



European Aviation Safety Agency

Implementing Rules to the Financial Regulation of the European Aviation Safety Agency

As per Management Board Decision 16-2007 of 14 December 2007
Amending the Implementing Rules adopted on 14 June 2005 (MB
decision 06-2005):

Consolidated version of the Agency's Financial Regulation Implementing
Rules

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TITLE I SUBJECT

Article 1 Subject

(Article 1 of the Financial Regulation)

1. This Regulation sets out the Implementing Rules to Financial Regulation of the European Aviation Safety Agency (hereinafter called the "Agency").
2. These Implementing Rules were adopted by the Management Board of the Agency on .

TITLE II BUDGETARY PRINCIPLES

CHAPTER 1 PRINCIPLES OF UNITY AND BUDGET ACCURACY

Article 2 Scope of pre-financing remaining the property of the Agency

1. Pre-financing within the meaning of Article 72 shall remain the property of the Agency, unless provided otherwise. That provision shall not concern pre-financing paid under a contract within the meaning of Article 88 of the Financial Regulation applicable to the general budget of the Communities, or the advances paid to staff of the Agency in accordance with the conditions laid down in the Staff Regulations. It shall not apply to joint management within the meaning of Article 19.
2. In the case of indirect centralised management within the meaning of Article 53 of the Financial Regulation applicable to the general budget of the Communities, the rule referred to in paragraph 1 of this Article applies only to the entity receiving pre-financing directly from the Agency.
3. The rule referred to in paragraph 1 shall apply to pre-financing paid under contracts or agreements concluded after the entry into force of this Regulation.
4. Paragraphs 1 to 3 shall be without prejudice to the entry of pre-financing on the assets side of the financial statements, as will be laid down in the accounting rules provided for in Article 85 of the Financial Regulation.

The authorising officers shall provide the accounting officer with details enabling him to identify pre-financing which remains the property of the Agency.

Article 3 Entry in the budget of interest yielded by Agency funds

(Article 5(4) of the Financial Regulation applicable to the general budget of the Communities)

1. Where pre-financing which remains the property of the Agency in accordance with Article 2 yields interest or equivalent benefits, these shall be paid to the Agency as miscellaneous revenue.

2. Authorising officers shall ensure that, under contracts and agreements concluded with beneficiaries:

such pre-financing is paid to accounts which allow the funds paid by the Agency to be identified; and

the beneficiaries inform the authorising officer responsible of the amount of any interest or equivalent benefits yielded by those funds at least once a year if such interest represents significant amounts and in any event whenever requests are made for interim payments or payments of balances that clear the pre-financing.

3. In accordance with Chapter 5 of Title IV, the authorising officer responsible shall, upon payment of the pre-financing, draw up an estimate of amounts receivable covering any interest or equivalent benefits yielded by the pre-financing. The authorising officer responsible shall, in accordance with the timetable referred to in point (b) of paragraph 2, draw up a recovery order for the amount of interest referred to in paragraph 1.

4. Where pre-financing is paid from the same budget line, under the same basic act or agreement and to beneficiaries covered by the same award procedure, the authorising officer may draw up a single estimate of amounts receivable for a number of debtors.

CHAPTER 2 PRINCIPLE OF ANNUALITY

Article 4

Appropriations for the financial year

(Article 7 of the Financial Regulation)

1. The commitment appropriations and payment appropriations entered in the budget for a financial year and which have to be used during that year shall consist of the appropriations authorised for that financial year. The appropriations authorised for the financial year are:

- (a) appropriations provided in the budget, including by amending budgets;
- (b) appropriations carried over;
- (c) appropriations provided following the receipt of revenue assigned during the financial year or during previous financial years and not used.

2. The Agency shall inform the two branches of the budgetary authority as soon as possible of any building project likely to have significant implications for the budget. Before concluding contracts on buildings the Agency shall submit a communication to the budget authority presenting all relevant information on the operation planned, the cost to

the budget for the current financial year and future years, its justification as regards the principle of sound financial management and its impact on the financial perspective.

Article 5

Carryover of appropriations

(Article 10(3) of the Financial Regulation)

1. The commitment appropriations referred to in Article 10(3)(a) of the Financial Regulation may be carried over only if the commitments could not be made before 31 December of the financial year for reasons not attributable to the authorising officer and if the preparatory stages are sufficiently advanced to make it reasonable to surmise that the commitment will be made by no later than 31 March of the following year.
2. The preparatory stages referred to in Article 10(3) of the Financial Regulation, which should be completed by 31 December of the financial year in order to allow a carryover to the following year, are in particular:
 - (a) for global commitments within the meaning of Article 61 (4) of the Financial Regulation, the adoption of a financing decision or the closing by that date of the consultation of the departments concerned within the Agency for the adoption of the decision;
 - (b) for individual commitments within the meaning of Article 61 (3) of the Financial Regulation, the advanced stage of preparation of the contracts or agreements. This advanced stage of preparation of the contracts or agreements shall mean the completion of the selection of potential contractors or beneficiaries.
3. Appropriations carried over in accordance with Article 10(3) of the Financial Regulation, which have not been committed by 31 March of the following financial year, shall be automatically cancelled. The Agency shall inform the budgetary authority by 15 April of the appropriations cancelled in this way.
4. Appropriations carried over in accordance with Article 10(5) of the Financial Regulation may be used until 31 December of the following financial year.
5. The accounts shall identify appropriations carried over in this way.
6. The appropriations for staff expenditure referred to in Article 10(2) of the Financial Regulation are those for remuneration and allowances for staff of the Agency.

CHAPTER 3

PRINCIPLE OF UNIT OF ACCOUNT

(Chapter 4 of the Financial Regulation)

Article 6

Rate of conversion between the euro and other currencies

(Article 17 of the Financial Regulation)

1. Without prejudice to specific provisions deriving from the application of sectoral regulations, conversion between the euro and another currency shall be made using the daily euro rate published in the C series of the Official Journal of the European Communities.
2. If no daily euro rate is published in the Official Journal of the European Communities for the currency in question, the Agency shall use the accounting rate referred to in paragraph 3.
3. For the purposes of the accounts provided for in Articles 84 to 89 of the Financial Regulation and subject to Article 172, conversion between the euro and another currency shall be made using the monthly accounting rate of the euro. That accounting rate shall be established by the Agency by means of any source of information it regards as reliable, on the basis of the rate on the penultimate working day of the month preceding that for which the rate is established.
4. Without prejudice to specific provisions deriving from the application of sectoral regulations, the rate to be used for conversion between the euro and other currencies shall be that of the day on which the payment order or recovery order is drawn up by the authorising department.
5. In the case of euro imprest accounts, the rate to be used shall be determined by the date of the payment by the bank.

CHAPTER 4

PRINCIPLE OF UNIVERSALITY

(Chapter 5 of the Financial Regulation)

Article 7

Structure to accommodate assigned revenue and provision of corresponding appropriations

(Article 18 of the Financial Regulation)

1. The structure to accommodate assigned revenue in the budget shall comprise:
 - (a) in the statement of revenue , a budget line to receive the revenue;
 - (b) in the statement of expenditure, the remarks shall show which lines may receive the appropriations corresponding to the assigned revenue which are made available.

In the case referred to in point (a) of the first subparagraph, if the amount of such revenue is foreseeable, it shall be entered on the line. If it is not foreseeable, a token entry (p.m.) shall be made and the estimated revenue shall be shown for information in the remarks.

2. Except for the assigned revenue from fees and charges, the appropriations corresponding to assigned revenue may be made available, both as commitment

appropriations and as payment appropriations, when the revenue has been received by the Agency. They shall be made available automatically.

3. Appropriations corresponding to assigned revenue from fees and charges may be made available as soon as the amount receivable has been estimated, referred to in article 3, paragraph 3 of the Fees and Charges Regulation.

Article 8

Passing for payment of the net amount

(Article 21 of the Financial Regulation)

Pursuant to Article 21(1) of the Financial Regulation, the following deductions may be made from payment requests, invoices or statements, which shall then be passed for payment of the net amount:

- (a) penalties imposed on parties to contracts, including procurement contracts;
- (b) adjustments for amounts paid unduly, which can be made by means of direct deduction against a new payment of the same type to the same payee under the chapter, article and financial year in respect of which the excess payment was made, and which give rise to interim payments or payments of balances.

Article 9

Accounts for recoverable taxes

(Article 20 (2) of the Financial Regulation)

1. Any taxes borne by the Agency under Article 20(2) of the Financial Regulation shall be entered in a suspense account until they are refunded by the States concerned.
2. In cases the refund is not effected by force of national tax laws of the Member States, the corresponding entries in the suspense accounts will be cleared appropriately.

CHAPTER 5

PRINCIPLE OF SPECIFICATION

(Chapter 6 of the Financial Regulation)

Article 10

Rules concerning the calculation of limits on transfers

(Article 23 of the Financial Regulation)

1. The percentages referred to in Article 23(2) of the Financial Regulation shall be calculated at the time the request for transfer is made.
2. For the purposes of the limit referred to in Article 23(2) of the Financial Regulation, the amount to be taken into consideration shall be the sum of the transfers to be made on the title or chapter from which the transfer is being made after adjustment for earlier transfers made.

CHAPTER 6 PRINCIPLE OF SOUND FINANCIAL MANAGEMENT

(Chapter 7 of the Financial Regulation)

CHAPTER 7 PRINCIPLE OF TRANSPARENCY

(Chapter 8 of the Financial Regulation)

Article 11

Provisional publication of a summary of the budget

(Article 26 of the Financial Regulation)

As soon as possible after the final adoption of the budget and within no more than four weeks, a summary of the budget figures shall be published on the Internet site of the Agency pending official publication in the Official Journal of the European Communities.

TITLE III ESTABLISHMENT AND STRUCTURE OF THE BUDGET

CHAPTER 1 ESTABLISHMENT OF THE BUDGET

Article 12

Working documents in support of the preliminary draft budget

(Articles 27 and 32 of the Financial Regulation)

In support of the preliminary draft budget, the following working documents shall be provided:

- (a) in respect of Agency's staff, a statement of the policy for permanent and temporary staff;
- (b) a list of posts broken down by area of activity; and
- (c) an explanatory memorandum accompanying the estimate of revenue and expenditure.

Article 13

Preliminary draft amending budgets

(Article 28 of the Financial Regulation)

Preliminary draft amending budgets shall be accompanied by statements of grounds and the information on the implementation of the budget for the preceding and current financial years available at the time of their establishment.

CHAPTER 2 STRUCTURE AND PRESENTATION OF THE BUDGET

Article 14

Administrative appropriations

(Article 30 of the Financial Regulation)

Where the statement of expenditure of a section of the budget is presented in a nomenclature based on a classification by purpose, administrative appropriations shall be divided into separate headings by title according to the following classification:

- (a) expenditure on staff authorised in the establishment plan: there shall be an amount of appropriations and a number of employment posts corresponding to this expenditure;
- (b) expenditure on external staff (including auxiliary staff) and other management expenditure (including representation expenses and meeting expenses);
- (c) expenditure on buildings and other related expenditure, including cleaning and maintenance, rental and hiring, telecommunications, water, gas and electricity; and
- (d) support expenditure.

The Agency's administrative expenditure of a type common to all titles shall also be set out in a separate summary statement classified by type.

Article 15

Actual expenditure in the last financial year for which the accounts have been closed

(Article 31 of the Financial Regulation)

For the purposes of establishing the budget, actual expenditure in the last financial year for which the accounts have been closed shall be determined as follows:

- (a) in commitments: commitments entered in the accounts during the financial year against appropriations for that financial year as defined in Article 7;
- (b) in payments: payments made during the financial year, that is to say, for which a payment order has been sent to the bank, against appropriations for that financial year as defined in the same article.

Article 16

Budget remarks

(Article 31(2d) of the Financial Regulation)

The budget remarks shall include:

- (a) the references to the basic act, where one exists;
- (b) all appropriate explanations concerning the nature and purpose of the appropriations.

TITLE IV IMPLEMENTATION OF THE BUDGET

CHAPTER 1 GENERAL PROVISIONS

Article 17

Definition of conflict of interest

(Article 35 of the Financial Regulation)

1. Acts likely to be vitiated by a conflict of interest within the meaning of Article 35 of the Financial Regulation may, *inter alia*, take one of the following forms:
 - granting oneself or others unjustified direct or indirect advantages;
 - refusing to grant a beneficiary the rights or advantages to which the beneficiary is entitled; or
 - Committing undue or wrongful acts or failing to carry out acts that are mandatory.

CHAPTER 2 METHODS OF IMPLEMENTATION

Article 18

Detailed arrangements for indirect centralised management

(Articles 54(2)(b) and (c) of the Financial Regulation applicable to the general budget of the Communities)

1. Where the Agency is entrusted implementing specific additional tasks by the Commission, it shall conclude a specific agreement with the Agency. Such an agreement will be funded with funds additional to the annual Communities' subsidy. Income from fees and charges received by the Agency may not be used to fund activities implemented under such agreement.
2. The agreement referred to in paragraph 1 shall include the following provisions:
 - (a) a definition of the tasks assigned;
 - (b) the conditions and detailed arrangements for performing the tasks, including appropriate provisions for demarcating responsibilities and organising the controls to be carried out;

- (c) the rules on reporting to the Commission on how the tasks are performed;
 - (d) the conditions under which performance of the tasks terminates;
 - (e) the detailed arrangements for Commission scrutiny;
 - (f) the conditions governing the use of separate bank accounts, the beneficiary of the interest yielded and the use made of it;
 - (g) the provisions guaranteeing the visibility of Community action in relation to the other activities of the Agency; and
 - (h) an undertaking to refrain from any act which may give rise to a conflict of interests within the meaning of Article 35 of the Financial Regulation.
3. The Agency shall not have the status of authorising officer by delegation.

Article 19

Joint management

(Articles 53 and 165 of the Financial Regulation applicable to the general budget of the Communities)

1. The Agency may decide to implement activities in joint management with international organisations.
2. The appropriations used in joint management with international organisations shall finance actions, performance of which requires the pooling of resources from a number of donors, where it is not reasonably possible or appropriate to assign the share contributed by each donor to each type of expenditure.

The Agency shall ensure that suitable arrangements exist for the control and audit of the action in its entirety.

3. The international organisations referred to in paragraph 1 are international public-sector organisations set up by intergovernmental agreements and specialised agencies set up by such organisations.

CHAPTER 3 FINANCIAL ACTORS

Section 1

Rights and obligations of the financial actors

Article 20

Rights and obligations of the financial actors

(Article 37 - 44 of the Financial Regulation)

The Agency shall provide each financial actor with the resources required to perform his duties and a charter describing in detail his tasks, rights and obligations.

Section 2 Authorising officer

Article 21

Assistance for authorising officers by delegation and subdelegation

(Article 34 and 38 of the Financial Regulation)

The authorising officer responsible may be assisted in his duties by officials or other servants (hereinafter "staff") entrusted, under his responsibility, with certain operations required for the implementation of the budget and production of the financial and management information. In order to prevent any conflict of interests, staff assisting authorising officers by delegation or sub-delegation shall be subject to the obligations referred to in Article 35 of the Financial Regulation.

Article 22

Internal provisions governing delegations

(Article 34 of the Financial Regulation)

In accordance with the Financial Regulation and this Regulation, the Agency shall lay down in its internal rules such measures for the management of appropriations as it considers necessary for proper implementation of its budget.

Article 23

Management and internal control procedures

(Article 38(4) of the Financial Regulation)

The management and internal control systems and procedures shall be designed to:

- (a) achieve the objectives of the policies, programmes and actions of the institution in accordance with the principle of sound financial management;
- (b) comply with the rules of Community law and minimum control standards established by the Agency;
- (c) safeguard Agency's assets and information;
- (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; and
- (h) keep documents relating to advance guarantees for the institution and keep a log to enable such guarantees to be adequately monitored.

Article 24
Keeping of supporting documents by authorising officers
(Article 38(6) of the Financial Regulation)

The management systems and procedures concerning the keeping of original supporting documents shall provide for:

- (a) such documents to be numbered;
- (b) such documents to be dated;
- (c) registers, which may be computerised, to be kept identifying the exact location of such documents; and
- (d) such documents to be kept for at least five years from the date on which the European Parliament grants discharge for the budgetary year to which the documents relate.

Documents relating to operations not definitively closed shall be kept for longer than provided for in point (d) of the first subparagraph, that is to say, until the end of the year following that in which the operations are closed.

Article 25
Code of professional standards
(Article 39(6) of the Financial Regulation)

1. The staff designated by the authorising officer responsible to verify financial operations shall be chosen on the grounds of their knowledge, skills and particular qualifications as evidenced by diplomas or by appropriate professional experience, or after an appropriate training programme.

2. The Agency shall draw up a code of professional standards which determine, on matters of internal control:

- (a) the level of technical and financial competence required of the staff referred to in paragraph 1;
- (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.

3. The Agency shall put in place the appropriate structures to distribute to authorising departments and update periodically appropriate information concerning the control standards and the methods and techniques available for that purpose.

Article 26
Failure of the Director to take action
(Article 41 of the Financial Regulation)

Failure by the Executive Director to take action, as referred to in Article 41 of the Financial Regulation, 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.

Article 27

Ex post verification and annual activity report (Articles 38(5) and 39(4) of the Financial Regulation)

The result of the ex post verifications shall, with other matters, be set out in the annual statement submitted by the Executive Director to the Management Board.

Article 28

Transmission of financial and management information to the accounting officer (Article 38 of the Financial Regulation)

The authorising officer by delegation shall send the accounting officer, in accordance with the rules adopted by the latter, the financial and management information required for the performance of the accounting officer's duties.

Article 29

Report on negotiated procedures (Article 40 of the Financial Regulation)

Authorising officers by delegation shall record, for each financial year, contracts concluded by the negotiated procedures referred to in Articles 86 and 87. If the proportion of negotiated procedures in relation to the number of contracts awarded by the increases appreciably in relation to earlier years or if that proportion is distinctly higher than the average recorded for the Agency, the authorising officer responsible shall take measures to reverse that trend. The Agency shall report on negotiated procedures in its annual report.

Section 3 **Accounting officer**

Article 30

Appointment of the accounting officer (Article 43 (1) of the Financial Regulation)

The accounting officer shall, obligatorily, be chosen by the Agency on the grounds of his particular competence as evidenced by diplomas or by equivalent professional experience.

Article 31

Termination of duties of the accounting officer (Article 43 of the Financial Regulation)

1. An interim statement of accounts shall be drawn up without delay in the event of termination of the duties of the accounting officer.

That statement shall be made up of the accounts provided for in Title VII of the Financial Regulation, closed on the last day of the month in which the accounting officer terminates his duties.

2. No interim statement of accounts shall be required where the accounting officer terminates his duties at the end of a financial year.

3. The interim statement or, in the circumstances referred to in paragraph 2, the provisional accounts referred to in Article 82 of the Financial Regulation shall be transmitted by the accounting officer who is terminating his duties or, if this is not possible, by an official in his department to the new accounting officer, who, within no more than one month from the date of transmission, must sign in acceptance and may make reservations.

4. The Agency shall inform the budgetary authority of the appointment or termination of duties of its accounting officer.

Article 32

Opinion on accounting and inventory systems

(Article 43 1. (e) of the Financial Regulation)

Where financial management systems set up by the authorising officer provide data for the Agency's accounts or are used to substantiate data in those accounts, the accounting officer must give his agreement to the introduction or modification of such systems.

The accounting officer shall also be consulted regarding the introduction or modification by the authorising officers responsible of inventory systems and systems for valuing assets and liabilities.

Article 33

Treasury management

(Article 43 1. (f) of the Financial Regulation)

1. The accounting officer shall ensure that the Agency has at its disposal sufficient funds to cover the cash requirements arising from budgetary implementation.

2. For the purposes of paragraph 1, the accounting officer shall set up cash management systems enabling him to draw up cash-flow forecasts.

Article 34

Management of bank accounts

(Article 43 1. (f) of the Financial Regulation)

1. For the requirements of treasury management, the accounting officer may open accounts in the name of the Agency with financial institutions or national central banks or cause such accounts to be opened. In duly warranted circumstances, he/she may open accounts in currencies other than the euro.

2. The accounting officer shall negotiate the operating terms for accounts with financial institutions, in accordance with the principles of sound financial management, efficiency and competitive tendering.

3. At least every five years the Agency's accounting officer shall re-launch competitive tendering between financial institutions with which accounts have been opened.

4. The accounting officer shall ensure strict compliance with the operating terms for accounts opened with financial institutions.

Article 35

Signatures on accounts

(Article 43 (f) of the Financial Regulation)

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

To that end the Agency shall communicate to all financial institutions with which it has opened accounts the names and specimen signatures of the authorised officials.

Article 36

Management of account balances

(Article 43 (f) of the Financial Regulation)

1. The accounting officer shall ensure that the balance on the bank accounts provided for in Article 34 does not deviate significantly from the cash-flow forecasts referred to in Article 33(2) and in any event:

(a) that none of those accounts is in debit;

(b) that the balance of accounts held in other currencies is periodically converted into euro.

2. The accounting officer may not maintain balances in foreign currency accounts, which might cause excessive losses to the Agency as a result of exchange rate fluctuations.

Article 37

Transfers and conversion operations

(Article 43 (f) of the Financial Regulation)

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

Article 38

Methods of payment

(Article 43 (f) of the Financial Regulation)

Payments shall be made by bank credit transfer, by cheque or by company credit cards.

Article 39

Third-party files

(Article 43 (f) of the Financial Regulation)

1. The accounting officer may make payments by bank credit transfer only if the bank account details of the payee have first been entered in a common file by the Agency.

Entry in the file of the payee's bank account details or modification of those details shall be based on a document, in paper or electronic form, certified by the payee's bank.

2. With a view to payment by bank credit transfer, authorising officers may enter into a commitment towards a third party on behalf of the Agency only if that third party has provided the documentation required for its entry in the file.

Authorising officers shall check that the bank account details communicated by the payee are still valid when each payment order is drawn up.

Article 40

Keeping of supporting documents by the accounting officer

(Article 43 (f) of the Financial Regulation)

Supporting documents for the accounting system and for the preparation of the accounts referred to in Article 76 of the Financial Regulation shall be kept for at least five years from the date on which the European Parliament grants discharge for the budgetary year to which the documents relate.

However, documents relating to operations not definitively closed shall be kept for longer, that is to say, until the end of the year following that in which the operations are closed.

The supporting documents are to be kept by each delegated or sub-delegated authorizing officer responsible for the budget line concerned.

Section 4

Imprest administrator

Article 41

Conditions of use of imprest accounts

(Article 44 of the Financial Regulation)

1. Where, owing to the limited amounts involved, it is materially impossible or inefficient to carry out payment operations by budgetary procedures, imprest accounts may be set up for the payment of such expenditure.

2. The imprest administrator may provisionally validate and pay expenditure, on the instructions of the authorising officer responsible.

3. The creation of an imprest account and the appointment of an imprest administrator shall be the subject of a decision by the accounting officer, on a duly substantiated proposal from the authorising officer responsible. That decision shall set out the respective responsibilities and obligations of the imprest administrator and the authorising officer.

Amendment of the operating terms for an imprest account shall also be the subject of a decision by the accounting officer on a duly substantiated proposal from the authorising officer responsible.

Article 42
Conditions governing creation and payment
(Article 44 of the Financial Regulation)

1. The decision setting up an imprest account and appointing an imprest administrator and the decision amending the operating terms for an imprest account shall specify in particular:

the maximum amount which may be initially provided as an imprest, and its purpose;

(b) whether a bank account or post office giro account is to be opened in the name of the Agency;

(c) the nature and maximum amount of each item of expenditure which may be paid by the imprest administrator to third parties or collected from them;

(d) the frequency with which supporting documents must be produced, the procedure for producing them and the arrangements for transmitting them to the authorising officer for settlement;

(e) the procedure to be followed if the imprest has to be replenished;

(f) that imprest transactions will be settled by the authorising officer by no later than the end of the following month, so that the accounting balance and the bank balance can be reconciled;

(g) the period of validity of the authorisation given to the imprest administrator by the accounting officer;

(h) the identity of the appointed imprest administrator.

2. In proposals for decisions setting up imprest accounts the authorising officer responsible shall ensure that:

(a) priority is given to the use of budgetary procedures where there is access to the central computerised accounting system;

(b) imprest accounts are used only in substantiated cases.

The maximum amount referred to in point (c) of paragraph 1 may not exceed EUR 30 000 for each item of expenditure.

3. The imprest administrator may make payments to third parties on the basis and within the limits of:

- (a) prior budget and legal commitments signed by the authorising officer responsible;
- (b) the positive residual balance of the imprest account, in cash or at the bank.

4. Payments from imprest accounts may be made by bank credit transfer, cheque or other means of payment.

5. Payments made shall be followed by formal final validation decisions and/or payment orders signed by the authorising officer responsible

Article 43

Choice of imprest administrators

(Article 44 of the Financial Regulation)

Imprest administrators shall be chosen on the grounds of their knowledge, skills and particular qualifications as evidenced by diplomas or by appropriate professional experience, or after an appropriate training programme.

Article 44

Endowment of imprest accounts

(Article 44 of the Financial Regulation)

1. The accounting officer shall make payments endowing imprest accounts and shall monitor those accounts from the point of view of opening of bank accounts and delegation of signatures and controls on the spot and in the centralised accounts. The accounting officer shall endow the imprest accounts. Imprests shall be paid to the bank account opened for the imprest.

Imprest accounts may also be endowed directly by miscellaneous local revenue such as that arising from:

- (a) sales of equipment;
- (b) publications;
- (c) miscellaneous repayments;
- (d) interest.

The imprest shall be settled, in terms of expenditure or miscellaneous or assigned revenue, in accordance with the decision setting up the imprest account referred to in Article 42 and the provisions of the Financial Regulation. The amounts in question shall be deducted by the authorising officer when he subsequently replenishes the imprest accounts concerned.

2. In order, in particular, to avoid any exchange losses, the imprest administrator may make transfers between different bank accounts relating to the same imprest.

Article 45

Checks by authorising officers and accounting officers

(Article 44 of the Financial Regulation)

1. The imprest administrator shall keep an account of the funds at his disposal, in cash and at the bank, and of payments made and amounts received, in accordance with the rules and on the instructions given by the accounting officer. Statements of that account shall be accessible at all times to the authorising officer responsible and a monthly list of transactions together with supporting documents shall be sent in the following month by the imprest administrator to the authorising officer for settlement of the imprest operations.

2. The accounting officer shall carry out, or have carried out by an official or other servant in his own department or in the authorising department specially empowered for that purpose, checks, which should normally be effected on the spot and without warning, to verify the existence of the funds allocated to the imprest administrators and the bookkeeping and to check that imprest transactions are settled within the time-limit set. The accounting officer shall communicate the findings of those checks to the authorising officer responsible.

Article 46

Procurement procedure

(Article 44 of the Financial Regulation)

Payments made from imprest accounts may, within the limits laid down in Article 89 (4), consist simply in the payment of costs against invoices, without prior acceptance of a tender.

CHAPTER 4 LIABILITY OF THE FINANCIAL ACTORS

Section 1 General rules

Article 47

Bodies responsible in matters of fraud

(Articles 41 and 46(2) of the Financial Regulation)

The authorities and bodies referred to in Articles 41, 46 and 47(4) of the Financial Regulation shall be understood to mean the bodies designated by the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities (hereinafter "the Staff Regulations") and the decisions of the Community institutions concerning the terms and conditions for internal investigations in relation to the prevention of fraud, corruption and any other illegal activity detrimental to the Communities' interests.

Section 2

Rules applicable to authorising officers by delegation and subdelegation

Article 48

Confirmation of instructions

(Article 47(2) of the Financial Regulation)

1. An authorising officer by delegation or subdelegation who receives a binding instruction which he considers to be irregular or contrary to the principle of sound financial management, in particular because the instruction cannot be carried out with the resources allocated to him, shall, in writing, so inform the authority from which he received the delegation or subdelegation. If the instruction is confirmed in writing and that confirmation is received in good time and is sufficiently clear, in that it refers explicitly to the points which the or sub delegation has challenged, he may not be held liable; he shall carry out the instruction, unless it constitutes a breach of criminal law or of the relevant safety standards.

2. Paragraph 1 shall also apply in cases where an authorising officer learns, in the course of acting on a binding instruction, that the circumstances of the case may give rise to an irregular situation.

3. Any instructions confirmed in the circumstances described in Article 47(2) of the Financial Regulation shall be recorded by the authorising officer by delegation responsible and mentioned in his annual activity report.

Article 49

Financial irregularities

(Articles 41 and 47 of the Financial Regulation)

Without prejudice to the powers of the European Anti-Fraud Office (OLAF), the specialised financial irregularities panel shall be competent in respect of any infringement of a provision of the Financial Regulation or of a provision relating to financial management or the checking of operations resulting from an act or omission of an official or other servant.

Article 50

Financial irregularities panel

(Articles 41 and 47 of the Financial Regulation)

1. Cases of financial irregularities, as referred to in Article 41 and 47 of the Financial Regulation shall be referred by the Executive Director to the panel referred to in Article 47(4) of the Financial Regulation for an opinion.

Where a case is referred to it by the Executive Director (appointing authority or the authority authorised to conclude contracts of employment), the panel shall deliver an opinion evaluating whether irregularities within the meaning of Article 47 of the Financial Regulation have occurred, how serious they are and what their consequences might be. Should the panel's analysis suggest that the case referred to it is a matter for OLAF, it shall without delay return the case-file to the Director and shall inform OLAF at once.

When the panel referred to in the first subparagraph is directly informed of a matter by a member of staff in accordance with Article 41 of the Financial Regulation, it shall transmit the file to the Executive Director and shall inform the member of staff accordingly.

2. Should the Agency decide to set up its own panel for financial irregularities referred to in Article 47(4) of the Financial Regulation, it shall specify the operating arrangements of the panel and its composition, which shall include an outside personality with the required qualifications and expertise.

CHAPTER 5 REVENUE OPERATIONS

Section 1 Estimate of amounts receivable

Article 51 Estimate of amounts receivable (Article 53 of the Financial Regulation)

1. Estimates of amounts receivable shall specify the type of revenue and the budget item to which they are to be booked and, as far as possible, the particulars of the debtor and the estimated amount.

When drawing up an estimate of amounts receivable, the authorising officer responsible shall check in particular that:

- (a) the revenue is booked to the correct budget item;
- (b) the estimate is in order and complies with the provisions applicable and the principle of sound financial management.

2. In the cases referred to in Article 19 of the Financial Regulation, appropriations may be made available only after the sums due have actually been recovered by the Agency, except in the case referred to in article 7, paragraph 3.

Section 2 Establishment of amounts receivable

Article 52 Procedure

(Article 53 of the Financial Regulation)

1. The establishment by the authorising officer responsible of an amount receivable shall constitute recognition of the right of the Agency in respect of a debtor and establishment of entitlement to demand that the debtor pay the debt.

2. The recovery order shall be the operation by which the authorising officer responsible instructs the accounting officer to recover the amount established.

3. The debit note shall be to inform the debtor that:

- (a) the Agency have established the amount receivable;
- (b) payment of the debt to the Agency is due on a certain date (hereinafter "the due date");
- (c) failing payment by the due date the debt shall bear interest at the rate referred to in Article 57, without prejudice to any specific regulations applicable;
- (d) wherever possible the Agency shall effect recovery by offsetting after the debtor has been informed;
- (e) failing payment by the due date the institution shall effect recovery by enforcement of any guarantee lodged in advance;

The accounting officer shall send the debit note to the debtor with a copy to the responsible authorising officer.

Article 53

Establishment of amounts receivable

(Article 53 of the Financial Regulation)

To establish an amount receivable the authorising officer responsible shall ensure that:

- (a) the receivable is certain and not subject to any condition;
- (b) the receivable is of fixed amount, expressed precisely in cash terms;
- (c) the receivable is due and is not subject to any payment time;
- (d) the particulars of the debtor are correct;
- (e) the amount to be recovered is booked to the correct budget item;
- (f) the supporting documents are in order; and
- (g) the principle of sound financial management is complied with, in particular with regard to the criteria referred to in Article 60 (1).

Article 54

Supporting documents for the establishment of amounts receivable

(Article 53 of the Financial Regulation)

1. The establishment of an amount receivable shall be based on supporting documents certifying the Agency's entitlement.
2. Before establishing an amount receivable the authorising officer responsible shall personally check the supporting documents or, on his own responsibility, shall ascertain that this has been done.
3. The supporting documents shall be kept by the authorising officer in accordance with Articles 23 and 24.

Section 3 Authorisation of recovery

Article 55 Establishment of the recovery order (Article 54 of the Financial Regulation)

1. The recovery order shall specify:

- (a) the financial year to which the revenue is to be booked;
- (b) the references of the act or legal commitment which is the source of the debt and gives rise to the entitlement to recovery;
- (c) the budget article and any other subdivision that may apply, including, where appropriate, the references of the corresponding budget commitment;
- (d) the amount to be recovered, expressed in euro;
- (e) the name and address of the debtor;
- (f) the due date; and
- (g) the possible method of recovery, including in particular recovery by offsetting or enforcement of any guarantee lodged.

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

Section 4 Recovery

Article 56 Additional time for payment (Article 58 of the Financial Regulation)

The interest rate referred to in article 58 (a) of the Financial Regulation is specified in Article 57 of this Regulation.

The guarantee referred to in point (b) of article 58 of the Financial Regulation may be replaced by a joint and several guarantee by a third party approved by the Agency's accounting officer.

Article 57 Default interest (Article 53(3) of the Financial Regulation)

1. Without prejudice to any specific provisions deriving from the application of sectoral rules, any amount receivable not repaid on the due date shall bear interest in accordance with paragraphs 2 and 3.
2. The interest rate for amounts receivable not repaid on the due date shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Communities, in force on the first calendar day of the month in which the due date falls, increased by:
 - (a) seven percentage points where the obligating event is a public supply and service contract referred to in Title V of the Financial regulation applicable to the general budget of the European Communities;
 - (b) three and a half percentage points in all other cases.
3. Interest shall be calculated from the calendar day following the due date specified in the debit note up to the calendar day on which the debt is repaid in full.
4. Any partial payments shall first cover the interest determined in accordance with paragraphs 2 and 3.
5. In the case of fines, where the debtor provides a financial guarantee which is accepted by the accounting officer in lieu of provisional payment, the interest rate applicable from the due date shall be the rate referred to in paragraph 2 increased by only one and a half percentage points.

Article 58

Waiving of recovery of an established amount receivable

(Article 55(3) of the Financial Regulation)

1. The authorising officer responsible may waive recovery of all or part of an established amount receivable only in the following cases:
 - (a) where the foreseeable cost of recovery would exceed the amount to be recovered and the waiver would not harm the Agency's image;
 - (b) where the amount receivable cannot be recovered in view of its age or the insolvency of the debtor;
 - (c) where recovery is inconsistent with the principle of proportionality.
2. In the case referred to in point (c) of paragraph 1, the authorising officer responsible shall act in accordance with predetermined procedures established within the Agency and shall apply the following criteria which are compulsory and applicable in all circumstances:
 - (a) the facts, having regard to the gravity of the irregularity giving rise to the establishment of the amount receivable (fraud, repeat offence, intent, diligence, good faith, manifest error);

(b) the impact that waiving recovery would have on the operation of the Agency and its financial interests (amount involved, risk of setting a precedent, undermining of the authority of the law).

3. Depending on the circumstances of the case, the authorising officer responsible may also have to take the following additional criteria into account:

- (a) any distortion of competition that would be caused by the waiving of recovery;
- (b) the economic and social damage that would be caused were the debt to be recovered in full.

4. The waiver decision referred to in Article 55(3) of the Financial Regulation shall be substantiated and shall refer to the diligence exercised to secure recovery and the points of law and fact on which the waiver is based. The authorising officer shall waive recovery in accordance with the procedure provided for in Article 55 of the Financial Regulation.

The Agency shall send to the Management Board each year a report on the waivers referred to in paragraphs 1 to 4 involving EUR 100 000 or more. That report shall be annexed to the annual activity report referred to in Article 40 of the Financial Regulation.

Article 59

Cancellation of an established amount receivable

(Article 55 (4) of the Financial Regulation)

In the event of a mistake as to a point of law, the authorising officer responsible shall cancel the established amount receivable in accordance with Articles 54 and 55; cancellation shall be suitably substantiated.

Article 60

Technical and accounting adjustment of an established amount receivable

(Article 55 (5) of the Financial Regulation)

1. The authorising officer responsible shall adjust the established amount receivable upwards or downwards if the discovery of an error of fact necessitates the alteration of the amount, provided that the correction does not imply relinquishment of the Agency's established entitlement. Such adjustment shall be made in accordance with Articles 51 and 52 and shall be suitably substantiated.

2. The Agency shall lay down in its internal rules the conditions and procedure for delegating the power to make a technical and accounting adjustment of an established amount receivable.

CHAPTER 6 EXPENDITURE OPERATIONS

Section 1 Commitment of expenditure

Article 61 Single signature

(Article 61 of the Financial Regulation)

1. There should be a single signatory for the budget commitment and the corresponding legal commitment. This rule may be departed from in the following cases alone:

- (a) where the commitments are provisional;
- (b) where global commitments relate to financing agreements with third countries;
- (c) where the Agency's decision constitutes the legal commitment;
- (d) where the global commitment is implemented by a number of legal commitments, for which different authorising officers by delegation are responsible;

2. If the authorising officer responsible who signed the budget commitment is not available and remains unavailable for a period incompatible with the time-limits for concluding the legal commitment, that legal commitment shall be concluded by the person designated under the deputation rules adopted by the Agency, provided that that person has the status of authorising officer in accordance with Article 34 of the Financial Regulation.

Article 62 Registration of individual legal commitments

(Article 61 of the Financial Regulation)

In the case of a global budget commitment followed by several individual legal commitments, the authorising officer responsible shall register in the central accounts the amounts of these successive individual legal commitments. The authorising officer responsible shall check that the aggregate amount does not exceed the amount of the global commitment covering them.

The registration in the accounts shall indicate the references of the global commitment against which the individual commitments are being booked.

The authorising officer responsible shall register the amounts in the accounts before signing the corresponding individual legal commitment.

Article 63 Administrative expenditure covered by provisional commitments

(Article 61 (5) of the Financial Regulation)

Items regarded as routine administrative expenditure which may give rise to provisional commitments shall include the following:

- (a) expenditure on staff, whether or not covered by the Staff Regulations, on other human resources and pensions and on the remuneration of experts;
- (b) expenditure relating to Members of the Management Board, the EASA Advisory Board, the Safety Standards Consultative Committee, the Advisory Group of National Authorities and any other consultative or advisory body of the Agency;
- (c) training expenditure;
- (d) expenditure on competitions, selection and recruitment;
- (e) mission expenses;
- (f) representation expenses;
- (g) meeting expenses;
- (h) freelance interpreters and/or translators;
- (i) exchanges of officials;
- (j) recurring rentals of movable and immovable property;
- (k) miscellaneous insurance;
- (l) cleaning and maintenance;
- (m) welfare expenditure;
- (n) the use of telecommunications services;
- (o) financial charges;
- (p) legal expenses;
- (q) damages, including interest;
- (r) work equipment;
- (s) water, gas and electricity;
- (t) periodical publications on paper or in electronic versions.

Section 2
Validation of expenditure

Article 64

Validation and "passing for payment"

(Article 64 and 65 of the Financial Regulation)

1. The authorising officer responsible shall personally check the supporting documents or shall, on his own responsibility, ascertain that this has been done, before taking the decision validating the expenditure.

2. The validation decision shall be expressed by the signing of a "passed for payment" voucher by the authorising officer responsible or by an official or other servant technically competent, empowered by formal decision of the authorising officer. Such empowerment decisions shall be kept for future reference.

Article 65

Passing for payment of procurement contracts

(Article 65 of the Financial Regulation)

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

- (a) the Agency has received and formally registered an invoice drawn up by the contractor;
- (b) the invoice itself, or an internal document accompanying the invoice received, has been endorsed "certified correct" and signed by an official or other servant technically competent and duly empowered by the authorising officer responsible;
- (c) all aspects of the invoice have been checked by the authorising officer responsible or on his responsibility with a view to determining in particular the amount to be paid and the validity of the payment as discharge of the debt.

The endorsement "certified correct", referred to in point (b) of the first paragraph shall certify that the services provided for in the contract have been properly provided, or that the supplies provided for in the contract have been properly delivered, or that the work provided for in the contract has been properly carried out. For supplies and work, the official or other servant technically competent shall draw up a provisional acceptance certificate, then a final acceptance certificate at the end of the guarantee period laid down in the contract. Those two certificates shall count as the "certified correct" endorsement.

Article 66

Passing for payment of grants

(Article 65 of the Financial Regulation)

For payments corresponding to grants, the endorsement "passed for payment" shall certify that:

- (a) the Agency has received and formally registered a payment request drawn up by the beneficiary;

(b) the payment request itself, or an internal document accompanying the payment request received, has been endorsed "certified correct" and signed by an official or other servant technically competent, empowered by the authorising officer responsible; by such endorsement, he certifies that the action or work programme carried out by the beneficiary is in all respects in compliance with the grant agreement;

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

Article 67

Passing for payment of staff expenditure

(Article 65 of the Financial Regulation)

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

(a) in respect of monthly salary:

- (i) the complete list of staff, giving all the components of remuneration;
- (ii) a form (personal information sheet) based on decisions taken in each individual case, showing, whenever such change occurs, any change in any component of remuneration;
- (iii) in the case of recruitments or appointments, a certified true copy of the recruitment or appointment decision which accompanies the validation of the first salary payment;

(b) in respect of other remunerations (staff paid on an hourly or daily basis): a statement signed by the authorised official or other servant showing the days and hours worked;

(c) in respect of overtime: a statement signed by the authorised official or other servant certifying the amount of overtime worked;

(d) in respect of mission expenses:

- (i) the travel order signed by the competent authority;
- (ii) the statement of mission expenses, signed by the official on mission and by the administrative superior to whom the appropriate powers have been delegated, and showing, in particular, the place of mission, the dates and times of departure and arrival at the place of mission, travel expenses, subsistence expenses, and other expenses duly authorised on production of supporting documents;

(e) in respect of other staff expenditure: the supporting documents referring to the decision on which the expenditure is based and giving all the components of the calculation.

Article 68

Material form of "passed for payment"

(Article 65 of the Financial Regulation)

In a non-computerised system, "passed for payment" shall take the form of a stamp incorporating the signature of the authorising officer responsible or of an official or other servant technically competent, empowered by the authorising officer responsible in accordance with Article 64. In a computerised system, "passed for payment" shall take the form of validation using the personal password of the authorising officer responsible or of an official or other servant technically competent, empowered by the authorising officer responsible.

Section 3 Authorisation of payments

Article 69

Checks on payments by the authorising officer

(Article 66 of the Financial Regulation)

When drawing up the payment order, the authorising officer responsible shall ensure that:

(a) the payment order has been properly issued, meaning that a corresponding validation decision has been taken previously in the form of "passed for payment", that the particulars of the payee are correct and that the amount is due;

(b) the payment order corresponds to the budget commitment against which it is booked;

(c) the expenditure is charged to the correct item in the budget;

appropriations are available.

Article 70

Mandatory details on payment orders and transmission to the accounting officer

(Article 66 of the Financial Regulation)

1. The payment order shall state:

(a) the financial year to which the expenditure is to be booked;

(b) the budget article and any other subdivision that may apply;

(c) the references of the legal commitment giving rise to an entitlement to payment;

(d) the references of the budget commitment against which it is to be booked;

(e) the amount to be paid, expressed in euro;

(f) the name, address and bank account details of the payee;

(g) the object of the expenditure;

(h) the means of payment;

- (i) the entry of items in the inventory in accordance with Article 181.
2. The payment order shall be dated and signed by the authorising officer responsible, then sent to the accounting officer.

Section 4

Payment of expenditure

Article 71

Supporting documents

(Article 67 of the Financial Regulation)

1. Pre-financing, including in cases where it is split into a number of payments, shall be paid either on the basis of the contract, the agreement or the basic act, or on the basis of supporting documents, which make it possible to check the conformity of the actions financed with the terms of the contract or agreement in question. Interim payments and payments of balances shall be based on supporting documents which make it possible to check that the action financed has been carried out in accordance with the terms of the contract or agreement concluded with the beneficiary or of the basic act.
2. The authorising officer responsible shall lay down, in compliance with the principle of sound financial management, the nature of the supporting documents referred to in paragraph 1 in accordance with the basic act, where one exists, and the contracts and agreements concluded with the beneficiary. Interim and final technical and financial implementation reports, shall constitute supporting documents for the purposes of paragraph 1.
3. The supporting documents shall be kept by the authorising officer responsible in accordance with Articles 23 and 24.

Article 72

Booking of pre-financing and interim payments

(Article 67 of the Financial Regulation)

1. Pre-financing is intended to provide the beneficiary with a float. It may be split into a number of payments.
2. An interim payment, which may be repeated, is intended to reimburse expenditure incurred by the beneficiary on the basis of a statement of expenditure when the action is in progress. It may clear pre-financing in whole or in part, without prejudice to the provisions of the basic act, contract or agreement.
3. The closure of the expenditure shall take the form of the payment of the balance, which may not be repeated and clears all preceding payments, or a recovery order.

Section 5

Time limits for expenditure operations

Article 73

Payment time limits and default interest

(Article 69 of the Financial Regulation)

1. Sums due shall be paid within no more than forty-five calendar days from the date on which an admissible payment request is registered by the authorised department of the authorising officer responsible; the date of payment shall be understood to mean the date on which the institution's account is debited.

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

2. The payment period referred to in paragraph 1 shall be thirty calendar days for payments relating to service or supply contracts, save where the contract provides otherwise.

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

The time allowed for approval may not exceed:

(a) 20 calendar days for straightforward contracts relating to the supply of goods and services;

(b) 45 calendar days for other contracts and grant agreements;

(c) 60 calendar days for contracts involving technical services which are particularly complex to evaluate.

4. The authorising officer responsible may suspend the time limit for payment by informing creditors, at any time during the period referred to in paragraph 1, that the payment request cannot be met, either because the amount is not due or because the appropriate supporting documents have not been produced. If information comes to the notice of the authorising officer responsible which puts in doubt the eligibility of expenditure appearing in a payment request, the authorising officer may suspend the time limit for payment for the purpose of further verification, including an on-the-spot check, in order to ascertain, prior to payment, that the expenditure is indeed eligible. The authorising officer shall inform the beneficiary in question as soon as possible.

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

5. On expiry of the time limits laid down in paragraphs 1 and 2, the creditor may, within two months of receiving late payment, demand interest in accordance with the following provisions:

(a) the interest rates shall be those referred to in the first subparagraph of Article 57 (2);

(b) the interest shall be payable for the period elapsing from the calendar day following expiry of the time-limit for payment up to the day of payment.

The first subparagraph shall not apply to Member States.

CHAPTER 7 IT SYSTEMS

Article 74

Description of IT systems

(Article 70 of the Financial Regulation)

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

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

Article 75

Periodical save

(Article 70 of the Financial Regulation)

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

TITLE V

PROCUREMENT

Article 76

**(Article 74 of the Financial Regulation of the European Aviation Safety Agency;
Title V of the general Financial Regulation; Title V of the general Implementing
Rules)**

1. In line with Article 74 of the Financial Regulation the entire Title V of the Commission Regulation laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 applicable to the general budget of the European Communities (OJ L 357, 31.12.2002. p. 1) replaces the Title V of these Implementing Rules.
2. References to "Departments of the Community institutions" in the Implementing Rules of the general Financial Regulation, referred to in paragraph 1, shall read "the Agency".
3. References to "Community" in the Implementing Rules of the general Financial Regulation, referred to in paragraph 1, shall read "Agency".
4. Agency measures may be adopted to specify internal procurement procedures.

TITLE VI GRANTS

Article 120

(Article 75 of the Financial Regulation of the European Aviation Safety Agency; Title VI of the general Financial Regulation; Title VI of the general Implementing Rules)

1. In line with Article 75 of the Financial Regulation the entire Title VI of the Commission Regulation laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 applicable to the general budget of the European Communities (OJ L 357, 31.12.2002. p. 1) replaces the Title VI of these Implementing Rules.

2. References to "Commission" in the Implementing Rules of the general Financial Regulation, referred to in paragraph 1, shall read "the Agency".

TITLE VII

PRESENTATION OF THE ACCOUNTS AND ACCOUNTING

CHAPTER 1

PRESENTATION OF THE ACCOUNTS

Article 144

Report on budgetary and financial management during the year

(Article 76 of the Financial Regulation)

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

(a) the achievement of the objectives for the year, in accordance with the principle of sound financial management;

(b) the financial situation and the events which have had a significant influence on activities during the year.

Article 145

Exception to the accounting principles

(Article 78 of the Financial Regulation)

Where, in a specific case, the accounting officer considers that an exception should be made to the content of one of the accounting principles defined in Articles 146 to 153, that exception shall be duly substantiated and reported in the annex to the financial statements referred to in Article 162.

Article 146

Going-concern principle

(Article 78 of the Financial Regulation)

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

Article 147

Principle of prudence

(Article 78 of the Financial Regulation)

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

Article 148

Principle of consistent accounting methods

(Article 78 of the Financial Regulation)

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

Article 149

Principle of comparability of information

(Article 78 of the Financial Regulation)

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

Where it is impossible to reclassify items, this shall be explained in the annex referred to Article 162.

Article 150

Materiality principle

(Article 78 of the Financial Regulation)

1. The materiality principle means that all operations which are of significance for the information sought shall be taken into account in the financial statements. Materiality shall be assessed in particular by reference to the nature of the transaction or the amount.

2. Transactions may be aggregated where:

- (a) the transactions are identical in nature, even if the amounts are large;
- (b) the amounts are negligible;
- (c) aggregation makes for clarity in the financial statements.

Article 151

No-netting principle

(Article 78 of the Financial Regulation)

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

Article 152

Principle of reality over appearance

(Article 78 of the Financial Regulation)

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

Article 153

Accrual-based accounting principle

(Article 78 of the Financial Regulation)

1. The accrual-based accounting principle means that transactions and events shall be entered in the accounts when they occur and not when amounts are actually paid or recovered. They shall be booked to the financial years to which they relate.

2. The accounting methods provided for in Article 85 of the Financial Regulation shall specify the obligating event for the entry of each transaction in the accounts.

Article 154

Valuation of assets and liabilities

(Article 79 (2) of the Financial Regulation)

1. Assets and liabilities shall be valued at purchase price or production cost. However, the value of non-financial fixed assets and formation expenses shall be written down for depreciation. In addition a write-down may be applied where the value of an asset decreases and an increase in the value of a liability may be covered by a provision.

2. The accounting rules and methods referred to in Article 133 of the Financial Regulation applicable to the general budget of the Communities may lay down that all items or only some of them are to be valued at a value other than their purchase price.

Article 155

Provisions

(Article 79 of the Financial Regulation)

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

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

Article 156

Structure of the balance sheet

(Article 80 (1) (a) of the Financial Regulation)

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

Article 157

Presentation of the balance sheet

(Article 80 (1) (a) of the Financial Regulation)

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

Assets

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

Liabilities

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

Article 158

Economic outturn account

(Article 80 (1)(a) of the Financial Regulation)

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

Article 159

Presentation of the economic outturn account

(Article 80 (1)(a) of the Financial Regulation)

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

Operating income
- Operating charges
= Operating result
+/- Financial result
= Result from ordinary activities
+/- Exceptional result
= Result for the year

Article 160

Cash flow table

(Article 80 (1)(b) of the Financial Regulation)

The cash flow table shall show treasury movements.
The treasury shall be made up of the following:

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

Article 161

Cash flow classification

(Article 80 (1)(b) of the Financial Regulation)

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

Article 162

Annex to the financial statements

(Article 80 (2) of the Financial Regulation)

The annex referred to in Article 80 (2) of the Financial Regulation shall form an integral part of the financial statements. It shall contain at least the following information:

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

Article 163

Explanatory notes

(Article 80 (2) of the Financial Regulation)

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

Article 164

Budgetary outturn account

(Article 81 of the Financial Regulation)

1. The budgetary outturn account shall contain:
 - (a) information on revenue comprising:
 - (i) changes in the revenue estimates in the budget;
 - (ii) the revenue outturn;
 - (iii) entitlements established;

- (b) information showing changes in the total commitment and payment appropriations available;
- (c) information showing the use made of the total commitment and payment appropriations available;
- (d) information showing commitments outstanding, those carried over from the previous year and those made during the year.

Article 165

Annex to the budgetary outturn account

(Article 81 of the Financial Regulation)

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

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

CHAPTER 2 ACCOUNTING

Section 1

Organisation of the accounts

Article 166

Organisation of the accounts

(Article 84 of the Financial Regulation)

1. The accounting officer of the Agency shall draw up and keep updated documents describing the organisation of the accounts and accounting procedures of his institution.
2. In drawing up the financial statements, as little use as possible shall be made of information from outside the accounts.
3. Budget revenue and expenditure shall be recorded in the computerised system referred to in Article 167, according to the economic nature of the operation, as current revenue or expenditure or as capital.

Article 167

Computerised systems

(Article 84 of the Financial Regulation)

1. The accounts shall be kept with the help of an integrated computerised system.

2. Where accounts are kept using computerised systems and subsystems, such systems and subsystems shall be described in full.

That description shall define the content of all data fields and specify how the system treats individual operations. It shall state how the system guarantees the existence of a complete audit trail for each operation and for any change made to the computerised systems and subsystems so that it is possible at any time to identify the nature of the change and the person who made it.

The description of computerised accounting systems and subsystems shall indicate any links between those systems and the central accounting system, particularly as regards the transfer of data and the reconciliation of balances.

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

Section 2

Accounting ledgers

Article 168

Accounting ledgers

(Article 87 of the Financial Regulation)

1. The Agency shall keep a journal, a general ledger and an inventory.
2. The accounting ledgers shall consist of electronic documents, which are identified by the accounting officer and offer full guarantees for use as evidence.
3. Entries in the journal shall be transferred to the general ledger, itemised according to the chart of accounts referred to in Article 171.
4. The journal and the general ledger may be split into as many special journals and special ledgers as are necessary to meet requirements.
5. Entries recorded in special journals and special ledgers shall be centralised at least every month in the journal and in the general ledger.

Article 169

Trial balance

(Article 87 of the Financial Regulation)

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

- (a) account number;
- (b) description;
- (c) total debits;

- (d) total credits;
- (e) balance.

Article 170 **Inventory**

(Article 90 of the Financial Regulation)

1. The inventory is a statement of all assets and liabilities and commitments of all kinds, indicating for each item the quantity and value on the inventory date.
2. The data in the inventory shall be kept and organised in such a way as to justify the content of each of the accounts included in the trial balance.
3. As regards the inventory of fixed assets, the provisions of Articles 179 to 186 shall apply.

Section 3 **Chart of accounts**

Article 171 **Chart of accounts**

(Article 86 of the Financial Regulation)

1. The chart of accounts shall be adopted by the Commission's accounting officer.
2. The chart of accounts shall divide the accounts into classes. Each class may be subdivided into groups or subgroups, as required.
3. The chart of accounts must contain at least the following classes:

(a) for the balance-sheet accounts:

- (i) class 1: accounts for capital, provisions and creditors due in over one year;
- (ii) class 2: accounts for formation expenses, fixed assets and debtors due in over one year;
- (iii) class 3: stock accounts;
- (iv) class 4: accounts for debtors and creditors due in one year or less;
- (v) class 5: financial accounts;
- (b) for the revenue and expenditure accounts:
 - (i) class 6: charges accounts;
 - (ii) class 7: income accounts;

(c) for the special accounts:

classes 8 and 9: special accounts;

(d) for off-balance-sheet transactions:

class 0: off-balance-sheet transactions.

4. The contents of each account and class and its operation shall be laid down in the chart of accounts.

Section 4 Registration

Article 172 Entries in the accounts

(Article 87 of the Financial Regulation)

1. Entries shall be made using the double entry method, whereby any movement or variation recorded in the accounts shall be represented by an entry establishing an equivalence between the amount debited and the amount credited in the various accounts affected by that entry.

2. The euro counterpart of a transaction denominated in a currency other than the euro shall be calculated and entered in the accounts.

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

That revaluation shall be based on the rates laid down in accordance with Article 6.

The rate to be used for conversion between the euro and another currency to draw up the balance sheet at 31 December of year N shall be that of the last working day of year N-1.

Article 173 Accounting records

(Article 87 of the Financial Regulation)

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

Article 174 Supporting documents

(Article 87 of the Financial Regulation)

1. Each entry shall be based on a dated and numbered supporting document, produced on paper or on a medium which guarantees the reliability and safeguarding of its content for the periods laid down in Article 24.

2. Operations of the same type, carried out in the same place and on the same day may be summarised in a single supporting document.

Article 175 Recording in the journal

(Article 87 of the Financial Regulation)

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

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

Article 176

Validation of entries

(Article 87 of the Financial Regulation)

1. Entries in the journal and in an inventory ledger shall be made final by means of a validation procedure prohibiting any change to or deletion of the entry.

2. A closure procedure designed to freeze the chronology of records and guarantee their inviolability shall be implemented at the latest before the final financial statements are presented.

Section 5

Reconciliation and verification

Article 177

Reconciliation of accounts

(Article 87 of the Financial Regulation)

1. The balance of accounts in the trial balance shall be reconciled periodically, and at least at the annual closure, with the data from the management systems used by authorising officers for the management of assets and liabilities and for the daily input into the accounting system.

2. Periodically, and at least whenever the accounts are closed, the accounting officer shall check that the data in the inventory ledger referred to in Article 168 correspond to the actual situation, in particular as regards:

- (a) cash at bank, by reconciliation of the statements of account from financial institutions;
- (b) cash in cash offices, by reconciliation with the data in the cash book.

The fixed assets accounts shall be reviewed in accordance with Article 183.

3. The suspense accounts shall be reviewed annually by the accounting officer so that they can be cleared as soon as possible.

Section 6

Budget accounts

Article 178
Content and keeping of budget accounts
(Article 89 of the Financial Regulation)

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

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

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

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

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

CHAPTER 3
PROPERTY INVENTORIES
(Chapter 4 of the Financial Regulation)

Article 179
Property inventories
(Article 90 of the Financial Regulation)

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

Article 180
Safeguarding property

(Article 90 of the Financial Regulation)

The Agency shall adopt provisions on safeguarding the property included in its balance sheet and decide which administrative department are responsible for the inventory system.

Article 181
Entry of items in the inventory

(Article 90 of the Financial Regulation)

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

Article 182
Content of the inventory for each item

(Article 90 of the Financial Regulation)

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

Article 183
Inventory checks

(Article 90 of the Financial Regulation)

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

Article 184
Resale of property

(Article 90 of the Financial Regulation)

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

Article 185
Procedure for sale of fixed assets

(Article 90 of the Financial Regulation)

1. Sales of fixed assets shall be advertised locally in appropriate fashion, if the unit purchase value is EUR 8 100 or more. The period between publication of the last

announcement and conclusion of the sales contract shall be no less than fourteen calendar days.

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

2. The Agency may forgo advertising where the cost of advertising exceeds the expected return from the operation.
3. The Agency shall always endeavour to obtain the best price for sales of fixed assets.

Article 186

Procedure for disposing of fixed assets

(Article 90 of the Financial Regulation)

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.

The statement or record shall indicate in particular whether the item must be replaced at the expense of an official or other servant of the Communities or any other person.

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

Article 187

Entry into force

This Regulation shall be binding in its entirety and shall enter into force on 14 December 2006