Financial Regulation applicable to the Euratom Supply Agency

2007/0042(CNS) - 16/03/2007 - Legislative proposal

PURPOSE: to set out the principles and basic rules for establishing and implementing the Agency's budget.

PROPOSED ACT: Council Regulation.

BACKGROUND: the Euratom Supply Agency is the Community body responsible for ensuring an equitable supply of nuclear materials (ores, raw materials and special fissile materials). As such, it has the exclusive right to conclude contracts relating to the supply of these materials coming from inside the Community or from outside (Article 52 Euratom). The Agency is under the supervision of the Commission (Article 53 Euratom). The Agency has legal personality and financial autonomy (Article 54 Euratom). In Article 54, the Treaty provides that the statutes may provide for a charge on transactions to defray the operating expenses of the Agency.

Since circumstances have changed, the Agency's statutes will be updated following a Council decision (CNS/2007/0043), the draft of which is submitted together with this draft Regulation. In 2002 the Community legislator adopted a new Financial Regulation applicable to the general budget of the European Communities and pursuant to Article 185 thereof a framework financial regulation was prepared for the decentralised bodies. These two Regulations are not directly applicable to the Agency.

For several years now the Court of Auditors has requested the adoption of a financial regulation for the Agency which could help to achieve the objectives of sound financial management pursued by the institutions.

CONTENT: given these factors, it seemed appropriate to base the proposal for a Financial Regulation for the Agency on the framework Financial Regulation No 2343/2002, since the legal environment is broadly similar. However, that model has also been adapted to take account of the special features of the Agency:

- since the Agency's budget is small, the budgetary authority is the Commission, in accordance with the Agency's statutes; however, for the sake of transparency and consistency with the Framework Regulation for the other Community bodies, the discharge authority becomes Parliament, on the Council's recommendation;

- the Agency can be covered by the Commission's accounting consolidation exercise;

- for the purposes of establishing and implementing the budget, the four fundamental principles of budgetary law (unity, annuality, universality, specification), and the principles of budgetary accuracy, equilibrium, unit of account, sound financial management and transparency must be reasserted;

- it is necessary to define the powers and responsibilities of the accounting officer, the internal auditor and authorising officers. The last mentioned are fully responsible for all revenue and expenditure operations executed under their authority and must be held accountable for their actions, including, where necessary, through disciplinary proceedings. The internal audit function must be performed by the Commission's internal auditor;

- the timetable for establishing the budget, presenting the accounts and granting discharge can, where relevant, be aligned on the equivalent provisions of Regulation (EC, Euratom) No 1605/2002. Discharge should be given to the Director-General of the Agency by Parliament on the recommendation of the Council;

- each section of the budget includes an establishment plan. The staff of the Agency should appear separately in the Commission establishment plan;

- the Agency should have access to the panel set up by the Commission to examine irregularities so that a similar assessment can be made of identical cases;

- the Agency should observe the same requirements as the institutions in the award of public contracts. In this respect, reference should be made to the relevant provisions of Regulation (EC, Euratom) No 1605 /2002;

- the Agency may, for the performance of the tasks entrusted to it, employ external private sector bodies only where necessary and not for tasks involving any public service mission or any use of discretionary powers of judgment, in order to guarantee that the Agency is accountable for the implementation of its budget and adheres to the objectives assigned to it when it was set up;

- the Agency should submit a cash-flow forecast in support of its requests for payment of the Community subsidy;

- in view of the regulatory requirements arising from the statutes of the Agency, the procedure for presenting the accounts should be adapted.