Recasting of financial regulation

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PURPOSE: This Commission working document relates to the recasting of the Financial Regulation. CONTENT : The Financial Regulation of 21 December 1977 is the main instrument which lays down rules for all aspects of the budget of the EU establishment : presentation of the preliminary draft by the Commission and adoption by the budgetary authority implementation of revenue and expenditure, including rules on book-keeping and presentation of accounts definition of the role and responsibility of those involved in implementation : authorising officers for revenue and expenditure, financial controller (internal auditor), accounting officer monitoring and control of implementation including presentation of financial data, control by the Court of Auditors (outside auditor) and by the European Parliament (discharge). The Commission believes that the overhaul of the Financial Regulation should be a two-stage process. This working paper seeks to launch the broadest possible inter-institutional discussion on the recasting of the Regulation. On the basis of this discussion, the Commission is to present a formal proposal in the first quarter of 1999 for adoption by the Council under the procedure laid down in Article 209 of the Treaty, i.e. after the Court of Auditors and the European Parliament have given their opinions. The proposal for the recasting of the Financial Regulation will be one of the legislative items accompanying the new financial perspective for 2000-2006 proposed by the Commission in connection with Agenda 2000 reflecting its desire for a budgetary policy that is both transparent and rigorous. The Commission makes a distinction between the problems of substance and the problems of form posed by the Financial Regulation in its present form. The comments on matters of substance concern the following six topics : statement of principles of budgetary law; the system of appropriations and the concept of commitment; the definition of accounting principles; the rules on procurement, grants and subcontracting; a clearer definition of the role of the budget players; and management of external aid. The comments of form concern the following two topics : improvement of the presentation and clarity of the Regulation and improved co-ordination between the Financial Regulation and other instruments of financial law.