal treatment. They may not lead to amendment of the conditions of the contract or the terms of the original tender.</p> <p>Article 64</p> <p>1. The authorising officer shall decide to whom the contract is to be awarded, in compliance with the selection and award criteria laid down in advance in the documents relating to the call for tenders and the procurement rules.</p> <p>2. The contracting authority shall notify all candidates or tenderers whose applications or tenders are rejected of the grounds on which the decision was taken, and all tenderers whose tenders are admissible and who make a request in writing of the characteristics and relative advantages of the successful tender and the name of the tenderer to whom the contract is awarded.</p>	
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candidates or tenderers whose applications or tenders are rejected of the grounds on which the decision was taken, and all tenderers whose tenders are admissible and who make a request in writing of the characteristics and relative advantages of the successful tender and the name of the tenderer to whom the contract is awarded.

However, certain details need not be disclosed where disclosure would hinder application of the law, would be contrary to the public interest or would harm the legitimate business interests of public or private undertakings or could distort fair competition between those undertakings.

Article 65

The contracting authority may, before the contract is signed, either abandon the procurement or cancel the award procedure without the candidates or tenderers being entitled to claim any compensation.

~~However, certain details need not be disclosed where disclosure would hinder application of the law, would be contrary to the public interest or would harm the legitimate business interests of public or private undertakings or could distort fair competition between those undertakings.~~

~~Article 65~~

~~The contracting authority may, before the contract is signed, either abandon the procurement or cancel the award procedure without the candidates or tenderers being entitled to claim any compensation.~~

~~The decision must be substantiated and be brought to the attention of the candidates or tenderers.~~

~~Article 66~~

~~The contracting authority may and, if it deems it~~

<p>The decision must be substantiated and be brought to the attention of the candidates or tenderers.</p> <p><u>Article 66</u></p> <p>The contracting authority may and, if it deems it appropriate and proportionate on a case-by-case basis and subject to a risk-analysis in certain cases provided for in the implementing rules referred to in Article 105, must require contractors to lodge a guarantee in advance in order to:</p> <p>(a) ensure full performance of the contract,</p> <p>(b) limit the financial risks connected with payment of pre-financing.</p>	<p>appropriate and proportionate on a case-by-case basis and subject to a risk-analysis in certain cases provided for in the implementing rules referred to in Article 105, must require contractors to lodge a guarantee in advance in order to:</p> <p>(a) ensure full performance of the contract,</p> <p>(b) limit the financial risks connected with payment of pre-financing.</p> <p>Article 67</p> <p>Where the award procedure proves to have been subject to substantial errors, irregularities or fraud, the Schools shall suspend the procedure and may take whatever measures are necessary, including the cancellation of the procedure.</p> <p>Where, after the award of the contract, the award procedure or the performance of the contract prove to have been subject to substantial errors, irregularities or fraud, the Schools may,</p>	
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<p><u>Article 67</u></p> <p>Where the award procedure proves to have been subject to substantial errors, irregularities or fraud, the Schools shall suspend the procedure and may take whatever measures are necessary, including the cancellation of the procedure.</p> <p>Where, after the award of the contract, the award procedure or the performance of the contract prove to have been subject to substantial errors, irregularities or fraud, the Schools may, depending on the stage reached in the procedure, refrain from concluding the contract or suspend performance of the contract or, where appropriate, terminate the contract.</p> <p>Where such errors, irregularities of fraud are attributable to the contractor, the Schools may in addition refuse to make payments, may recover amounts already paid or may terminate all the contracts concluded with this contractor, in proportion to the seriousness of the errors, irregularities or fraud.</p>	<p>depending on the stage reached in the procedure, refrain from concluding the contract or suspend performance of the contract or, where appropriate, terminate the contract.</p> <p>Where such errors, irregularities of fraud are attributable to the contractor, the Schools may in addition refuse to make payments, may recover amounts already paid or may terminate all the contracts concluded with this contractor, in proportion to the seriousness of the errors, irregularities or fraud.</p> <p>Article 68</p> <p>The Schools and the Office of the Secretary-General shall be deemed to be contracting authorities.</p> <p>Article 69</p> <p>1. The Directive of the European Parliament and of the Council on the coordination of procedures</p>	
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<p><u>Article 68</u></p> <p>The Schools and the Office of the Secretary-General shall be deemed to be contracting authorities.</p> <p><u>Article 69</u></p> <p>1. The Directive of the European Parliament and of the Council on the coordination of procedures for the award of public supply, service and works contracts shall lay down the thresholds which determine:</p> <p>(a) the publication arrangements referred to in Article 54;</p> <p>(b) the choice of procedures referred to in Article 55;</p> <p>(c) the corresponding time limits.</p>	<p>for the award of public supply, service and works contracts shall lay down the thresholds which determine:</p> <p>(a) the publication arrangements referred to in Article 54;</p> <p>(b) the choice of procedures referred to in Article 55;</p> <p>(c) the corresponding time limits.</p> <p>2. Subject to exceptions and conditions to be specified in implementing rules, the contracting authority shall not, in the case of contracts covered by Directive 2004/18/EC, sign the contract or framework contract with the successful tenderer until a standstill period has elapsed.</p> <p>3. Detailed rules on the thresholds applicable, separate contracts and contracts with lots, estimating the value of certain contracts, and the standstill period before the signature of the contract will be specified in the implementing rules.</p>	
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<p>2. Subject to exceptions and conditions to be specified in implementing rules, the contracting authority shall not, in the case of contracts covered by Directive 2004/18/EC, sign the contract or framework contract with the successful tenderer until a standstill period has elapsed.</p> <p>3. Detailed rules on the thresholds applicable, separate contracts and contracts with lots, estimating the value of certain contracts, and the standstill period before the signature of the contract will be specified in the implementing rules.</p> <p><u>Article 70</u></p> <p>The obligation of the Schools and the Office of the Secretary-General to issue invitations to tender shall not apply:</p> <p>a) to contracts concluded by a governmental organisation, a public administration or a</p>	<p>Article 70</p> <p>The obligation of the Schools and the Office of the Secretary-General to issue invitations to tender shall not apply:</p> <p>a) to contracts concluded by a governmental organisation, a public administration or a Community institution, organisation or agency or by the European Patent Office, with which the Schools and the Office of the Secretary-General have been associated as contracting authorities;</p> <p>b) to contracts with a value below the thresholds provided for in Article 69 and which are concluded with the same contractors and on the same terms as a contract concluded by a governmental organisation, a public administration or a Community institution, organisation or agency or by the European Patent Office.</p>	
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Community institution, organisation or agency or by the European Patent Office, with which the Schools and the Office of the Secretary-General have been associated as contracting authorities;

b) to contracts with a value below the thresholds provided for in Article 69 and which are concluded with the same contractors and on the same terms as a contract concluded by a governmental organisation, a public administration or a Community institution, organisation or agency or by the European Patent Office.

SECTION II

Inventories of movable and immovable property

Article 71

Permanent inventories showing the quantity and value of all movable and immovable property belonging to the School shall be kept.

Only movable property exceeding a specific value laid down in the implementing rules provided for in Article 105 shall be entered in those inventories. The School shall carry out its own inspection to ascertain that entries in the inventory correspond to the physical facts, enabling there to be centralized control every three years, a copy being forwarded to the Office of the Secretary-General.

Article 71

~~Permanent inventories showing the quantity and value of all movable and immovable property belonging to the School shall be kept.~~

~~Only movable property exceeding a specific value laid down in the implementing rules provided for in Article 105 shall be entered in those inventories. The School shall carry out its own inspection to ascertain that entries in the inventory correspond to the physical facts, enabling there to be centralized control every three years, a copy being forwarded to the Office of the Secretary-General.~~

The provisions on the inventories have been moved as last section at the end of Title V concerning presentation of the accounts and accounting

<p><u>Article 72</u></p> <p>The sale of movable property shall be suitably advertised in accordance with the implementing rules provided for in Article 105.</p> <p>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.</p> <p><u>Article 73</u></p> <p>A statement or record shall be drawn up by the authorising officer 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.</p> <p>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</p>	<p><u>Article 72</u></p> <p>The sale of movable property shall be suitably advertised in accordance with the implementing rules provided for in Article 105.</p> <p>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.</p> <p><u>Article 73</u></p> <p>A statement or record shall be drawn up by the authorising officer 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.</p> <p>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.</p>	
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<p>replace the item in question.</p> <p><u>Article 74</u></p> <p>All acquisitions of movable or immovable property as defined in Article 71 shall, before payment, be entered in the permanent inventories.</p> <p>That entry shall be recorded in the corresponding invoice or annexed document drawn up with a view to payment of the expenditure.</p>	<p><u>Article 74</u></p> <p>All acquisitions of movable or immovable property as defined in Article 71 shall, before payment, be entered in the permanent inventories.</p> <p>That entry shall be recorded in the corresponding invoice or annexed document drawn up with a view to payment of the expenditure.</p>	
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<p><u>SECTION III</u></p> <p><u>Accounts</u></p> <p><u>Article 75</u></p> <p>The accounting system of the European schools shall serve to organise the budgetary and financial information in such a way that figures can be entered, filed and registered. The accounts shall be kept in EURO by the double entry method, on the basis of the calendar year.</p> <p>They shall show all revenue and expenditure for the financial year. They shall be authenticated by supporting documents. The revenue and expenditure account and the balance sheet shall be drawn up in EURO.</p> <p><u>Article 76</u></p> <p>The accounting plan shall make a clear distinction between budgetary accounts and general</p>	<p><u>SECTION III</u></p> <p><u>Accounts</u></p> <p><u>Article 75</u></p> <p>The accounting system of the European schools shall serve to organise the budgetary and financial information in such a way that figures can be entered, filed and registered. The accounts shall be kept in EURO by the double entry method, on the basis of the calendar year.</p> <p>They shall show all revenue and expenditure for the financial year. They shall be authenticated by supporting documents. The revenue and expenditure account and the balance sheet shall be drawn up in EURO.</p> <p><u>Article 76</u></p> <p>The accounting plan shall make a clear distinction between budgetary accounts and</p>	<p>This section is moved under new second section of title V on the presentation of accounts and accounting for reasons of parallelism with the FR EU.</p>
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<p>accounts. It shall comprise two parts:</p> <p>(a) accounts of budgetary expenditure and revenue, which show the detailed implementation of the budget;</p> <p>(b) The general accounts, which shall record in chronological order all events and operations which affect the economic and financial situation and the assets and liabilities of the European Schools, under the accruals principle.</p> <p>The detailed conditions for the establishment and operation of the accounting plan for operations relating both to finances and to the implementation of the budget shall be determined by the implementing rules provided for in Article 105.</p> <p>The accounts shall include an annual balance of accounts and a monthly statement of revenue and expenditure by chapter, article and item.</p> <p>These statements shall be forwarded to the authorising officer and may be consulted by the</p>	<p>general accounts. It shall comprise two parts:</p> <p>(a) accounts of budgetary expenditure and revenue, which show the detailed implementation of the budget;</p> <p>(b) The general accounts, which shall record in chronological order all events and operations which affect the economic and financial situation and the assets and liabilities of the European Schools, under the accruals principle.</p> <p>The detailed conditions for the establishment and operation of the accounting plan for operations relating both to finances and to the implementation of the budget shall be determined by the implementing rules provided for in Article 105.</p> <p>The accounts shall include an annual balance of accounts and a monthly statement of revenue and expenditure by chapter, article and item.</p> <p>These statements shall be forwarded to the authorising officers of the European Schools, and to the authorising officer by delegation and may be consulted by the financial controller.</p>	
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<p>financial controller.</p> <p><u>Article 77</u></p> <p>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.</p> <p>However, the advances referred to in the second and third paragraphs of Article 43 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.</p> <p><u>Article 78</u></p> <p>The accounts shall be closed at the end of the financial year to enable a balance sheet of the School and the revenue and expenditure account referred to in Title VI to be drawn up. The revenue and expenditure account shall be submitted to the Administrative Board and to the</p>	<p><u>Article 77</u></p> <p>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.</p> <p>However, the advances referred to in the second and third paragraphs of Article 43 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.</p> <p><u>Article 78</u></p> <p>The accounts shall be closed at the end of the financial year to enable a balance sheet of the School and the revenue and expenditure account referred to in Title VI to be drawn up. The revenue and expenditure account shall be submitted to the Administrative Board and to the financial controller.</p>	
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<p>financial controller.</p> <p style="text-align: center;"><u>TITLE V</u></p> <p style="text-align: center;"><u>LIABILITY OF AUTHORISING OFFICERS, FINANCIAL CONTROLLERS, ACCOUNTING OFFICERS AND ADMINISTRATORS OF IMPREST ACCOUNTS</u></p> <p><u>Article 79</u></p> <p>Authorising officers who, by intentional mistake or serious negligence on their part, when establishing entitlements to be recovered or</p>	<p style="text-align: center;">TITLE V</p> <p style="text-align: center;">LIABILITY OF AUTHORISING OFFICERS, FINANCIAL CONTROLLERS, ACCOUNTING OFFICERS AND ADMINISTRATORS OF IMPREST ACCOUNTS</p> <p>Article 79</p> <p>Authorising officers who, by intentional mistake or serious negligence on their part, when establishing entitlements to be recovered or issuing recovery orders, entering into a commitment of expenditure or signing a payment</p>	<p>These provisions are moved under new section related to financial actors, for reasons of parallelism with the FR EU.</p>
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<p>issuing recovery orders, entering into a commitment of expenditure or signing a payment order do so without complying with this Financial Regulation and the rules for its implementation, shall render themselves liable to disciplinary action and, where appropriate, to payment of compensation. The same shall apply if, under the abovementioned conditions, they omit to draw up a document establishing a debt or if they neglect to issue recovery or payment orders or are, without justification, late in issuing them, thereby rendering the School or the Office of the Secretary-General liable to civil action by third parties.</p> <p><u>Article 80</u></p> <p>Financial controllers shall render themselves liable to disciplinary action and, where appropriate, to payment of compensation for any action taken during their term of office, in particular, by granting their approval in excess of the budgetary appropriations, where applicable under paragraph 3 of Article 20.</p> <p><u>Article 81</u></p> <p>Accounting officers and assistant accounting officers shall render themselves liable to</p>	<p>order do so without complying with this Financial Regulation and the rules for its implementation, shall render themselves liable to disciplinary action and, where appropriate, to payment of compensation. The same shall apply if, under the abovementioned conditions, they omit to draw up a document establishing a debt or if they neglect to issue recovery or payment orders or are, without justification, late in issuing them, thereby rendering the School or the Office of the Secretary-General liable to civil action by third parties.</p> <p>Article 80</p> <p>Financial controllers shall render themselves liable to disciplinary action and, where appropriate, to payment of compensation for any action taken during their term of office, in particular, by granting their approval in excess of the budgetary appropriations, where applicable under paragraph 3 of Article 20.</p> <p>Article 81</p> <p>Accounting officers and assistant accounting officers shall render themselves liable to disciplinary action and, where appropriate, to payment of compensation as regards payments</p>	
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<p>disciplinary action and, where appropriate, to payment of compensation as regards payments made by them in disregard of the third paragraph of Article 47 .</p> <p>They shall render themselves liable to disciplinary action and to payment of compensation as regards any loss or deterioration of the monies, assets and documents in their charge where such loss or deterioration results from an intentional mistake or serious negligence on their part.</p> <p>Under the same conditions, they shall be responsible for the correct execution of orders received by them in respect of the use and the administration of bank accounts, and in particular:</p> <p>(a) where the recoveries or payments made by them do not agree with the amounts on the corresponding recovery or payment orders;</p> <p>(b) where they effect payment to a party other than the payee entitled.</p>	<p>made by them in disregard of the third paragraph of Article 47.</p> <p>They shall render themselves liable to disciplinary action and to payment of compensation as regards any loss or deterioration of the monies, assets and documents in their charge where such loss or deterioration results from an intentional mistake or serious negligence on their part.</p> <p>Under the same conditions, they shall be responsible for the correct execution of orders received by them in respect of the use and the administration of bank accounts, and in particular:</p> <p>(a) where the recoveries or payments made by them do not agree with the amounts on the corresponding recovery or payment orders;</p> <p>(b) where they effect payment to a party other than the payee entitled.</p>	
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<p><u>Article 82</u></p> <p>Administrators of imprest accounts shall render themselves liable to disciplinary action and, where appropriate, to payment of compensation in the following cases:</p> <p>(a) where they cannot show due warrant with proper documents for payments made by them;</p> <p>(b) where they effect payments to parties other than entitled payees.</p> <p>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.</p> <p><u>Article 83</u></p> <p>The accounting officer, assistant accounting officers and administrators of imprest accounts shall insure themselves against the risks arising under Articles 81 and 82. The School shall cover the insurance costs relating thereto and shall pay the premiums direct to the insurer.</p>	<p><u>Article 82</u></p> <p>Administrators of imprest accounts shall render themselves liable to disciplinary action and, where appropriate, to payment of compensation in the following cases:</p> <p>(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.</p> <p>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.</p> <p><u>Article 83</u></p> <p>The accounting officer, assistant accounting officers and administrators of imprest accounts shall insure themselves against the risks arising under Articles 81 and 82. The School shall cover the insurance costs relating thereto and shall pay the premiums direct to the insurer.</p>	
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<p><u>Article 84</u></p> <p>Pursuant to Articles 79 to 82 and in the event of clear irregularities</p> <ol style="list-style-type: none"> 1. the liability to payment of compensation and disciplinary action of authorising officers, accounting officers and the financial controller shall be determined by the Board of Governors 2. the liability to payment of compensation and disciplinary action of assistant accounting officers and administrators of imprest accounts shall be determined by the Administrative Board and/or the Secretary-General; 3. furthermore, a civil or criminal action may be brought against the persons referred to in the preceding paragraph in the courts of competent jurisdiction at the instigation of the Board of Governors or of the Administrative Board or of the Secretary-General. 	<p><u>Article 84</u></p> <p>Pursuant to Articles 79 to 82 and in the event of clear irregularities</p> <ol style="list-style-type: none"> 1. the liability to payment of compensation and disciplinary action of authorising officers, accounting officers and the financial controller shall be determined by the Board of Governors. 2. the liability to payment of compensation and disciplinary action of assistant accounting officers and administrators of imprest accounts shall be determined by the Administrative Board and/or the Secretary-General; 3. furthermore, a civil or criminal action may be brought against the persons referred to in the preceding paragraph in the courts of competent jurisdiction at the instigation of the Board of Governors or of the Administrative Board or of the Secretary-General. 	
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<p>Article 85</p> <p>The School 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 accounting officers for the transaction relating thereto.</p> <p style="text-align: center;"><u>TITLE VI</u> <u>PRESENTING AND AUDITING ACCOUNTS</u></p>	<p><u>Article 85</u></p> <p>The School 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 accounting officers for the transaction relating thereto.</p> <p style="text-align: center;"><u>TITLE VI</u> <u>PRESENTATION OF THE ACCOUNTS AND</u> <u>ACCOUNTING-ING AND AUDITING</u> ACCOUNTS</p> <p><u>SECTION I</u></p>	
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<p><u>Article 86</u></p> <p>The accounts of the European schools shall present a true and fair view of the budgetary revenue and expenditure operations. They shall comprise reports on implementation of the budget and a balance sheet of assets and liabilities of all the schools as at 31 December of the preceding financial year. The accounts referred to in Article 76 shall present information in a manner that ensures it is relevant, reliable, comparable and understandable, and shall be drawn up in accordance with internationally accepted accounting standards for the public sector.</p>	<p><u>Presentation of the accounts</u></p> <p><u>Article 86</u></p> <p><u>Structure of the accounts</u></p> <p>The accounts of the European Schools shall present a true and fair view of the budgetary revenue and expenditure. They shall comprise:</p> <p><u>a) the consolidated financial statements, which present the consolidation of the financial information contained in the financial statements of the Schools;</u></p> <p><u>b) the</u> reports on implementation of the budget</p> <p><u>Article 86 bis NEW ARTICLE</u></p> <p><u>Rules governing the accounts</u></p> <p><u>1. The accounting officer shall adopt rules based on internationally accepted accounting standards in the public sector.</u></p> <p><u>2. The accounts referred to in Article 86 shall respect the budgetary principles laid down in this regulation. They</u> The accounts of the European schools shall present a true and fair view of the budgetary revenue and expenditure operations <u>and of the financial situation and cash flows.</u></p>	
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Article 86 ter**Accounting principles**

~~and a balance sheet of assets and liabilities of all the schools as at 31 December of the preceding financial year.~~ The **financial statements accounts** referred to in Article ~~86~~ **76** shall present information, **including information on accounting policies**, in a manner that ensures it is relevant, reliable, comparable and understandable. **The financial statements**; ~~and~~ shall be drawn up in accordance with internationally accepted accounting standards for the public sector.

Article 86 quater**Financial statements**

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

a) the balance sheet and the statement of financial performance, which represent all assets and liabilities, the financial situation and the economic result ~~as~~ at 31 December of the preceding year; **they shall be presented in accordance with the accounting rules referred to in Article 86 bis;**

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

c) the statement of changes in net assets presenting an overview of the movements during

<p>The Office of the Secretary-General shall draw up, not later than 1 June of the following year, consolidated accounts for all the Schools on the basis of information presented pursuant to Article 87. The consolidated revenue and expenditure account for all the schools shall include the following documents classified in accordance with the budget nomenclature:</p>	<p><u>the year in reserves and accumulated results.</u></p> <p>2. They will be supplemented by notes <u>to the financial statements shall supplement and commenting</u> on the information presented <u>in the statements referred to in paragraph 1</u> and <u>shall supplying</u> all the additional information <u>prescribed by the internationally accepted accounting practice in accordance with the accounting rules referred to in paragraph 1.</u>, where such information is relevant to the European Schools.</p> <p><u>Article 86 quinquies</u></p> <p><u>Budgetary implementation reports</u></p> <p><u>1. The budgetary implementation reports shall be presented in euro. They shall consist of:</u></p> <p>The Office of the Secretary-General—The accounting officer of the European Schools shall draw up, not later than 1 June of the following year, consolidated accounts for all the Schools on the basis of information presented pursuant to Article 87. <u>The consolidated revenue and expenditure account for all the schools shall include the following documents classified in accordance with the budget nomenclature:</u></p>	
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<p>1. a table of revenue including:</p> <ul style="list-style-type: none"> - 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. <p>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 26 (2).</p> <p>2. tables showing the changes in appropriations for the financial year, indicating, in accordance</p>	<p>1. a table of revenue including:</p> <ul style="list-style-type: none"> - 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. <p>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 26 (2) 4bis.</p> <p>2. tables showing the <u>expenditure, including</u> changes in appropriations for the financial year, indicating, in accordance with the budget</p>	
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<p>with the budget nomenclature:</p> <ul style="list-style-type: none"> - 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; - appropriations carried over under Article 7. <p>3. tables showing the use of the appropriations allocated for the financial year, indicating:</p> <ul style="list-style-type: none"> - 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; 	<p>nomenclature:</p> <ul style="list-style-type: none"> - 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; - appropriations carried over under Article 7. <p>3. tables showing the use of the appropriations allocated for the financial year, indicating:</p> <ul style="list-style-type: none"> - 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; - payment appropriations carried over under Article 7; 	
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<ul style="list-style-type: none"> - payment appropriations carried over under Article 7; - appropriations lapsing. <p>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.</p> <p>4. tables showing the use of the appropriations carried over from previous financial years, indicating:</p> <ul style="list-style-type: none"> - 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 lapsing. <p>5. Annexed shall be a document showing the operations of the Reserve Funds.</p>	<ul style="list-style-type: none"> - <u>cancelled</u> appropriations lapsing. <p>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.</p> <p><u>3.</u> 4. tables showing the use of the appropriations carried over from previous financial years, indicating:</p> <ul style="list-style-type: none"> - 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 <u>cancelled lapsing</u>. <p><u>4.5.</u> Annexed shall be a document showing the operations of the Reserve Funds.</p> <p><u>2. The structure of the budgetary implementation reports shall be the same as that of the budget itself.</u></p> <p>The financial statements shall represent all assets</p>	
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The financial statements shall represent all assets and liabilities, the financial situation and the economic result at 31 December of the preceding year. They will be supplemented by notes commenting on the information presented and supplying all the additional information in accordance with the accounting rules referred to in paragraph 1., where such information is relevant to the European Schools.

These documents shall be submitted to the financial controller.

Article 87

The authorising officer shall provide the accounting officer of each School access to all the information necessary for the production of accounts which give a true and fair view of the school's financial situation and of budgetary

~~and liabilities, the financial situation as at 31 December and the economic result of the preceding year for the year ended at that date. They will be supplemented by notes commenting on the information presented and supplying all the additional information in accordance with the accounting rules referred to in paragraph 1., where such information is relevant to the European Schools.~~

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

Article 87

~~The authorising officer shall provide the accounting officer of each School access to all the information necessary for the production of accounts which give a true and fair view of the school's financial situation and of budgetary implementation. Without prejudice of the responsibilities of the accounting officer as stated in Article xxx, the authorising officer shall guarantee the reliability of that information.~~

This provision is moved under Article 86 quarter related to financial statements.

Provision moved under new rules for Financial actors, in line with FR EU.

implementation. Without prejudice of the responsibilities of the accounting officer as stated in Article 24, the authorising officer shall guarantee the reliability of that information.

The accounting officer of each School shall sign off the accounts of the School, thereby certifying that the accounting officer has reasonable assurance that the accounts present a true and fair view of the financial situation of the School. The accounting officer shall submit the accounts to the Administrative Board for approval and, after it, transmit them to the Office of the Secretary General not later than 1 April.

The accounting officer shall sign off the accounts of the Schools, **to the extent of her or his responsibilities**, thereby certifying that the accounting officer has reasonable assurance that the accounts present a true and fair view of the financial situation of the School. The accounting officer shall—submit **in March** the accounts to the **respective** Administrative Board for approval by ~~and, after it, transmit them to the Office of the Secretary General accounting officer of the European Schools not later than~~ 1 April.

Article 87 bis NEW ARTICLE
Provisional accounts

The accounting officer shall send the provisional accounts to the Court of Auditors, by 1 May of the following year at the latest.

Article 87 ter

Final consolidated accounts

1. The Court of Auditors shall, by 1 June, make its observations on the provisional accounts of the European Schools.

In line with FR EU which foresees preparation of provisional accounts and its remission to the Court of Auditors.

<p><u>Article 88</u></p> <p>The revenue and expenditure account shall be preceded by an analysis of the financial management in respect of the year in question. It shall cover all revenue and expenditure transactions relating to the preceding financial year for all the Schools. It shall be submitted in the same form and following the same subdivision as the budget.</p>	<p>2.The Office of the Secretary-General On receiving the Court of Auditor's observations on the provisional accounts of the European Schools, the accounting officer shall draw up, not later than 1 July of the following year, consolidated accounts for all the Schools on the basis of information presented pursuant to Article 17 decies 87. The final consolidated accounts shall be accompanied by a note drawn up by the accounting officer, in which the latter declares that the final consolidated 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.</p> <p><u>Article 88</u></p> <p>The revenue and expenditure account shall be preceded by an analysis of the financial management in respect of the year in question. It shall cover all revenue and expenditure transactions relating to the preceding financial year for all the Schools. It shall be submitted in the same form and following the same subdivision as the budget.</p> <p><u>Article 89</u></p> <p>The Office of the Secretary-General accounting officer of the European Schools shall draw up,</p>	<p>Requirements stated under this Article are considered to be covered under other Articles of this Regulation, in particular by the provisions related to the Annual activity report (Art. 17 octies) and Budgetary implementation reports (Art. 86 quinquies).</p> <p>Requirements stated under this Article are</p>
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<p><u>Article 89</u></p> <p>The Office of the Secretary-General shall draw up, within the time limit provided for in Article 86, a balance sheet of assets and liabilities of all the Schools as at 31 December of the preceding financial year. A statement showing the movements and balances of the accounts, drawn up on the same date, shall be attached thereto.</p> <p>These documents shall be submitted to the financial controller.</p> <p><u>Article 90</u></p> <p>The Secretary-General shall forward the 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 1 June at the latest.</p>	<p>within the time limit provided for in Article 86, a balance sheet of assets and liabilities of all the Schools as at 31 December of the preceding financial year. A statement showing the movements and balances of the accounts, drawn up on the same date, shall be attached thereto. These documents shall be submitted to the financial controller.</p> <p><u>Article 90</u></p> <p>3. The Secretary-General shall forward the 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 1 June July at the latest.</p> <p><u>4. The final consolidated accounts shall be published in the web site of the European Schools and be available to the general public by 30 November.</u></p> <p><u>Article 91</u></p> <p>All the accounts of the Schools shall be submitted to the Court of Auditors.</p>	<p>considered to be covered under other Articles of this Title V “Presentation of the Accounts and Accounting”.</p> <p>Provisions under this Article are considered to better fit under Article 87 ter above.</p> <p>Requirements stated under this Article are considered to be covered under other Articles of this Title V “Presentation of the</p>
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<p><u>Article 91</u></p> <p>All the accounts of the Schools shall be submitted to the Court of Auditors.</p> <p><u>Article 92</u></p> <p>The Office of the Secretary-General and each School shall forward to the Court of Auditors, at the latest within the month which follows examination by the Administrative Boards, the documents concerning the financial and budgetary statements and the minutes of the deliberations of the Administrative Boards pertaining thereto.</p>	<p><u>Article 92- 87 quater</u></p> <p>The Office of the Secretary-General and each School shall forward to the Court of Auditors, at the latest within the month which follows examination by the Administrative Boards, the documents concerning the financial and budgetary statements and the minutes of the deliberations of the Administrative Boards pertaining thereto.</p> <p><u>SECTION II Accountings</u></p> <p><u>Article 75-88</u></p> <p><u>The accounting system</u></p> <p>1. The accounting system of the European schools shall serve to organise the budgetary and financial information in such a way that figures can be entered, filed and registered.</p> <p>2. The accounting system—plan shall consist of make a clear distinction between budgetary accounts and general accounts The accounts shall be kept in euro EURO by the double entry method, on</p>	<p>Accounts and Accounting”, in particular by Articles 87 bis and 87 ter above.</p> <p>Note: under discussion whether this requirement of Art. 92 FR 2006 should be kept under the new framework of Financial Governance.</p>
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the basis of the calendar year.

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

Article 76-89

The general accounts

~~The accounting plan shall make a clear distinction between budgetary accounts and general accounts. It shall comprise two parts:~~

~~(b)~~ The general accounts, ~~which~~ 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, under the accruals principle.

Article 90 NEW ARTICLE

Entries in the general accounts

1. Balances and movements in the general accounts shall be entered in the accounting ledgers.

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

3. The accounting system shall be such as to leave a clear audit trail for all accounting entries.

Article 91 NEW ARTICLE

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 86 ter.

Article 76-92 Budgetary accounting

Budgetary accounting

~~(a)The budgetary accounts of budgetary expenditure and revenue, which show the shall provide a detailed record of the implementation of the budget of the European schools.~~

~~The detailed conditions for the establishment and operation of the accounting system plan for operations relating both to finances and to the implementation of the budget shall be determined~~

IR to be merged with the FR.

~~by the implementing rules provided for in Article 105.~~

The accounts shall include an annual balance of accounts and a quarterly ~~monthly~~ statement of revenue and expenditure by chapter, article and item.

These statements shall be forwarded to the authorising officers ~~and may be consulted by the financial controller.~~

Article 77 93

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 43 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 78 94

Closure of accounts

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

SECTION III

Property inventories

Article 71-95

The inventory

Permanent inventories showing the quantity and value of all movable and immovable property belonging to the School shall be kept.

Only movable property exceeding ~~a specific~~ the value of EUR 600 ~~laid down in the implementing rules provided for in Article 105~~ shall be entered in those inventories. The School shall carry out its own

inspection to ascertain that entries in the inventory correspond to the physical facts, enabling them to be centralizedly controlled every three years, a copy being forwarded to the **authorising officer of the European Schools Office of the Secretary-General**.

Article 72 96

Procedure for sale of movable property

The sale of movable property shall be suitably advertised ~~in accordance with the implementing rules provided for in Article 105.~~

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 73 97

Procedure for disposing of movable property

A statement or record shall be drawn up by the **responsible** authorising officer 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

<p><u>Article 93</u></p> <p>1. The Court of Auditors transmits to the Secretary-General and to the Heads of the Schools, by 15 July, any comments which are, in its opinion, of such a nature that they should</p>	<p>replace the item in question.</p> <p><u>Article 74 98</u> <u>Entry of items in the inventory</u></p> <p>All acquisitions of movable or immovable property as defined in Article 71 <u>95</u> shall, before payment, be entered in the permanent inventories.</p> <p>That entry shall be recorded in the corresponding invoice or annexed document drawn up with a view to payment of the expenditure.</p> <p><u>TITLE VI</u></p> <p><u>EXTERNAL AUDIT AND DISCHARGE</u></p> <p><u>SECTION I</u> <u>External audit</u></p> <p><u>Article 93 99</u></p> <p><u>Annual report of the Court of Auditors</u></p> <p>1. The Court of Auditors <u>shall</u> transmits to the <u>authorising officer of the European</u></p>	<p>Deadline for the issuance of the provisional report of the Court of Auditors modified, taking into account the new rules on</p>
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<p>appear in the annual report. The comments must remain confidential.</p> <p>The replies of the Secretary-General and of the Heads of the Schools shall be forwarded to the Court of Auditors by 31 October at the latest.</p> <p>2. The comments 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 to the Board of Governors which at its meeting of the first quarter of the calendar year shall examine them and make its own comments and recommendations.</p> <p><u>Article 94</u></p> <p>The Court of Auditors transmits to the authorities responsible for giving discharge, including the Board of Governors, by 30 November, its annual report accompanied by the replies.</p>	<p>Schools Secretary-General and to the Heads of the Schools <u>authorising officers by delegation</u>, by 15 July September, any <u>observations comments</u> which are, in its opinion, of such a nature that they should appear in the annual report. <u>Those observations comments must shall</u> remain confidential <u>and shall be subject to an adversarial procedure</u>.</p> <p>The replies of the <u>authorising officer of the European Schools Secretary-General</u> and of the <u>authorising officers by delegation</u> Heads of the Schools shall be forwarded to the Court of Auditors by 31 October at the latest.</p> <p>2. The <u>observations comments</u> 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 to the Board of Governors which at its meeting of the first quarter of the calendar year shall examine them and make its own comments and recommendations.</p> <p><u>3. The annual report shall contain an assessment of the soundness of financial management.</u></p> <p>Article 94 <u>100</u></p> <p>The Court of Auditors <u>shall</u> transmits to the authorities responsible for giving discharge, including the Board of Governors, by 30 November,</p>	<p>provisional accounts set on Title V.</p>
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<p><u>Article 95</u></p> <p>1. The Board of Governors shall give a discharge to the Authorising Officers and to the Administrative Boards of the Schools, for their respective responsibilities, and, in so far as the budgetary section of the Office is concerned, to the Authorising Officer and to the Secretary-General, for their respective responsibilities, in respect of the implementation of the budget, normally before 30 April of the year following the submission of the Court of Auditor's report.</p> <p>2. With a view to granting the discharge, the Board of Governors shall examine 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 Secretary-General.</p>	<p>its annual report accompanied by the replies.</p> <p><u>SECTION II</u></p> <p><u>Discharge</u></p> <p><u>Article 95- 101</u></p> <p><u>Discharge procedure</u></p> <p>1. The Board of Governors shall give a discharge to the aAuthorising oOfficer <u>of the European Schools and to the Administrative Boards of the Schools, for their respective responsibilities, and, in so far as the budgetary section of the Office is concerned, to the Authorising Officer and to the Secretary- General, for their respective responsibilities, in respect of the implementation of the budget,</u> normally before 30 April of the year following the submission of the Court of Auditor's report.</p> <p>2. With a view to granting the discharge, the Board of Governors shall examine <u>the annual activity report,</u> 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 <u>authorising officer of the European Schools and of the authorising officers by delegation and the Court of Auditors'</u></p>	<p>In line with the new architecture for Financial Governance</p> <p>Note: It was under discussion whether reference to the Administrative Boards should be kept, as they adopt some financial decisions (i.e. see Article 100 requiring decision of the Administration Board of Munich for the use of its Reserve Fund)</p>
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<p>3. The financial controller shall take account of the comments made in the decisions giving discharge. The Schools shall take all appropriate steps to take action on the comments appearing in the decisions giving discharge. At the request of the Secretary-General, they 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 responsible for the implementation of the budget. Such reports shall also be submitted to the Court of Auditors.</p> <p style="text-align: center;"><u>TITLE VII</u></p> <p style="text-align: center;"><u>RESERVE FUNDS</u></p> <p><u>Article 96</u></p> <p>1. A centralized Reserve Fund for the Office of the Secretary-General and all the Schools, with</p>	<p><u>statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions Secretary-General.</u></p> <p><u>Article 102</u></p> <p><u>Follow-up measures</u></p> <p>1.3. The financial controller shall take account of the comments made in the decisions giving discharge. The Schools <u>authorising officers by delegation</u> shall take all appropriate steps to <u>act take action</u> on the comments appearing in the-decisions giving discharge.</p> <p><u>2.</u> At the request of <u>the authorising officer of the European Schools the Secretary-General,</u> the <u>authorising officers by delegation</u> 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 responsible for the implementation of the budget. Such reports shall also be submitted to the Court of Auditors.</p> <p style="text-align: center;"><u>TITLE VII</u></p> <p style="text-align: center;"><u>RESERVE FUNDS</u></p> <p><u>Article 96 103</u></p> <p>1. A centralized Reserve Fund for the Office of the Secretary-General and all the Schools, with the</p>	
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the exception of the European School, Munich, shall be maintained by the transfer, at the end of each financial year, of all or part of the balance of revenue, after carryovers have been covered, on the revenue and expenditure accounts as approved by the Secretary-General and the Administrative Boards.

2. A Reserve Fund for the European School, Munich shall be maintained by the transfer, at the end of each financial year, of all or part of the balance of revenue, after carryovers have been covered, on the revenue and expenditure account, as approved by the Administrative Board of the School.

Article 97

1. The Reserve Fund referred to in Article 96 (1) may not exceed 1% of total budget appropriations for the preceding financial year.
2. The Reserve Fund referred to in Article 96 (2) may not exceed 1% of total budget appropriations for the preceding financial year.

Article 98

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 carryovers have been covered, on the revenue and expenditure accounts as approved by the Secretary-General and the Administrative Boards.

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 carryovers have been covered, on the revenue and expenditure account, as approved by the Administrative Board of the School.

Article ~~97~~ 104

1. The Reserve Fund referred to in Article ~~103~~ **96** (1) may not exceed 1% of total budget appropriations for the preceding financial year.
2. The Reserve Fund referred to in Article ~~103~~ **96** (2) may not exceed 1% of total budget appropriations for the preceding financial year.

Article ~~98~~ 105

Should the administrative surplus transfer result in the limits referred to in Article 97 being exceeded, the balance of these surpluses shall be entered as budget revenue for the next financial year, under the item "administrative surplus".

Article 99

1. The Reserve Funds thus constituted are 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 100

1. Pursuant to Article 99 (1), use, on a written proposal by the Head or by the Deputy Secretary-General in so far as the Office of the Secretary-General is concerned, of the Reserve Fund referred to in Article 96 (1) shall be subject to a duly substantiated decision by the Secretary-General, with the approval of the financial controller.

The purpose of the prior approval of the

Should the administrative surplus transfer result in the limits referred to in Article ~~97~~ **104** being exceeded, the balance of these surpluses shall be entered as budget revenue for the next financial year, under the item "administrative surplus".

Article ~~99~~ 106

1. The Reserve Funds thus constituted are 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 ~~100~~ 107

1. Pursuant to Article ~~106~~ **99** (1), use, on a written proposal by the authorising officer by delegation ~~Head or by the Deputy Secretary-General in so far as the Office of the Secretary-General is concerned~~, of the Reserve Fund referred to in Article ~~96~~ **103** (1) shall be subject to a duly substantiated decision by the authorising officer of the European Schools Secretary-General, ~~with the approval of the financial controller~~. Prior to taking a decision he or she shall ensure that

<p>financial controller shall be to establish that:</p> <p>(a) funds are available in the Reserve Fund,</p> <p>(b) the temporary shortage of funds is genuine,</p> <p>(c) the shortage is due to circumstances beyond the control of the Schools and the Office of the Secretary-General.</p> <p>2. In the event of the same circumstances arising in respect of the European School, Munich, use of the Fund shall be subject to a duly substantiated decision by the Administrative Board of the School, with the approval, on the same terms, of the financial controller.</p> <p><u>Article 101</u></p> <p>Should the Reserve Fund referred to in Article 96(1) be wound up, the remaining balance shall be transferred to the general budget of the European Union.</p> <p>Should the Reserve Fund referred to at Article 96(2) be wound up, the remaining balance shall</p>	<p>The purpose of the prior approval of the financial controller shall be to establish that:</p> <p>(a) funds are available in the Reserve Fund,</p> <p>(b) the temporary shortage of funds is genuine,</p> <p>(c) the shortage is due to circumstances beyond the control of the Schools and the Office of the Secretary-General.</p> <p>2. In the event of the same circumstances arising in respect of the European School, <u>of</u> Munich, use of the Fund shall be subject to a duly substantiated decision by the <u>authorising officer of the European Schools and the</u> Administrative Board of the School, with the approval, on the same terms, of the financial controller.</p> <p><u>Article 101- 108</u></p> <p>Should the Reserve Fund referred to in Article <u>103 96</u>(1) be wound up, the remaining balance shall be transferred to the general budget of the European Union.</p> <p>Should the Reserve Fund referred to at <u>in</u> Article</p>	
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<p>be transferred to the European Patent Office.</p> <p style="text-align: center;"><u>TITLE VIII</u></p> <p style="text-align: center;"><u>EXPERTS</u></p> <p><u>Article 102</u></p> <p>The implementing rules shall include a specific procedure for the selection of experts who will be authorised to offer their services to the Schools or to collaborate with them and who will be paid on the basis of a fixed amount, to be defrayed by the Schools or by a third party, for the performance of tasks in a specific area of expertise.</p>	<p>103 96(2) be wound up, the remaining balance shall be transferred to the European Patent Office.</p> <p style="text-align: center;"><u>TITLE VIII</u></p> <p style="text-align: center;"><u>EXPERTS</u></p> <p><u>Article 102 109</u></p> <p>The implementing rules shall include <u>A specific procedure shall be established by the Board of Governors</u> for the selection of experts who will be authorised to offer their services to the Schools or to collaborate with them and who will be paid on the basis of a fixed amount, to be defrayed by the Schools or by a third party, for the performance of tasks in a specific area of expertise.</p>	<p>Note: provision to be completed when merging rules of the existing IR.</p>
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TITLE IXCHECKS AND VERIFICATIONS
PERFORMED BY OLAFArticle 102 bis

The European Anti-Fraud Office (OLAF) has 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.

By virtue of 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-

TITLE IXCHECKS AND VERIFICATIONS PERFORMED
BY OLAFArticle ~~102 bis~~ 110

The European Anti-Fraud Office (OLAF) has 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.

By virtue of 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

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 interest 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 103

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

Article 104

related to fraud cases or any other irregularity detrimental to the financial interest 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 ~~103~~ 111

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

Article ~~104~~ 112

The standards referred to in article 19(6) shall be adopted no later than 31 December 2007. They shall be subject of a review whenever it proves necessary to do so, taking in particular into account relevant changes made on the text of this Financial Regulation.

Article 105

1. The Board of Governors shall adopt rules for implementing this Regulation.
2. Every three years, or whenever it proves necessary to do so, this Regulation and its implementing rules 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. Without prejudice to the particularities of the European Schools, the necessity of a review may in particular result from the parallelism of this Regulation and its implementing rules with the relevant rules of the Financial Regulation applicable to the general budget of the European Union.

Article 106

The following shall be repealed on the date of the

The **Internal Control Standards referred to in article 19(6) shall be adopted no later than 31 December 2007. They** shall be subject of a review whenever it proves necessary to do so, taking in particular into account relevant changes made on the text of this Financial Regulation.

Article 105- 113

1. **~~The Board of Governors shall adopt rules for implementing this Regulation.~~**

2. **~~2.~~** 1. Every three years, or whenever it proves necessary to do so, this Regulation **~~and its implementing rules~~** 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. Without prejudice to the particularities of the European Schools, the necessity of a review may in particular result from the parallelism of this Regulation **~~and its implementing rules~~** with the relevant rules of the Financial Regulation applicable to the general budget of the European Union.

Article 106- 114

<p>entry into force of this Financial Regulation:</p> <ul style="list-style-type: none"> - the Financial Regulation of the European Schools, approved by the Board of Governors on 18 October 1988, thereafter amended on 25 and 26 October 1994, 24 and 25 October 2000 and 5 and 6 November 2002, with the exception of the articles of Title IV, Section I, which are repealed with effect from 1 January 2008; - all other provisions contrary to this Financial Regulation. <p><u>Article 107</u></p> <p>This Financial Regulation shall enter into force on 1 January 2007.</p> <p>It shall be binding in its entirety and directly applicable in all the Schools and the Office of the Secretary-General, with the exception of the articles of Title IV, Section I, which shall enter into force on 1 January 2008.</p>	<p>The following shall be repealed on the date of the entry into force of this Financial Regulation:</p> <p>the Financial Regulation of the European Schools, approved by the Board of Governors on 18 October 1988, thereafter amended on 25 and 26 October 1994, 24 and 25 October 2000 and 5 and 6 November 2002, with the exception of the articles of Title IV, Section I, which are repealed with effect from 1 January 2008;</p> <p><u>-the Financial regulation of 24 October 2006 applicable to the Budget of the European Schools, thereafter amended on 12-14 April 2011, 6-8 December 2011 and 2-4 December 2014.</u></p> <p><u>-the Rules for Implementing the Financial Regulation</u></p> <p>- all other provisions contrary to this Financial Regulation.</p> <p><u>Article 107 115</u></p> <p>This Financial Regulation shall enter into force on 1 January 2007 <u>2018 with the exceptions set on this Article.</u></p> <p>It shall be binding in its entirety and directly applicable in all the Schools and the Office of the Secretary-General, with the exception of the articles of Title IV, Section I, which shall enter into force on 1 January 2008.</p>	
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As per the rules adopted by the Board of Governors on 2014, they shall enter into force as from 1st January 2015, with the exception of the Rules related to the revision of the role and responsibilities of the central financial control unit (Articles 19, 20, 27, 28, 34, 35, 36, 43, 44, 45, 73 and 80 of this Financial Regulation and Articles 1, 25, 26, 27, 32, 33, 34, 37, 38, 39, 40, 41, 50, 57, and 60 of its Implementing Rules), which shall enter into force as from the validation of the internal control systems of the Schools is performed in accordance with Article 20 of this Regulation.

~~As per the rules adopted by the Board of Governors on 2014, they shall enter into force as from 1st January 2015, with the exception of the Rules related to the revision of the role and responsibilities of the central financial control unit (Articles 19, 20, 27, 28, 34, 35, 36, 43, 44, 45, 73 and 80 of this Financial Regulation and Articles 1, 25, 26, 27, 32, 33, 34, 37, 38, 39, 40, 41, 50, 57, and 60 of its Implementing Rules), which shall enter into force as from the validation of the internal control systems of the Schools is performed in accordance with Article 20 of this Regulation.~~

As per the rules related to the centralization of the functions of the Authorising Officer and of the Accounting Officer, and corresponding new reporting obligations, as stated under Articles 17ter, 17 quater, 17 quinquies, 17 sexies, 17 octies, 17 decies, 17 undecies 17 duodecies, 17 ter decies, 17 quater decies, 17 septies decies, 86, 86 bis, 87 and 87 ter, they shall gradually enter into force as from 1st January 2018 for the Office of the Secretary General and for the schools involved in the gradual centralization, as better specified in concrete calendar and procedure, approved by the Board of Governors

Transitory rules introduced on 2014 that will be no longer relevant at the date of entry into force of the new Financial Regulation (2018)

Done at Brussels, 24 October 2006

at the proposal of the Secretary-General. Nevertheless, the new deadlines set on Article 17 octies for the annual activity reports of the Schools, and on Articles 87 bis and 87 ter for the production of provisional and final consolidated accounts will be applicable as from 1st January 2018 for the whole European Schools system. In the same sense, the reporting foreseen under Article 17 octies on budget implementation and internal control systems will be applicable for all the Schools as from 1st January 2018.

- In any case, the centralization of the Financial Governance will be completed not later than 1 January 2020.

- For the transitory period the existing articles referring to the authorizing officer and accounting officer functions will remain valid and applicable to the Schools not yet included under the centralized model. Without prejudice of this, the more complete description of tasks present in the new rules stated for the Central Authorising Officer and Central Accounting Officer will be also applicable mutatis mutandis.

Done at Brussels, ~~24 October 2006~~ xx xxxxxx 2017

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European Schools
Office of the Secretary-General

**2016-10-D-34-en-2 Annex II. Revision of the Financial Regulation.
Preliminary estimation of possible financial implications connected
with the review of the model of financial governance**

I. Introduction

The envisaged review of the Financial Governance of the European Schools will have – depending on the final text of the revised Financial Regulations – budgetary implications.

In particular, the centralisation of the task of the authorising officer and the possible centralisation of the function and tasks of the accounting officer will cause the need of additional staffing in the Office of the Secretary-General and, most probably, also at the level of the Schools.

This document shall give a first overview concerning this additional needs as from 1 January 2018 linked to

1. the centralised model for the Authorising Officer Function
2. the centralised model for the Accounting Officer Function

1. Centralised model for the Authorising Officer function. Future tasks of Director of Finance and Administration and of Internal Control Capability (where the current structure of Financial control and Internal Control Coordination will be integrated)

Given the severe fraud cases and a series of negative audit reports, the European Schools need to strengthen their financial governance structure. They have therefore foreseen to give more responsibility to the Secretary-General by assigning to him/her the role of Central-AO.

In order to get the support and assurance necessary for this role, the Secretary-General needs, on the one hand, support in the form of a new function of Director of Finance and Administration, and on the other hand a reinforced central Internal Control Function

to support and advise him/her. In addition, the internal control systems should also be reinforced at the local level.

Below is a first estimation of the tasks and duties that these functions would need to fulfil.

<u>Tasks</u>	<u>Covered by existing team</u>	<u>Who will execute these tasks/ Additional resources needed/when</u>
<p>New function of DIRECTOR OF FINANCE AND ADMINISTRATION in the Central Office, in order to:</p> <ul style="list-style-type: none"> • assume by Delegation the function of Authorising Officer for the BSGEE. • management of the non-pedagogical units/services of the BSGEE (HR, Accountancy, etc). 	No	1 full time newly created position of Director. As from 1.1.2018
ADVISORY ROLE OF THE INTERNAL CONTROL FUNCTION		
<p><u>*Support implementation of Internal Control Standards (ICS) in the Schools and OSG, in particular:</u></p> <ul style="list-style-type: none"> - guidance, workshops, explanations - documentation of processes, - review documentations, - link objectives – risks - controls - evaluate effectiveness of controls - harmonize implementation across schools -development of check-lists for the different processes (e.g recruitments, replacement of teachers, implementation of the budget etc) -development and implementation of Memorandums and Guidelines <p><u>*Support and validation of documentation to be discussed and transmitted to the Administration Boards</u></p>	No (guidance and workshops yes)	current Internal Control Coordinator+ 1 new full time position assistant of HoU. As from 1.1.2018

<u>*Develop a monthly reporting package from the schools to the SG</u>	No	
	No	
<u>Develop action plans to immediately remediate findings of CoA, IAS and internal ex-post controls, check implementation of action plan</u>	Partially (implementation not checked)	-(current Internal Control Coordinator)
CONTROL ROLE OF THE INTERNAL CONTROL FUNCTION		-
<u>Performance of ex-post controls</u> (1 week visit to a number of selected schools per year + OSG), including: <ul style="list-style-type: none"> - anti-fraud related controls - Review reconciliation accounting system – bank, analyse monthly payments, certain budget lines and accounts -review of implementation of objectives 	No, currently still performing ex-ante control until the full implementation of the segregation of duties at the level of the Schools and OSG	Current 3 members of the existing Financial Control Unit. It should be nevertheless noted that with current structure only a limited number of schools/processes could be included in a plan for ex-post controls, it would be therefore, recommendable to increase also the control part of the Internal control function.
<u>Validate centrally the creation/change of master data</u> considered as higher risk (i.e. bank account of vendors and of staff).	No	To be determined whether this task should be finally centralised and the concrete implications in terms of additional resources
<u>Re-establish ex-ante control (if necessary)</u>	Yes	-(current members of the existing FC Unit)
Establishing/keep update/check compliance with an <u>integrated Antifraud, Compliance and Ethics Program</u> . Contact point with the OLAF	no	-(current FC current members of the existing FC Unit)

Therefore, summarizing, for the appropriate implementation of the Centralised model for the Authorising Officer function a new post of Director of Finance and Administration +1new post of the professional category 'Assistant of Head of Unit' to reinforce the Internal Control Capability **at the centralized level**+ would be needed. It would be also recommendable to increase the capacity of the control role of the said Internal Control Capability.

In addition to the above, it would be highly recommendable to also reinforce the internal Control Capability **at decentralized level (Schools)**, to execute at the corresponding level similar tasks to the ones above described (both advisory and control parts). A first estimation of the additional resources needed for this purpose could be 0,5 additional positions/School of a professional category equivalent to "accountant", as from the beginning of the gradual centralization process, without prejudice of possible reallocation of resources and/or externalization of some of the tasks involved.

2. Centralised model for the Accounting Officer function.

It is considered that the centralisation of the function of the Authorising Officer should be normally accompanied by a correlative centralisation of the Accounting Officer function.

In this case, **a first estimation of the additional resources needed at centralised level is an average of 0,5 positions per School. Concretely, a new post for the Central Accounting Officer function (seconded, Head of Unit) and 6 new posts corresponding to the professional category "Accountant"** in order for the functions inherent to the Accounting Officer function ex Article 24 of the Financial Regulation (execution of payments, preparation of financial statements etc) to be executed centrally).

It may be nevertheless mentioned that it is the intention of the BSGEE to contract a consultancy engagement about the practical implications of the implementation of the said centralised model for the function of Accounting Officer (possibly with the company PWC, making use as a reference of a framework contract that will be in place between this company and the Commission). In the light of this advisory engagement, which cost is estimated to be in the region of 60.000 euro, the above estimation of additional resources needed could be adjusted.

Taking into account the expected date of entry into force for the centralised Accounting Officer model (gradually as from 01.01. 2018 until 01.01.2020), the following timing could be proposed for the additional resources needed:

- 3 additional posts as from 01.01.2018 (including the post of central Accounting Officer, seconded category equivalent to Head of an Administrative Unit at the OSG).
- 2 additional posts as from 01.01.2019
- 2 additional posts as from 01.01.2020