

Annex

Financial Regulations of ReSPA¹

Table of Contents	
<p>I. Scope</p> <p>Article 1 Application of Financial Regulations</p> <p>Article 2 Definitions</p> <p>Article 3 Obligations of ReSPA Members</p> <p>II. Budgetary principles</p> <p>Article 4 The principles and their application</p> <p>Article 5 Principle of unity and budgetary accuracy</p> <p>Article 6 Principle of annuality</p> <p>Article 7 Principle of equilibrium</p> <p>Article 8 Principle of unit of account</p> <p>Article 9 Principle of universality</p> <p>Article 10 Principle of specification</p> <p>Article 11 Principle of sound financial management</p> <p>Article 12 Principle of transparency</p> <p>III. Budget Committee</p> <p>Article 13 Mandate</p> <p>Article 14 Composition and functioning</p> <p>IV. Elements of the ReSPA Budget</p> <p>Article 15 The Annual Budget</p> <p>Article 16 The Core Budget</p> <p>V. Establishment and structure of the ReSPA Budget</p> <p>Article 17 Establishment of the Budget and revisions to it</p> <p>Article 18 Structure of the Budget</p>	<p>VI. Implementation of the ReSPA Budget</p> <p>Article 19 The Director</p> <p>Article 20 Conflicts of interest</p> <p>Article 21 Duty to report financial irregularities</p> <p>Article 22 Segregation of functions</p> <p>Article 23 Authorizing Officer</p> <p>Article 24 Accounting Officer</p> <p>Article 25 Responsibility of financial actors</p> <p>VII. Revenue operations</p> <p>Article 26 Treatment of revenue</p> <p>VIII. Expenditure operations</p> <p>Article 27 Process leading to payment</p> <p>Article 28 Commitment of expenditure</p> <p>Article 29 Validation of expenditure</p> <p>Article 30 Authorization of expenditure</p> <p>Article 31 Payment of expenditure</p> <p>IX. Procurement</p> <p>Article 32 Principles of contract award</p> <p>Article 33 Contracting procedures</p> <p>X. Presentation of accounts and accounting</p> <p>Article 34 Presentation of the accounts</p> <p>Article 35 Accounting system</p>

¹ For easier reading and overview, the document containing the SR has been reformatted to be presented in three columns. The first column presents the articles and their content. The second presents the explanatory comments of the articles. Finally, the third column contains the list of comparable staff regulations.

Table of Contents

XI. Independent Auditor(s) and discharge

Article 36 Independent Auditor(s)

Article 37 Discharge

XII. Amendments to the Financial Regulations

Article 38 Amendments

XIII. Transitional provision

Article 39 Initial envelope for Core Budget

XIV. Final provision

Article 40 Entry into force

Annex

Financial Regulations of ReSPA

Part I. Scope

Article 1 Application of Financial Regulations

1. The Financial Regulations lay down the rules for the establishment and administration of the ReSPA Budget, including the Core Budget of ReSPA and donor contributed funds managed by the Secretariat, and all revenue and expenditure operations of ReSPA.
2. Donors or their contractors may manage activities financed by their donations in accordance with agreements entered into with ReSPA. However, the Governing Board on the recommendation of the Budget Committee, referred to in Part III of these Regulations and established by Resolution -- /2009, must approve any proposed provision in such agreements that are inconsistent with the basic budgetary principles in Article 3.

Article 2 Definitions

“Appropriate price” is the price obtained after the procurement rules and procedures in Part IX of these Regulations are followed.

“Contributions” are the amounts payable by Members of ReSPA to the Core Budget pursuant to Article 23 of the ReSPA Agreement.

“Core Budget” is that part of the ReSPA Annual Budget financed from contributions pursuant to Article 23 of the ReSPA Agreement.

“Director” is the Head of the ReSPA Secretariat pursuant to Article 19 of the ReSPA Agreement.

“Directly managed funds” are funds provided by donors to ReSPA for its activities and managed by the Secretariat pursuant to Article 24 of the ReSPA Agreement.

“Donor managed funds” are funds for ReSPA activities provided by donors and managed by the donor pursuant to Article 24 of the ReSPA Agreement.

“Financial Actors” are the Authorizing Officer and the Accounting Officer and those staff members delegated by them to carry out duties pursuant to the Financial Regulations.

“Independent Auditor(s)” are the auditor(s) nominated by the Governing Board pursuant to Article 15(1)(n) of the ReSPA Agreement.

“Party” means a party to the ReSPA Agreement pursuant to Article 27 of the ReSPA Agreement.

“Whistleblower(s)” are persons providing information pursuant to Article 11 of the Staff Regulations of ReSPA.

“Working Capital Fund” is a fund that may be established by the Governing Board in an amount to be determined from time to time and from which advances can be authorized by the Governing Board to finance Core Budget activities and which Fund is to be repaid as soon as Contributions are made.

Article 3 Obligations of ReSPA Members

1. The Members of ReSPA (“Members”) shall finance the Core Budget in equal share.
2. The Members shall pay their contributions to the Core Budget in Euros during the first three months of the financial year of ReSPA. Contributions in kind shall not be considered as being part of a Contribution to the Core Budget.
3. A party becoming a member of ReSPA pursuant to Article 7 of the ReSPA Agreement shall pay its full share of the Core Budget for the entire year of accession.
4. The Director shall propose a mechanism to the Governing Board to encourage timely payment of contributions.

Part II. Budgetary principles

Article 4 The principles and their application

Subject to Article 1(2), the establishment, implementation, revenue and expenditure operations of the Core Budget and any directly managed funds shall comply with the principles of unity and budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as provided in these Regulations.

Article 5 Principle of unity and budgetary accuracy

1. The Budget for each year forecasts and authorizes expenditures for ReSPA activities considered necessary for the proper functioning of ReSPA.
2. The Budget shall comprise:
 - a) The Core Budget;
 - b) Directly managed funds;
 - c) Capital and in kind contributions;
 - d) Revenues earned from ReSPA activities; and
 - e) Carry-over from prior financial years pursuant to Article 5(5).
3. No revenue shall be collected and no expenditure authorized unless earmarked in the budget.
4. The Governing Board may adopt a supplementary budget in the same way as the Budget.

Article 6 Principle of annuality

1. Appropriations entered into the budget shall be authorized for one financial year, which shall run from 1 January to 31 December. The appropriations authorized in the Core Budget for a relevant year may be used solely to cover expenditure committed and paid in that financial year, and to cover amounts due against commitments from the previous financial year.
2. The Core Budget shall contain administrative appropriations, which are non-differentiated and which shall consist of commitment appropriations and payment appropriations as follows:
 - a) Commitment appropriations, which shall cover the total cost of the legal commitments entered into during the current financial year and shall be entered into the accounts when made during that financial year;
 - b) Payment appropriations, which shall cover payments made to honour legal commitments entered into during the current financial year and/or earlier financial years. Payments shall be entered into the accounts on the basis of the payments effected by the Accounting Officer by 31 December at the latest.
3. Expenditure arising from contracts that extend beyond the financial year shall be charged to the budget of the financial year in which payment is made.
4. Revenues shall be entered into the accounts of the financial year on the basis of the amounts collected.
5. Appropriations, which have not been used at the end of the financial year for which they were entered, shall be carried over into the following year as revenue and the Budget Committee may at its first meeting of the following financial year permit their use for any authorized ReSPA activity or for payment into the Working Capital Fund. Appropriations so carried over shall be identified in the accounts.

Article 7 Principle of equilibrium

1. The budget revenue and expenditure must be in balance.
2. ReSPA shall not enter into debt except that the Director may, with the approval of the Budget Committee, obtain short-term financing to overcome operational cash flow problems caused by late payment of contributions from Members.

Article 8 Principle of unit of account

The budget shall be drawn up and implemented in Euro and the accounts shall be presented in Euro.

Article 9 Principle of universality

1. Total revenue shall cover total expenditure. All revenue and expenditure shall be entered in full without any adjustment against each other.
2. Revenue earmarked for specific purposes in the form of donations may only be used for those purposes and the budget shall carry lines for such assigned revenues. Such revenue must cover all direct and indirect costs associated with the activity or expenditure in question.
3. The Director may accept donations for ReSPA activities. However, donations that involve added expenses for ReSPA that are not covered by the donation shall not be accepted without approval of the Governing Board on the recommendation of the Budget Committee.
4. The Director shall prepare an annual report for submission to the Budget Committee within 60 days following completion of the financial year with full information on donated funds and their usage. He shall prepare an interim report for the initial six months in the financial year for submission to the Budget Committee at its first session in the second half of the year. He shall also present the annual and interim accounts with these reports.
5. The following deductions may be made from invoices and payment requests, which shall then be passed for payment of the net amount:
 - a) Penalties imposed on parties to contracts;
 - b) Adjustments because of prior payments made unduly to the same payee.

Such deductions shall not be recorded as revenue. However, any negative balances shall be entered as expenditure.

Article 10 Principle of specification

1. The appropriations shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items.
2. The Director may transfer appropriations within lines of the budget, excluding the budget line for the Secretariat, up to a total limit of 10% of the appropriations for the financial year. Transfers in excess of this 10% limit and transfers from Secretariat budget lines for salaries require the approval of the Governing Board through a recommendation of the Budget Committee.
3. Appropriations corresponding to revenue for particular purposes may be transferred only if used for the purpose for which the revenue was assigned. Appropriations may be transferred only to budget lines for which the budget has authorized appropriations or a token entry.

Article 11 Principle of sound financial management

1. Budget appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness.
2. The principle of economy requires that the resources used by ReSPA for the pursuit of its objectives shall be made available in due time, in the needed quantity and quality and at the appropriate price.

3. The principle of efficiency is concerned with the best relationship between the resources employed and the outputs achieved.
4. The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.
5. The annual Work Programme of ReSPA shall contain specific objectives. Performance indicators shall monitor the achievement of these objectives.

Article 12 Principle of transparency

1. The Core Budget and the budget for directly managed funds shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency and shall be published on the ReSPA website within 14 days of adoption by the Governing Board.
2. The Core Budget shall annex full information on any borrowing for cash flow purposes up to the time the Core Budget was prepared.

Part III. Budget Committee

Article 13 Mandate

1. The Budget Committee, established by Resolution N° ReSPA GB-M/02-2010 of 24 September 2010 which adopted these Regulations, shall:
 - a) Review the proposed Core Budget of ReSPA prior to its submission to the Governing Board;
 - b) Review all proposals of the Director concerning or affecting the Core Budget or directly managed funds of ReSPA and make recommendations to the Governing Board;
 - c) Advise the Director upon his/her request on any financial or budgetary matter;
 - d) Supervise the financial and budgetary operations of ReSPA to ensure compliance with the Financial Regulations and make necessary recommendations to the Governing Board;
 - e) Review the Annual and interim Reports submitted by the Director pursuant to Article 9(4) and present any comments to the Governing Board;
 - f) Review the reports and financial statements and accounts submitted by the Independent Auditor(s) and make recommendations to the Governing Board;
 - g) Consider any communications submitted to it by whistle blowers and make recommendations to the Governing Board;
 - h) Recommend transfers of appropriations between budget lines pursuant to Article 10; and
 - i) Upon the request of the Governing Board, advise it on any matter affecting the financial and budgetary operations of ReSPA.
2. The Director shall regularly inform the Budget Committee on any matter that may, in his or her opinion, have a major impact on the financial and budgetary operations of ReSPA, including directly managed funds and donor and contractor managed funds.
3. The Budget Committee is empowered to obtain any necessary information concerning financial and budgetary matters that affect ReSPA, including from the Independent Auditor(s).

Article 14 Composition and functioning

1. The Budget Committee shall consist of a Representative nominated by each Member of ReSPA. The Budget Committee shall be chaired by the Representative of the Member that is to chair the Governing Board in the following year pursuant to Article 16(3) of the ReSPA Agreement.
2. The Budget Committee may meet immediately prior to sessions of the Governing Board or at any time that it decides to meet. It shall take decisions by a majority of Members and shall establish its own working methods.

3. The Director shall provide secretariat services to the Budget Committee and shall attend meetings of the Budget Committee in an *ex officio* capacity.

Part IV. Elements of the ReSPA Budget

Article 15 The Annual Budget

The Annual Budget shall consist of the Core Budget, donor funds and miscellaneous funds.

Article 16 The Core Budget

1. The Core Budget shall consist of the following revenues and expenditures:
 - a) The revenues of the Core Budget shall be contributions from Members, charges on directly managed funds and charges for ReSPA services.
 - b) The expenditures from the Core Budget shall include the costs of the Independent Auditor(s), the Director and Financial Controller and their offices, the costs of liability and property insurance, contributions to the Working Capital Fund and such other expenditures as authorized by the Governing Board by Resolution.
2. The Governing Board shall set an envelope for each annual Core Budget.

Part V. Establishment and structure of the ReSPA Budget

Article 17 Establishment of Budget and revision

1. The Director shall present to the Budget Committee for its review a draft annual budget prior to the third regular session of the Governing Board in the year preceding that of the draft budget.
2. The draft annual budget shall be accompanied by a memorandum explaining the proposed budget, its line items and variations, if any, from the prior year in such detail as the Budget Committee may from time to time request.
3. The Director may revise the draft budget as proposed by the Budget Committee. In case of divergence, the Director shall explain all differences to the Governing Board in the draft budget that he/she presents to the Governing Board.
4. The Governing Board shall consider and adopt the draft budget at or prior to the final session of the Governing Board in the year preceding that of the draft budget. If a budget has not been adopted prior to the start of the financial year the Governing Board may authorize expenditure on a monthly basis, calculated by reference to one 12th of the prior year's Core Budget, until a Budget is adopted.
5. The Director may submit to the Budget Committee proposed revisions and amendments to the budget during the budget year and, in case of urgency, may request the Budget Committee to consider the proposals by correspondence. The Budget Committee shall review the proposals of the Director and shall decide within 14 days whether or not to recommend those or other amendments to the Governing Board.

Article 18 Structure of the Budget

1. The ReSPA Budget shall comprise a statement of revenue and a statement of expenditure for the Core Budget and for directly managed funds. Annexes shall set out the capital accounts of ReSPA, including any in kind contributions and their utilization, and reports on activities carried out by ReSPA through the use of donor managed funds.
2. The statement of revenue and the statement of expenditure for the Core Budget and for the directly managed funds shall show:
 - a) Estimated revenues and expenditures for the financial year in question and for the prior year;

- b) Appropriate remarks and explanations on each line item.
3. The statement of expenditure for the Core Budget and for directly managed funds shall show the maximum number of posts authorized for the prior financial year, their costs and period of incumbency together with the number sought for the financial year in question. Any request for additional posts must be fully explained.
 4. Any proposal presented to the Governing Board, that in the opinion of the Director may involve expenditure, shall be accompanied by an estimate, prepared by the Director, of the financial implications of the proposal on the ReSPA budget.

Part VI. Implementation of the ReSPA Budget

Article 19 The Director

1. The Director shall send notices of contributions to Members within 7 days of adoption of the Core Budget.
2. The Director shall report to the Budget Committee and to the Governing Board at each session on the status of contributions to the Core Budget by Members.
3. The Director shall perform the duties of Authorizing Officer, who shall implement the ReSPA Budget in accordance with these Regulations.
4. The Director may, with the consent of the Chair of the Budget Committee, contract out for the performance of budget implementation tasks, which involve technical expertise rather than the exercise of discretionary authority as to budget implementation.
5. The Director shall report to the Governing Board through the Budget Committee in the Annual and six monthly reports referred to in Article 9(4) on the exercise of duties that have been contracted out pursuant to this Article.

Article 20 Conflicts of Interest

In addition to the obligations set out in Article 7.3 of ReSPA Staff Regulations, financial actors are prohibited from taking any actions that may bring their interests into conflict with those of ReSPA. Conflicts of interest arise where the impartial and objective exercise of the functions of a financial actor is compromised because of shared interests with the beneficiary or contractor in the outcome of the action. In such case the financial actor shall recuse himself or herself and report the matter to the Director or, in the case of the Director, to the Governing Board for guidance.

Article 21 Duty to report financial irregularities

Any staff member involved in financial management and control who considers that an action is irregular or contrary to the Financial Regulations shall inform the Director in writing and, if the latter fails to take action within a reasonable period, the Governing Board.

Article 22 Segregation of functions

The duties of the Authorising Officer and the Accounting Officer shall be segregated and are mutually incompatible.

Article 23 Authorising Officer

1. The Authorizing Officer shall be responsible for authorizing the implementation of revenue and expenditure in accordance with principles of sound financial management and for ensuring that the requirements of legality and regularity are respected and shall act in the manner set out in these Regulations.
2. The Authorizing Officer may, in writing, delegate defined functions of budget implementation to ReSPA staff members designated in writing who may act only within the limits of their written delegation of authority and who shall be responsible for the proper exercise of those functions.

3. To implement expenditure the Authorizing Officer shall make budgetary commitments, legal commitments, validate expenditure, authorize payments and shall undertake the necessary preliminary actions prior to implementation of appropriations.
4. To implement revenue the Authorizing Officer shall draw up estimates of amounts receivable, establish entitlements to be recovered and issue recovery orders. He/she shall instruct the Accounting Officer to open a bank account in the name of ReSPA for the deposit of revenues and may authorize the placement by ReSPA's Bank of funds not immediately needed for operational purposes into secure short-term interest bearing deposits.
5. The Authorizing Officer is responsible to put into place the structures, internal management and control systems and procedures, whether computerized or manual, for ReSPA. Before any operation is authorized, members of staff other than those who initiated the operation or their subordinates shall verify the operational and financial aspects of the operation. Initiation and verification of any operation shall be segregated functions. The Director shall report to the Budget Committee on the selection of the system and then on its operation in the interim and Annual reports referred to in Article 9(4) or as requested by the Budget Committee.

Article 24 Accounting Officer

1. The Accounting Officer shall be responsible for the following functions in accordance with the Financial Regulations:
 - a) Proper implementation of payments, collection of revenue and recovery of amounts established as being receivable;
 - b) Preparing, presenting and keeping the accounts;
 - c) Implementing accounting rules and methods and the chart of accounts;
 - d) Laying down and validating the accounting systems and, where appropriate, the validating systems laid down by the Authorizing Officer to supply or justify accounting information; and
 - e) Treasury management.
2. Except as otherwise provided in these Regulations, the Accounting Officer is alone empowered to manage monies and other assets and is responsible for their safekeeping.
3. Subject to prior approval of the Director, the Accounting Officer may, in writing, delegate defined functions to staff members designated in writing, who may act only within the limits of their written authority and who shall be responsible for the proper exercise of their functions.

Article 25 Responsibility of financial actors

1. The responsibility of any staff member acting under the Financial Regulations is personal and, subject to the procedures in the Staff Regulations, a financial actor, including the Authorizing Officer and the Accounting Officer, may be required to make good in whole or in part any loss suffered by ReSPA as a result of misconduct in the course of, or in connection with, performance of duties pursuant to the Financial Regulations.
2. Without prejudice to any disciplinary action, the Director may withdraw any delegation under the Financial Regulations and designate a temporary replacement, informing the Chair of the Budget Committee of this action. The Budget Committee may withdraw the delegation of the Director under the Financial Regulations and designate a temporary replacement, informing the Chair of the Governing Board of this action.
3. The provisions of this Article are without prejudice to any criminal liability pursuant to applicable law.
4. The Authorizing Officer who considers that a decision falling under his/her delegation violates principles of sound financial management shall inform the Budget Committee and, if instructed to proceed, is absolved of responsibility under this Article for the consequences of such action.

Part VII. Revenue operations

Article 26 Treatment of revenue

1. ReSPA shall receive contributions from Members, fees for its training services, overhead on directly managed funds, and may accept donations for activities consistent with its purposes. Estimates of these receivables shall be in the Budget.
2. The Director shall report to the Budget Committee any uncollected fees and the efforts that have been made for collection. The Budget Committee shall decide on further efforts to be taken, if any, to recover such revenues. The memorandum accompanying the proposed budget for the next financial year shall report on any variation between estimated and actual revenues and account for the difference.

Part VIII. Expenditure operations

Article 27 Process leading to payment

1. Every item of expenditure shall be committed, validated, authorized and paid.
2. Every commitment of expenditure shall be justified. However, the annual Work Programme of ReSPA shall be the equivalent to a justified financing decision for the activities and expenditures flowing from it provided they are clearly identified. Administrative appropriations related to the every day operations of ReSPA and authorized by the Budget may be implemented without a prior financing decision.

Article 28 Commitment of expenditure

1. The budget commitment is the operation reserving the appropriation necessary to cover subsequent payments to honour a legal commitment. The budget commitment is individual when the beneficiary and the amount of expenditure is known and is global when at least one of the elements to identify the individual commitment is not known.
2. The legal commitment is the act whereby the Authorizing Officer enters into or establishes an obligation, which results in a charge for the ReSPA budget. The Authorizing Officer must make a budget commitment before entering into a legal commitment.
3. Individual legal commitments shall be concluded by the end of the ReSPA financial year. Legal commitments extending over more than one financial year and the corresponding budget commitments, except for expenditure for staff, shall have a final date for implementation in compliance with the principle of sound financial management. Any parts of such commitments that have not been executed six months after this final date shall be decommitted and any legal commitment that has not resulted in a payment for 2 years shall be decommitted.
4. Global budget commitments shall cover the total cost of the corresponding individual legal commitments in the following budget period. At the end of this period any unused balance shall be decommitted and treated pursuant to Article 6(5).
5. When adopting a budget commitment the Authorizing Officer shall ensure that:
 - a) The expenditure has been charged to the correct item in the Budget;
 - b) The appropriations are available; and
 - c) The expenditure conforms to the applicable rules and regulations, including the principle of sound financial management.

Article 29 Validation of expenditure

1. When validating expenditure the Authorizing Officer shall ensure that:
 - a) The existence of the creditor's entitlement is verified;
 - b) The conditions under which payment is due are verified; and
 - c) The reality and the amount of the claim is verified or determined.
2. Validation of any expenditure shall be based on supporting documents attesting the creditor's entitlement, on the basis of a statement of services actually rendered, supplies actually delivered or work actually carried out, or on the basis of other documents justifying payment.

Article 30 Authorisation of expenditure

Authorization of expenditure is the act whereby the Authorizing Officer, having verified that the appropriations are available and, by issuing a payment order, instructs the Accounting Officer to pay the amount of expenditure that has been validated.

Article 31 Payment of expenditure

1. Payment shall be made upon production of proof that the relevant action is in accord with the provisions of the Financial Regulations or of a contract and shall cover one or more of the following operations:
 - a) Payment of the entire amount due;
 - b) Payment of the amount due in any of the following ways:
 - (i) In exceptional and justified cases limited Pre-financing of not more than 25%, which may be divided into a number of payments;
 - (ii) One or more interim payments; and
 - (iii) Payment of the balance due.
2. Payment shall be made by the Accounting Officer within the limits of the funds available.

Part IX. Procurement

Article 32 Principles of contract award

Contracts awarded by ReSPA shall be awarded to the most economically advantageous tender or offer in accordance with the principles of transparency, equal treatment, non-discrimination and fair competition for potential contractors and shall be awarded on the basis of the rules contained in the Rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries (C (2007) 2034).

Article 33 Principles of contract award

1. The Director shall ensure that the procedures adopted by ReSPA to award contracts follow the *Practical Guide to Contract Procedures for EC External Actions* (PRAG).
2. The Governing Board may require the Director to vary or to adopt additional procedures to those contained in PRAG.
3. The Director may recommend changes to the procedures contained in PRAG more appropriate to the needs of ReSPA. Such recommendations shall first be submitted to the Budget Committee for its views and any recommendation to the Governing Board must take full account of observations in the Budget Committee.

4. The Director shall report to the Budget Committee from time to time on the practicality of the co-ordination of contracting procedures with other organizations in the region. The Director may recommend formal linkages to such organizations in matters of procurement.

Part X. Presentation of accounts and accounting

Article 34 Presentation of the accounts

1. The annual accounts of ReSPA shall comprise:
 - a) The financial statements; and
 - b) The report on implementation of the Budget.
2. The annual accounts shall be presented to the Budget Committee within 60 days of the end of the financial year, accompanied by explanations of the financial statements. The Budget Committee shall transmit the annual accounts to the Governing Board not later than the time the Budget Committee considers the Annual Budget pursuant to Article 9(4).
3. The financial statements shall be presented in Euro and shall comprise:
 - a) The balance sheet and income statement, which represent the assets and liabilities of the financial year in comparison with the prior year;
 - b) The cash flow statement of amounts collected and disbursed during the year;
 - c) The statement of changes in assets, both movable and immovable, during the year; and
 - d) Any other statements or detail recommended by the Budget Committee
4. The accounts must comply with accounting rules generally acceptable in the European Communities and must be accurate and comprehensive and, in respect of the financial statements, present a true and fair view of assets, liabilities, charges and income, entitlements and obligations not shown as assets or liabilities and cash flow; and, in respect of the budget implementation, of revenue and expenditure operations.
5. The financial statements shall be drawn up in accordance with generally accepted accounting principles in the European Communities, namely:
 - a) Going concern;
 - b) Prudence;
 - c) Consistent accounting methods;
 - d) Comparability of information;
 - e) Materiality;
 - f) No netting; and
 - g) Fair presentation.
6. ReSPA may use cash-based accounts until otherwise decided by the Governing Board on the recommendation of the Budget Committee.
7. The Budget Committee may request the Director to present other annual accounts.

Article 35 Accounting System

1. The accounting system of ReSPA is the system (computerized and/or manual) serving to organize the budgetary and financial information of ReSPA. The Accounting Officer shall adopt accounting rules and policies that follow accounting standards accepted in the European Communities. The Director shall report to the Budget Committee on the selection and operation of any computerized accounting system.
2. The accounts shall consist of general accounts and budgetary accounts and shall be kept in Euro on the basis of the ReSPA financial year.

3. The general accounts shall record in chronological order, using the double entry method, all events and operations that affect the economic and financial situation and the assets and liabilities of ReSPA. In particular:
 - a) Movements in the accounts and the balances shall be entered in the accounting ledgers;
 - b) The accounting system must be such as to leave a trail for all accounting entries; and
 - c) The Accounting Officer shall, after the close of the financial year and prior to the presentation of the accounts, make any adjustments that, without involving disbursement or collection in respect of that year, are necessary for a true and fair presentation of the accounts in compliance with the Financial Regulations.
4. The budget accounts shall provide a detailed record of budget implementation and shall record all budget revenues and expenditures.
5. The Accounting Officer shall keep property and other inventories of moveable and immovable property of ReSPA in such detail as from time to time requested by the Budget Committee.

Part XI. Independent Auditor(s) and discharge

Article 36 Independent Auditors

1. The Governing Board shall nominate an Independent Auditor pursuant to Article 15(1)(n) of the ReSPA Agreement. The Independent Auditor should be from a Member other than that of the Director.
2. The Director, in accordance with the nomination of the Governing Board, shall appoint an Independent Auditor(s) to carry out a financial audit of the annual financial statements of ReSPA, However, audits of donor and contractor managed funds shall be carried out by auditors designated and paid by the donor.
3. The Independent Auditor(s) shall be given any records requested by them and the Director shall ensure that the Independent Auditor(s) receive full cooperation from all members of the Secretariat.
4. The Independent Auditor(s) shall submit the audit report and certified accounts, together with a statement of assurance relating to the reliability of the accounts and the legality and regularity of the underlying transactions, to the Budget Committee and the Governing Board not later than 90 days after the date the accounts were submitted to them.
5. The Governing Board, on the recommendation of the Budget Committee, may decide to request the Independent Auditor(s) to conduct other audits that it considers necessary.
6. The Budget Committee and the Director may make such comments as they wish to the Governing Board on the report and documents submitted by the Independent Auditor(s).

Article 37 Discharge

1. The Governing Board, at its first session after examining the report of the Independent Auditors and their statement of assurance and after examining the certified accounts and financial statements of ReSPA, shall discharge the Director from his/her management and administrative responsibility.
2. The Director shall take all appropriate steps to act on any observations accompanying the discharge and shall report to the Governing Board on the measures taken in the light of these observations.

Part XII. Amendments to the Financial Regulations

Article 38 Amendments

The Financial Regulations may be amended by Resolution of the Governing Board taken after the Budget Committee has reported on the proposed amendment.

Part XIII. Transitional Provision

Article 39 Envelope for Core Budget

The Core Budget shall be financed by the budgets of the Members of ReSPA, each of which shall contribute an equal share. The initial envelope for the Core Budget for each Member of ReSPA shall be € 150,000 for 2010.

Part XIV. Final Provision

Article 40 Entry into force

The Financial Regulations enter into force when adopted by Resolution of the Governing Board.

--- oOo ---