

# Executive Agencies: standard financial regulation

2007/0901(CNS) - 25/04/2007 - Legislative proposal

**PURPOSE:** to amend Regulation (EC) No 1653/2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes.

**PROPOSED ACT:** Commission Regulation.

**CONTENT:** following the adoption of Council Regulation (EC, Euratom) No 1995/2006 amending Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, it is necessary to adapt Commission Regulation (EC) No 1653/2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes in order to align it with the Financial Regulation.

Other amendments became necessary in the light of experience gathered by the existing executive agencies:

- it should be clarified that sound financial management requires effective and efficient internal control and that the main features and objectives of internal control systems should be defined;
- the publication of the administrative budget of agencies should be simplified while preserving the prerogatives of the budgetary authority and the Court of Auditors;
- the procedure regarding transfers to be adopted by the directors of agencies has proved to be unclear and time consuming in practice and should therefore be streamlined and accelerated;
- clarification regarding conflict of interest situations, new provisions regarding ex ante verification of similar individual transactions relating to certain routine expenditure items, provisions on the liability of authorising officers and the use of a direct debit system should also be introduced into the standard financial regulation;
- the accounting officers' responsibility for certifying the accounts on the basis of the financial information supplied to them by the authorising officers should be clarified. To this end, the accounting officer should be empowered to check the information received by the authorising officer by delegation and to enter reservations, if necessary;
- given that executive agencies are authorising officers by delegation of the Commission, internal control issues regarding the implementation of the operational appropriations by their directors are part of the reports established pursuant to Article 86 paragraphs 3 and 4 of the general Financial Regulation. In order to streamline reporting mechanisms and avoid diffuse information flows, the report of the internal auditor regarding the administrative appropriations of executive agencies should become part of the internal auditor's report pursuant to paragraph 3 of the general Financial Regulation. For the same reason, the Commission should include the reports established by the agencies in accordance with Article 49, fourth paragraph in its report pursuant to Article 86(4) of the general Financial Regulation which is transmitted to the discharge authority;
- the conditions for the use, by the executive agencies, of Commission services and offices, interinstitutional European offices and the Translation Centre for bodies of the European Union

established by Council Regulation (EC) No 2965/94 setting up a Translation Centre for bodies of the European Union should be clarified. A provision for the selection of experts, similar to the one introduced in the general Financial Regulation, should be inserted.