

# FINANCIAL REGULATIONS OF RESPA

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## I. SCOPE

### Article 1 – Purpose and application

1. This Regulation details the essential financial 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 Title III (Budget Committee) of these financial rules, must prior approve any proposed provision in such agreements that are inconsistent with the basic budgetary principles referred to in Article 4.

### Article 2 – Definitions

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

“Check” means the verification of a specific aspect of a revenue or expenditure operation.

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

“Control” means any measure taken to provide reasonable assurance regarding the effectiveness, efficiency and economy of ReSPA operations, the reliability of reporting, the safeguarding of assets and information, the prevention and detection and correction of fraud and irregularities and their follow-up, and the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the nature of the payments concerned. Controls may involve various checks, as well as the implementation of any policies and procedures to achieve ReSPA objectives;

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

“Director” is the Head of the ReSPA Secretariat pursuant to Article 19 of the ReSPA Establishment 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 provided by donors to ReSPA for its activities and managed by the donor pursuant to Article 24 of the ReSPA Agreement.

“Financial Actors” are the Director, Operations and Finance Coordinator, Coordinator of Programme Activities and those staff members delegated by them to carry out duties pursuant to these financial rules.

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

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

“Staff Regulations” means the ReSPA Staff Regulations.

“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 authorised by the Governing Board to finance Core Budget activities and which Fund is to be repaid as soon as Contributions are made.

“ReSPA Members“ are countries which have signed ReSPA Establishment Agreement.

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 ReSPA’s financial year. 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 Establishment 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. The Director shall send notices of contributions to Members within 7 days of adoption of the Core Budget.

II. BUDGETARY PRINCIPLES

CHAPTER 1 – GENERAL PROVISION

Article 4 - Respect for budgetary principles

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, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification and sound financial management which requires effective and efficient internal control, and transparency as set out in this Regulation.

CHAPTER 2 – PRINCIPLES OF UNITY AND OF BUDGET ACCURACY

Article 5 - Scope of the budget

1. The Budget for each year forecasts and authorizes expenditures for ReSPA activities considered necessary for the proper functioning of ReSPA and achieving its goals.
2. The budget shall comprise:
  - a) The Core Budget, consisting of Member contributions;
  - 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 10.
3. The Governing Board may adopt a supplementary budget in the same way as the budget.
4. When ReSPA implements “directly managed funds” for tasks entrusted to it, it shall hold separate accounts on the revenue and expenditure operations for each agreement.

Article 6 – Principle of unity and budgetary accuracy

1. No revenue shall be collected and no expenditure authorized unless earmarked in the budget.
2. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget.

## CHAPTER 3 – PRINCIPLE OF ANNUALITY

### Article 7 – Definition

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 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.

### Article 8 – Type of appropriations

The budget shall contain administrative appropriations, which are non-differentiated and differentiated appropriations. Differentiated appropriations 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 Operations and Finance Manager by 31 December at the latest.

### Article 9 – Commitment and accounting of expenditures and revenues

1. The appropriations entered in the budget may be committed with effect from 1 January, once the budget has been definitively adopted.
2. Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December.
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.

### Article 10 – Carry-over of appropriations

1. 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 11 – Rules applicable in the event of late adoption of the budget of ReSPA

1. If the budget of ReSPA has not been definitively adopted at the beginning of the financial year, commitments and payments may be made within the following limits:
  - a) commitments and payments may be made per chapter up to a maximum of one quarter of the total appropriations authorised in the relevant chapter of the previous financial year plus one twelfth for each month which has elapsed. The limit of the appropriations provided for in the statement of estimates of revenue and expenditure shall not be exceeded. Payments may be made monthly per chapter up to a maximum of one twelfth of the appropriations authorised in the relevant chapter of the preceding financial year. That sum shall not, however, exceed one twelfth of the appropriations provided for in the same chapter in the statement of estimates of revenue and expenditure.

2. The appropriations authorised in the relevant chapter of the preceding financial year shall be understood as referring to the appropriations voted in the budget of ReSPA, including by amending budgets, and after adjustment for the transfers made during that financial year.
3. At the request of the Director, if the continuity of ReSPA action and management needs so require, the Governing Board may authorise expenditure in excess of one provisional twelfth but not exceeding the total of four provisional twelfths, except in duly justified cases, both for commitments and for payments over and above those automatically made available in accordance with paragraphs 1 and 2. The additional twelfths shall be authorised in full and shall not be divisible.
4. If, for a given chapter, the authorisation of four provisional twelfths granted in accordance with paragraph 3 is not sufficient to cover the expenditure necessary to avoid a break in continuity of action by ReSPA in the area covered by the chapter in question, authorisation may exceptionally be given to exceed the amount of the appropriations entered in the corresponding chapter of the ReSPA budget of the preceding financial year. The Governing Board shall act in accordance with the procedures provided for in paragraph 3. However, the overall total of the appropriations available in the budget of the preceding financial year or in the draft budget of ReSPA, as proposed, may in no circumstances be exceeded.

#### CHAPTER 4 – PRINCIPLE OF EQUILIBRIUM

##### Article 12 – Principle and scope

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 13 - Budget result from financial year

1. If the budget result is positive, the part of the budget result exceeding the amount of the Members contribution paid during the year shall be entered in the budget of ReSPA for the following financial year as revenue.
2. In exceptional cases, where revenues arising from fees and charges are assigned to particular items of expenditure, ReSPA may carry over the balance of fees and charges as assigned revenue for the activities related to the provision of the services for which the fees are due.
3. If the budget result is negative, it shall be entered in the budget of ReSPA for the following financial year as payment appropriations or, where appropriate, offset against positive budget result of ReSPA in the following financial years.
4. The above revenue or payment appropriations shall be entered in the budget of ReSPA during the budgetary procedure using either a letter of amendment procedure or, while implementation of the budget of the ReSPA is under way, by means of an amending budget.

#### CHAPTER 5 - PRINCIPLE OF UNIT OF ACCOUNT

##### Article 14 – Use of Euro

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

#### CHAPTER 6 - PRINCIPLE OF UNIVERSALITY

##### Article 15 – Definition and Scope

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;
  - c) discounts, refunds and rebates on individual invoices and cost statements.

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

## CHAPTER 7 - PRINCIPLE OF SPECIFICATION

### Article 16 – Definition and Scope

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 Core 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. Regarding this transfer should be taken into consideration the sum of transfers to be made on the line from which or to which transfers are being made, after adjustment for earlier transfers made.
3. Proposals for transfers and transfers carried out shall be accompanied by appropriate and detailed supporting documents showing the implementation of appropriations and estimates of requirements up to the end of the financial year, both for the headings to be credited and for those from which the appropriations are drawn.
4. 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.
5. If there is an agreement with donor, for transfers between items within same budget heading should be applied policy (articles) from donor agreement.

## CHAPTER 8 - PRINCIPLE OF SOUND FINANCIAL MANAGEMENT

### Article 16 – Principles 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 in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the appropriate price.

The principle of efficiency concerns the best relationship between resources employed and results achieved.

The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.

3. The annual work programme of ReSPA shall contain specific, measurable, achievable, relevant and timed objectives for all sectors of activity covered by the budget. The achievement of those objectives shall be monitored by performance indicators for each activity, and the information shall be provided to the Governing Board by the Director. That information shall be provided annually and at the latest in the documents accompanying the draft budget of ReSPA.
4. In order to improve decision-making, ReSPA shall undertake both *ex ante* and *ex post* evaluations of all programmes and activities which entail significant spending. Evaluation results shall be sent to the Governing Board. The Director shall prepare an action plan to follow-up on the conclusions of the evaluation(s) and report on progress regularly to the Governing Board.

#### Article 17 - Internal control of budget implementation

1. The budget shall be implemented in compliance with effective and efficient internal control.
2. For the purposes of the implementation of the budget, internal control is defined as a process applicable at all levels of management and designed to provide reasonable assurance of achieving the following objectives:
  - a) effectiveness, efficiency and economy of operations;
  - b) reliability of reporting;
  - c) safeguarding of assets and information;
  - d) prevention, detection, correction and follow-up of fraud and irregularities;
  - e) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multi-annual character of programmes as well as the nature of the payments concerned.
3. Effective internal control shall be based on best international practices and include, in particular, the following:
  - a) segregation of tasks;
  - b) an appropriate risk management and control strategy including control at recipient level;
  - c) avoidance of conflicts of interests;
  - d) adequate audit trails and data integrity in data systems;
  - e) procedures for monitoring of performance and for follow-up of identified internal control weaknesses and exceptions;
  - f) periodic assessment of the sound functioning of the internal control system.
4. Efficient internal control shall be based on the following elements:
  - a) the implementation of an appropriate risk management and control strategy coordinated among appropriate actors involved in the control chain;
  - b) the accessibility for all appropriate actors in the control chain of the results of controls carried out;
  - c) reliance, where appropriate, on independent audit opinions, provided that the quality of the underlying work is adequate and acceptable and that it was performed in accordance with agreed standards;
  - d) the timely application of corrective measures including, where appropriate, dissuasive penalties;
  - e) the elimination of multiple controls;
  - f) improving the cost-benefit ratio of controls.



## CHAPTER 9 - PRINCIPLE OF TRANSPARENCY

### Article 18 - Publication of accounts, budgets and reports

1. The Core Budget and the budget for directly managed funds shall be established and implemented and the accounts presented in accordance 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.

### III BUDGET COMMITTEE

#### Article 19 – Mandate

1. The Budget Committee, established by the Governing Board in its Resolution N° GB-M/02-2010 of 24 September 2010, 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 15 (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 16; 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 20 - 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 Establishment 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.

## IV ESTABLISHMENT AND STRUCTURE OF THE BUDGET

### CHAPTER 1 – ELEMENTS OF THE RESPA BUDGET

#### Article 21 - The Annual Budget

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

#### Article 22 - 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), staff costs, office costs, ReSPA campus related expenses, visibility activities, liability and property insurance costs, 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, also taking into account ReSPA programming documentation.

#### Article 23 - Annual and multi-annual programming

1. ReSPA shall draw up a multi-annual and annual programming document.
2. The multiannual programme shall set out:
  - overall strategic programming including objectives, expected results and performance indicators;
  - human-resource programming including multi-annual budget and staff.

The resource programming shall include qualitative and quantitative information on the human resource and budgetary matters for the reporting purposes, in particular:

  - for the years n-1, n and n+1, the information on, the number of staff as defined in the Staff Regulations as well as seconded national experts;
  - for the year n, an estimate of the budgetary operations within the meaning of Article 60;
  - for the year n+2, estimate of the number of staff as defined in the Staff Regulations;
  - for the following years, an indicative budget and staff resource programming.
3. The resource programming shall be updated annually. The strategic programming shall be updated where appropriate, and in particular to address the outcome of undertaken evaluations.
4. The annual work programme of ReSPA shall comprise detailed objectives and expected results including performance indicators. It shall also contain a description of the action(s) to be financed and an indication of the amount of financial and human resource allocated to each action. The annual work programme shall be coherent with the multi-annual programme referred to in paragraph 1. It shall clearly indicate which tasks of the ReSPA have been added, changed or deleted in comparison with the previous financial year.
5. Any substantial amendment to the annual work programme shall be adopted by the same procedure as the initial work programme, in accordance with the financial rules, particularly Article 24 of these financial rules. The Governing Board may delegate the power to make non-substantial amendments to the annual work programme to the Director of ReSPA.

### CHAPTER 2 - ESTABLISHMENT AND STRUCTURE

#### Article 24 - 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 25 - 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.

### V IMPLEMENTATION OF THE BUDGET

#### CHAPTER 1 – GENERAL PROVISIONS

#### Article 26 - The Director role in implementation of the budget

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 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 15(4) on the exercise of duties that have been contracted out pursuant to this Article.

#### Article 27 - Delegation of budget implementation powers

The Director may delegate the powers of budget implementation to ReSPA staff covered by the Staff Regulations, in accordance with the conditions laid down in the financial rules of ReSPA adopted by the Governing Board. Those so empowered may act only within the limits of the powers expressly conferred upon them.

1. The powers which the Director delegates, allows the holders:
  - a) making budgetary and legal commitments as well as carrying out the preliminaries for these commitments,
  - b) validating and authorising expenditure,
  - c) Establishing amount receivable (including making financial corrections), and issuing recovery orders, waving recovery and cancelling established amounts receivables,
  - d) preparing purchase order requests, terms of reference and technical specifications
  - e) taking individual decisions on the procurement contracts,
  - f) proposing transfers of appropriations,
  - g) selling assets placed under their responsibility.

The powers delegated may allow the ReSPA staff to carry out only some of the specific acts referred to above.

2. The tasks and responsibilities which are inherent to the position of the Director may not be delegated, in particular:
  - a) the general responsibility for implementing revenue and expenditure in accordance with the principle of sound financial management and for ensuring that the requirements of legality and regularity are fulfilled;
  - b) the general responsibility for putting in place the organisational structure and the internal management and control procedures suited to the performance of his duties, including where appropriate ex post verifications in accordance with Article 31;
  - c) the obligation to take the necessary measures in the cases of the possible irregularities, bad financial management or failure to abide by professional rules;
  - d) provision of the Consolidated Annual Activity Report (AAR) and the annexes thereto, in accordance with Article 35(2) of the Financial Rules;
  - e) the waiving of amounts receivable exceeding EUR 5,000;
  - f) the signing of public contracts concluded jointly with ReSPA Members.

#### Article 28 - 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 29 - 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.

### CHAPTER 2 – FINANCIAL ACTORS

#### Article 30 – Segregation of duties

The duties of Director, Coordinator of Programme activities and Programme Managers on one hand and Operations and Finance Manager on the other hand, shall be segregated and mutually exclusive.

## CHAPTER 3 – DIRECTOR

### Article 31 - Powers and duties of Director

1. The Director shall be responsible for authorizing the implementation of revenue and expenditure in accordance with principles of sound financial management and ReSPA's rules of procedures for procurement adopted by Governing Board which shall ensure that the requirements of legality and regularity are respected and shall act in the manner set out in these Regulations.
2. For the purposes of paragraph 1, the Director shall, in accordance with the minimum standards adopted by the Governing Board, and having due regard to the risks associated with the management environment and the nature of the action financed, put in place the organisational structure and the internal control systems suited to the performance of the duties of the Director. The Director shall report to the Budget Committee on the systems put in place in the interim and annual reports referred to in Article 35 or as requested by the Budget Committee.
3. The Director 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.
4. To implement expenditure, the Director shall make budgetary and legal commitments, shall validate expenditure and authorise payments and shall undertake the preliminary steps for the implementation of appropriations.
5. Implementation of revenue shall comprise drawing up estimates of amounts receivable, establishing entitlements to be recovered and issuing recovery orders. It shall involve waiving established entitlements, where appropriate.
6. The Director may instruct the Operations and Finance Manager to open a bank account in the name of ReSPA for the deposit of revenues and may authorise the placement by ReSPA's Bank of funds not immediately needed for operational purposes into secure short-term interest bearing deposits.
7. Director may, with recommendation by the Budget Committee and upon approval from the Governing Board, obtain short-term financing to overcome operational cash flow problems caused by late payment of contributions from Members.
8. Director shall request prior approval of the Governing board when is signing contracts with donors.

### Article 32 - Management and internal control procedures

1. The management and internal control systems and procedures shall be designed to:
  - a) achieve the objectives of the policies, programmes and actions of ReSPA in accordance with the principle of sound financial management;
  - b) comply with the rules and minimum control standards established by the institution;
  - c) safeguard ReSPA assets and information;
  - d) prevent and detect irregularities, errors and fraud;
  - e) identify and prevent management risks and manage them effectively;
  - f) ensure reliable production of financial and management information;
  - g) keep supporting documents relating to and subsequent to budget implementation and budget implementation measures;
  - h) keep documents relating to advance guarantees for the institution and keep a log to enable such guarantees to be adequately monitored.
2. 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;

- d) such documents to be kept for at least five years from the date on which the Governing Board grants discharge for the budgetary year to which the documents relate.

#### Article 33 – Ex ante controls

1. Each operation referred to in Article 32 shall be subject at least to an *ex ante* control based on a desk review of documents and on the available results of controls already carried out, relating to the operational and financial aspects of the operation. *Ex ante* controls shall comprise the initiation and the verification of an operation.
2. Initiation of an operation shall be understood as all the operations which are preparatory to the adoption of the acts implementing the budget by the Director and other ReSPA staff.
3. *Ex ante* verification of an operation shall be understood as all the *ex ante* checks put in place by the Director in order to verify the operational and financial aspects.
4. *Ex ante* controls shall verify the coherence among supporting documents requested and any other information available. The extent in terms of frequency and intensity of the *ex ante* controls shall be determined by the Director taking into account risk-based and cost-effectiveness considerations. In case of doubt, the Director responsible for validating the relevant payment shall request complementary information or perform an on-the-spot control in order to obtain reasonable assurance as part of the *ex ante* control.
5. The purpose of the *ex ante* controls shall be to ascertain that:
  - (a) the expenditure is in order and complies with the provisions applicable;
  - (b) the principle of sound financial management set out in Articles 16 and 17 has been applied.
6. For the purpose of controls, a series of similar individual transactions relating to routine expenditure on salaries, reimbursement of mission expenses and medical expenses may be considered by the Director to constitute a single operation.
7. For a given transaction, the verification shall be carried out by staff other than those who initiated the operation. The staff who carry out the verification shall not be subordinate to the members of staff who initiated the operation.

#### Article 34 – Ex post controls

1. The Director may put in place *ex post* controls to verify operations already approved following *ex ante* controls. Such controls may be organised on a sample basis according to risk.
2. The *ex post* controls may be carried out on the basis of documents and, where appropriate, on the spot.

The *ex post* controls shall verify that operations financed by the budget are correctly implemented and in particular that the criteria referred to in Article 33 are complied with.

The outcomes of *ex post* controls shall be reviewed by the Director at least annually to identify any potential systemic issues. The Director shall take measures to address those issues.

The risk analysis referred to in paragraph 1 shall be reviewed in the light of the results of controls and other relevant information.

In case of multi-annual programmes, the Director shall establish a multi-annual control strategy, specifying the nature and extent of controls over the period and the manner how the results are to be measured year-on-year for the annual assurance process.

3. The *ex ante* controls shall be carried out by staff other than those responsible for the *ex post* controls. The staff responsible for the *ex post* controls shall not be subordinate to the members of staff responsible for the *ex ante* controls.

4. Staff responsible for controlling the management of financial operations referred to in paragraph 3 shall have the necessary professional skills. They shall respect a specific code of professional standards adopted by ReSPA.

#### Article 35 – Annual Activity Reporting

1. The Director shall report to the Governing Board through the Budget Committee in six-monthly and annual activity reports together with interim and annual accounts.
2. Within 60 days following completion of the financial year the Director shall report on the performance of duties in the form of a consolidated annual activity report containing:
  - a) information on:
    - the implementation of ReSPA's annual work programme, budget and staff resources
    - management and internal control systems, including the summary of any additional audits undertaken by the external auditor as referred to in Article 61;
    - the accounts and the report on budgetary and financial management.
  - b) a declaration of the Director stating whether a reasonable assurance can be given that unless otherwise specified in any reservations related to defined areas of revenue and expenditure:
    - the information contained in the report presents a true and fair view;
    - the resources assigned to the activities described in the report have been used for their intended purpose and in accordance with the principle of sound financial management;
    - the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

The consolidated annual activity report shall indicate the results of the operations by reference to the objectives set, the risks associated with the operations, the use made of the resources provided and the efficiency and effectiveness of the internal control systems, including an overall assessment of the costs and benefits of controls.

3. An interim report for the first six months of the financial year shall be submitted to the Budget Committee at its first session in the second half of the year.
4. Additional reporting requirements may be determined by the Governing Board, in particular when it is required by the nature of the field in which ReSPA operates.

#### Article 36 - Protection of ReSPA Member and directly managed funds financial interests

1. If a member of staff, involved in the financial management and control of transactions, considers that a decision he/she is required by his superior to apply or to agree to is irregular or contrary to the principles of sound financial management or the professional rules which that member of staff is required to observe, he/she shall inform the Director in writing who shall reply in writing. If the Director fails to take action or confirms the initial decision or instruction and the member of staff believes that such confirmation does not constitute a reasonable response to his concern, the member of staff shall inform the Governing Board in writing.
2. In the event of any illegal activity, fraud or corruption which may harm the interests of ReSPA, the member of staff shall inform the authorities and bodies designated by the applicable legislation. Contracts with external auditors carrying out audits of the financial management of ReSPA shall provide for an obligation of the external auditor to inform the Authorising Officer of any suspected illegal activity, fraud or corruption which may harm the interests of ReSPA.
3. Staff members may submit any allegations of perceived irregularities in confidence to the Chair of the Governing Board, with a copy to the Independent Auditor(s). Retaliation against whistleblowers is prohibited.
4. The Director shall report to the Governing Board on the feasibility of the establishment of a cooperative agreement with other regional organisations for an institution to investigate whistleblower complaints.

#### Article 37 - Powers and duties of the Operations and Finance Manager - Coordinator

1. The Governing Board shall take note on appointment of person on the position of Operations and Finance Manager - Coordinator, by the Director covered by the Staff Regulations, and chosen on the grounds of particular competences as evidenced by diplomas or by equivalent professional experience, who shall be totally independent in the performance of duties. The Operations and Finance Manager shall be responsible in ReSPA for:
  - (a) properly implementing payments, collecting revenue and recovering amounts established as being receivable;
  - (b) preparing and presenting the accounts in accordance with Article 60;
  - (c) keeping the accounts in accordance with Article 60;
  - (d) laying down the accounting procedures and the chart of accounts, in accordance with Article 60;
  - (e) laying down and validating the accounting systems and, where appropriate, validating systems laid down by the Director to supply or justify accounting information; in this respect, the Operations and Finance Manager shall be empowered to verify at any time compliance with validation criteria;
  - (f) treasury management;
  - (g) authorisation of payment and co-signature of payments orders with Director or Coordinator – Programme Managers
  - (h) validating of expenditure and appropriations related to Core Budget;
  - (i) approval of entry suppliers data in the system
  - (j) preparation of interim and annual financial report regarding Core Budget and directly managed funds and submission of those for Director's approval.
2. The Operations and Finance Manager - Coordinator shall obtain from the Director and Programme Manager - Coordinator all the information necessary for the production of accounts which give a true and fair view of ReSPA's financial situation and of budgetary implementation. Director and Programme Manager - Coordinator shall guarantee the reliability of that information.

For that purpose, the Operations and Finance Manager - Coordinator shall verify that the accounts have been prepared in accordance with the adopted accounting rules, referred to in Article 60 and that all revenue and expenditure is entered in the accounts. The Director and Coordinator of Programme activities shall forward any information that the Operations and Finance Coordinator needs in order to fulfil his/her duties.

The Director shall remain fully responsible for the proper use of the funds managed, the legality and regularity of the expenditure under their control and the completeness and accuracy of the information forwarded to the Operations and Finance Manager - Coordinator.

3. The Operations and Finance Manager - Coordinator shall be empowered to check the information received as well as to carry out any further checks he deems necessary in order to sign off the accounts.

The Operations and Finance Manager shall make reservations, if necessary, explaining exactly the nature and scope of such reservations.
4. Before the adoption of the final accounts by the Director, Operations and Finance Manager - Coordinator shall sign them off, thereby certifying that the Operations and Finance Manager has reasonable assurance that the accounts present a true and fair view of the financial situation of ReSPA.
5. Operations and Finance Manager - Coordinator shall be responsible to manage cash and cash equivalents. The Operations and Finance Manager shall be responsible for their safekeeping.
6. Subject to the prior approval of the Director, Operations and Finance Manager - Coordinator may, where this is indispensable for the performance of duties, delegate certain tasks to subordinate staff subject to the Staff Regulations, who may act only within the limits of their written authority and who shall be responsible for the proper exercise of their functions.

#### Article 38 - Termination of duties of the Operations and Finance Manger- Coordinator

1. A trial balance shall be drawn up without delay in the event of termination of the duties of the Operations and Finance Manager- Coordinator.
2. The trial balance accompanied by a handing over report shall be transmitted by the Operations and Finance Manager- Coordinator who is terminating his duties or, if it is not possible, by a relevant staff



member to the new Operations and Finance Manager - Coordinator. The new Operations and Finance Manager- Coordinator shall sign the trial balance in acceptance within one month from the date of transmission and may make reservations, as required.

3. The handing over report shall also contain the result of the trial balance and any reservations made.

#### Article 39 - Methods of payment

Payments shall be made by bank credit transfer, by cheque or cash on hand or with debit card.

#### Article 40 - Legal Entity Files

1. The Operations and Finance Manager - Coordinator may make payments by bank credit transfer only if the payee's bank account details and information confirming the payee's identity, or any modification, have first been entered in the "third parties" file of ReSPA.

Any such entry in the file of the payee's legal and bank account details or modification of those details shall be based on a supporting document, the form of which shall be defined by the Operations and Finance Manager.

2. With a view to payment by bank credit transfer, Director and Programme Manager - Coordinator may enter into a commitment towards a third party on behalf of ReSPA only if that third party has provided the documentation required for its entry in the file.
3. Director, Programme Manager- Coordinator and Programme Managers shall inform the Operations and Finance Manager - Coordinator of any change in the legal and bank account details communicated to them by the payee and shall check that these details are valid before a payment is made.

#### Article 41 - Keeping of supporting documents by the Operations and Finance Manager- Coordinator

Supporting documents for the accounting system and for the preparation of the accounts, shall be kept for at least five years from the date on which the Governing Board 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. ReSPA shall decide in which organisational section the supporting documents are to be kept.

#### Article 42 - Treasury management

1. The Operations and Finance Manager- Coordinator shall ensure that ReSPA has at its disposal sufficient funds to cover the cash requirements arising from budgetary implementation.
2. For the purposes of paragraph 1, the Operations and Finance Manager- Coordinator shall establish cash management systems enabling the drawing up of cash-flow forecasts.

#### Article 43 - Management of bank accounts

1. For the requirements of treasury management, the Operations and Finance Manager- Coordinator may open accounts in the name of ReSPA with financial institutions or cause such accounts to be opened. In duly warranted circumstances, the Operations and Finance Manager- Coordinator may open accounts in currencies other than the euro.
2. The Operations and Finance Manager- Coordinator shall be responsible for closing accounts referred to in the paragraph 1 or for ensuring that such accounts are closed.
3. The Operations and Finance Manager- Coordinator shall set the operating terms for accounts referred to in paragraph 1 with financial institutions, in accordance with the principles of sound financial management, efficiency and competitive tendering.
4. At least every five years the Operations and Finance Manager- Coordinator shall re-launch competitive tendering between financial institutions with which accounts could be opened in accordance with paragraph 1.

5. The Operations and Finance Manager - Coordinator shall ensure strict compliance with the operating terms for accounts opened with financial institutions in accordance with paragraph 1.

#### Article 44 - Signatures on accounts

1. 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 at least two members of staff who are authorized by ReSPA Staff Regulations.
2. For the purposes of the first subparagraph, the Operations and Finance Manager- Coordinator shall communicate to all financial institutions with which ReSPA has opened accounts the names and specimen signatures of the authorised members of staff.

### CHAPTER 5 – PROGRAMME MANAGER - COORDINATOR

#### Article 45 – Powers and duties of Programme Manager - Coordinator

The Governing Board shall take note for appointment of person on the function of Programme Manager - Coordinator, by the Director, covered by the Staff Regulations, and chosen on the grounds of particular competences as evidenced by diplomas or by equivalent professional experience, who shall be totally independent in the performance of duties. The Programme Manager - Coordinator should be appointed by the Director and should be mainly responsible for monitoring of realization of Programme Activities which are defined by Article 5 of Agreement of Establishing ReSPA.

The Programme Manager- Coordinator should be responsible in ReSPA for:

- a) achievement the objectives of programmes and actions of ReSPA under directly managed fund in accordance with the principle of sound financial management and ReSPA's rules of procedures adopted by Governing Board.
- b) expenditure commitments related to activities under directly managed fund;
- c) authorisation of payments and co-signature of payments orders with Director or Operations and Finance Manager - Coordinator;
- d) validation of invoices related to programme activities which exceed EUR 2.500;
- e) submission of final narrative report of Programme Activities for Director's approval on interim and annual level. In those reports, the Programme Manager - Coordinator should describe in detail realization of Programme Activities in the form specified by donors' agreement;
- f) monitoring of realization of programme activities;

The Programme Manager - Coordinator 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.

### CHAPTER 6 – PROGRAMME MANAGER

#### Article 46 – Powers and duties of Programme Manager

Director should appoint Programme Manager, covered by the Staff Regulations and chosen on the grounds of particular competences as evidenced by diplomas or by equivalent professional experience. In ReSPA organisational structure Programme Manager should be responsible for:

- a) initiations of commitments in line with Annual Work Programme of ReSPA;
- b) assuring that all Programme activities are performed with principles of sound financial management and to follow adopted ReSPA's procurement rules and procedures while performing tasks for Programme Activities;

- c) validation of invoices connected to programme activities below EUR 2.500
- d) monitoring programme activities progress;

## CHAPTER 7 – RESPONSIBILITY OF FINANCIAL ACTORS

### Article 47 - 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. Financial actors, including the Director, Operations and Finance Manager, Coordinator - Programme Manager and Programme Managers shall be liable of payment of compensation as laid down in the Staff Regulations, as 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 ReSPA staff member 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.

## VI REVENUE OPERATIONS

### Article 48 - Treatment of revenue

1. ReSPA shall receive contributions from Members, fees for its 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.

## VII EXPENDITURE OPERATIONS

### Article 49 - Process leading to payment

1. Every item of expenditure shall be subject of:
  - a) budgetary commitment;
  - b) verification;
  - c) legal commitment;
  - d) validation of expenditure/invoice;
  - e) authorization for payments.
2. Every commitment of expenditure shall be justified. However, the annual Programme of Work 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 50 – Types of commitments of expenditure

1. A *budgetary* commitment is the operation by which the appropriation necessary to cover subsequent payments to honour legal commitments is reserved.

A *legal* commitment is the act whereby the Director, Programme Manager - Coordinator and Operations and Finance Manager -Coordinator enter into or establish an obligation which results in a charge.

2. Budgetary commitments shall fall into one of the following three categories:
  - a) individual: the budgetary commitment is individual when the recipient and the amount of the expenditure are known;
  - b) global: the budgetary commitment is global when at least one of the elements necessary to identify the individual commitment is still not known;
  - c) provisional: the budgetary commitment is provisional when it is intended to cover routine administrative expenditure and either the amount or the final payees are not definitively known.

The provisional budget commitment shall be implemented either by the conclusion of one or more individual legal commitments giving rise to an entitlement to subsequent payments or, in exceptional cases relating to expenditure on staff management, directly by payments.

3. Budgetary commitments for actions extending over more than one financial year may be broken down over several years into annual instalments only where the basic act so provides or where they relate to administrative expenditure.

When adopting a budget commitment the Director, Programme Manager - Coordinator and Operations and Finance Manager-Coordinator 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.

Administrative expenditure arising from contracts covering periods that extend beyond the financial year, either in accordance with local practice or relating to the supply of equipment, shall be charged to the budget of the financial year in which it is effected.

#### Article 51 - Global and provisional commitments

1. The global budget commitment shall be implemented either by the conclusion of a financing agreement, itself providing for the subsequent conclusion of one or more legal commitments, or by the conclusion of one or more legal commitments.
2. Financing agreements in the field of financial assistance and budgetary support which constitute legal commitments may give rise to payments without the conclusion of other legal commitments.
3. The provisional budget commitment shall be implemented either by the conclusion of one or more legal commitments giving rise to an entitlement to subsequent payments or, in cases relating to expenditure on staff management or on communications activities engaged in by ReSPA for the coverage of events, directly by payments.
4. A global commitment shall be made on the basis of a financing decision.

#### Article 52 - Administrative expenditure covered by provisional commitments

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

- expenditure on ReSPA Secretariat Members, on other human resources and on the remuneration of experts;
- expenditure relating to Governing Board and Subsidiary Body Members;
- training expenditure;
- expenditure on competitions, selection and recruitment;
- mission expenses;
- representation expenses;
- meeting expenses;
- freelance interpreters and translators;

- recurring rentals of movable and immovable property;
- miscellaneous insurance;
- cleaning, maintenance and security;
- welfare and medical expenditure;
- the use of telecommunications services;
- financial charges
- outsourcing of accounting services
- exchanges of officials;
- legal expenses;
- damages, including interest;
- work equipment;
- water, gas and electricity;
- publications on paper or in electronic versions;
- communication activities engaged in by ReSPA for the coverage of ReSPA events.

#### Article 53 – Verification of transactions

Verification of transaction is the act whereby Director, Programme Manager - Coordinator, Operations and Finance Manager and Programme Manager:

- (a) ensure that appropriations are available
- (b) ensure that expenditure have been charged to the correct item in budget
- (b) verify that process of procurement has been performed in accordance with principles of sound financial management

#### Article 54 – Validation of expenditure/invoice

Validation of expenditure is the act whereby Director, Programme Manager - Coordinator, Operations and Finance Manager and Programme Managers:

- (a) verify the existence of the creditor's entitlement;
- (b) determine or verifies the reality and the amount of the claim;
- (c) verify the conditions according to which payment is due.

#### Article 55 - Authorisation of payments

Authorization of expenditure is the act whereby Director, Programme Manager - Coordinator and Operations and Finance Manager, having verified that the appropriations are available and authorized for payment expenditure that has been validated.

The payment order shall be dated and approved by two authorized members of staff who may be: Director, Operations and Finance Coordinator and Coordinator – Programme Manager.

#### Article 56 – Types of payments

1. Payment shall be made on production of proof that the relevant action has been carried out in accordance with the provisions of the financial rules or the contract, and shall cover one of the following operations:
  - (a) payment of the entire amount due;
  - (b) payment of the amount due in any of the following ways:
    1. pre-financing, which may be divided into a number of payments after the signature of the contract;
    2. one or more interim payments as a counterpart of a partial execution of the action;
    3. payment of the balance of the amounts due where the action is completely executed.
2. A distinction shall be made in the budgetary accounting between the different types of payment referred to at the time each payment is made.

## VIII IT SYSTEMS AND E-GOVERNMENT

#### Article 57 - Electronic management of operations

1. The ReSPA computer system used for managing revenue and expenditure operations may allow for documents to be signed by a computerised or electronic procedure.
2. The Director shall report to the Budget Committee on the selection and operation of any computerised accounting system.

#### Article 58 - e-Government

ReSPA shall establish and apply uniform standards for the electronic exchange of information with third parties participating in procurement procedures. In particular, it shall, to the extent possible, design and implement solutions for the submission, storage and processing of data submitted in procurement procedures.

### IX PROCUREMENT

#### Article 59 - 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 ReSPA's rules and procedures adopted by Governing Board. These rules and procedures which regulates procurement are prepared in accordance with latest version of PRAG.

1. The Director may recommend to Governing Board to adopt changes in ReSPA's rules and procedures for procurement which may deviate from PRAG and are more appropriate to the needs of ReSPA. These changes may not be in conflict with donor agreements.
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 coordination of contracting procedures with other organizations in the region. The Director may recommend formal linkages to such organizations in matters of procurement.

### X PRESENTATION OF THE ACCOUNT AND ACCOUNTING

#### Article 60 - 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 15 (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

The notes to the financial statements shall supplement and comment on the information presented in the financial statements and shall supply all the additional information prescribed by internationally accepted accounting practice relevant to ReSPA's activities.

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 61 - 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 Operations and Finance Manager 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 Operations and Finance Manager 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 Operations and Finance Manager 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.

#### Article 62 - Budgetary implementation reports

- 1. The budgetary implementation reports shall be presented in euro. They shall consist of:
  - a) reports which aggregate all budgetary operations for the year in terms of revenue and expenditure;
  - b) explanatory notes, which shall supplement and comment on the information given in the reports, if required.
- 2. The budget result shall consist of the difference between:

- all the revenue collected in respect of that financial year;
  - the amount of payments made against appropriations for that financial year increased by the amount of the appropriations for the same financial year carried over.
3. The structure of the budgetary implementation reports shall be the same as that of the budget of ReSPA itself.

Article 63 - Approval of the accounts

1. The Director shall present the accounts 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 48. The Budget Committee and Governing Board shall give an opinion on the accounts.
2. The Operations and Finance Manager shall also send to the Budget Committee, on the same date as the transmission of the final accounts, a representation letter covering those final accounts in which it is declared that the final accounts were prepared in accordance with these financial rules and with the applicable accounting principles, rules and methods.

XI INDEPENDENT AUDITOR AND DISCHARGE

Article 64 - 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 65 – 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.

XII TRANSITIONAL AND FINAL PROVISIONS

Article 66 – Amendments



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

Article 67 - 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 as of 2010.

Article 68 - Entry into force

The Financial Regulations shall enter into force when adopted by Resolution of the Governing Board, but these Financial Regulations shall be implemented after the period of 180 days after their entry into force. Until the implementation of these Financial Regulations, the rules from the Financial Regulations adopted by the Governing Board Resolution GB-M/02-2010 of 24 September 2010 shall be applied.



## **RESOLUTION OF THE RESPA GOVERNING BOARD N°GB-SL R/03-2018**

1. Having regard to Article 11(2) and 15(1)h) of the Agreement Establishing the Regional School of Public Administration (ReSPA),
2. Having regard to Article 5(2) of the Rules of Procedure of the ReSPA Governing Board,
3. *Whereas*, the Budget Committee, at its 22<sup>nd</sup> Session held on 20 March 2018 in Tirana, recommended adoption of the amendments of the Financial Regulations as set below,

Now, therefore, the Governing Board has, upon the recommendation of the Budget Committee, by unanimity, decided:

- To amend the Financial Regulations of ReSPA adopted by its Resolution N° GB-SL R/06-2016 of 9 December 2016, as follows:
  1. Article 2, Point 9. is replaced and reads as follows: ““Financial Actors” are the Director, Operations and Finance Manager - Coordinator, and those staff members delegated by them to carry out duties pursuant to these financial rules.”;
  2. Article 22(1) b) is replaced and reads as follows: “The expenditures from the Core Budget shall include the costs of the Independent Auditor(s), Authorizing Officer (Director) and Accounting Officer (Operations and Finance Manager - Coordinator), staff costs, office costs, ReSPA campus related expenses, visibility activities, liability and property insurance costs, contributions to the Working Capital Fund and such other expenditures as authorized by the Governing Board by Resolution.”;
  3. Article 23(2), Subparagraph 2, Point 2. is replaced and reads as follows: “for the year n, and n+1 an estimate of the budgetary operations;”;
  4. Article 24(1) is replaced and reads as follows: “The Director shall present to the Budget Committee for its review a draft annual budget for year n and n+1, prior to the third regular session of the Governing Board in the year preceding that of the draft budget.”
  5. Article 30 is replaced and reads as follows: “The duties of Director, on the one hand, and Operations and Finance Manager – Coordinator, on the other hand, shall be segregated and mutually exclusive.”
  6. Article 33(2) is replaced and reads as follows: “Initiation of an operation shall be understood as all the operations which are preparatory to the adoption of the acts implementing the budget by the Director and Operations and Finance Manager -

Coordinator.”

7. In Article 37(1)g) the following words are deleted: “Programme Manager – Coordinator”;
8. In Article 37(1)h) the following words are deleted: “related to Core Budget”
9. Article 37(1)j) is replaced and reads as follows: “performance of financial controlling within the meaning of Article 32 and Article 33, ensuring that accounting allocations are appropriately made and documented, and oversee account payable/receivable, cash disbursement, pay roll and bank reconciliation functions, and prepares and adopts interim and annual financial report and submission of those for Director’s authorization”;
10. Throughout Article 37(2) the following words are deleted: “and Programme Manager – Coordinator”;
11. Article 37(4) is replaced and reads as follows: “Before the authorisation of the final accounts by the Director, the Operations and Finance Manager - Coordinator shall sign them off, adopting them and thereby certifying that the Operations and Finance Manager - Coordinator has reasonable assurance that the accounts present a true and fair view of the financial situation of ReSPA.”
12. In Article 37(5), at the end of the second sentence, are added the following words: “and safekeeping of assets”;
13. In Article 40(2) the following words are deleted: “and Programme Manager – Coordinator”;
14. In Article 40(3) the following words are deleted: “Programme Manager – Coordinator and Programme Managers”;
15. In Article 41(2) the following words are deleted: “ReSPA shall decide in which organisational section the supporting documents are to be kept.”;
16. Article 45(2)b) is replaced and reads as follows: “initiations of commitments related to organisation of programme activities”;
17. Article 45(2)c) is deleted;
18. Article 45(2)d) becomes Article 45(2)c) and is replaced and reads as follows: “validation of invoices in accordance with the internal control procedures”;
19. Article 45(2)e) becomes Article 45(2)d);
20. Article 45(2)f) becomes Article 45(2)e);

21. Article 46.a) is replaced and reads as follows: "initiations of commitments related to organisation of program activities";
22. Article 46.c) is replaced and reads as follows: "validation of invoices in accordance with the internal control procedures";
23. Article 47(1) is replaced and reads as follows: "The responsibility of any staff member acting under the Financial Regulations is personal and, subject to the procedures in the Staff Regulations. Financial actors, including the Director, Operations and Finance Manager - Coordinator shall be liable of payment of compensation as laid down in the Staff Regulations, as result of misconduct in the course of, or in connection with, performance of duties pursuant to the Financial Regulations.";
24. Article 50(1), Subparagraph 2, is replaced and reads as follows: "A *legal* commitment is the act whereby the Director, enters into or establishes an obligation which results in a charge. ";
25. In Article 50(3), Subparagraph 2, the following words are deleted: "Director, Programme Manager - Coordinator and";
26. Article 55 is replaced and reads as follows:  
"1. Authorization of expenditure is the act whereby the Director and Operations and Finance Manager, having verified that the appropriations are available, authorise the payment of an expenditure that has been validated. The payment order shall be dated and approved by both the Director and Operations and Finance - Coordinator.  
2. Exceptionally, the payment order shall be authorised by at least one of the financial actors referred to in the previous paragraph, if the payment in the amount not above 3.000,00 EUR is effectuated via use of a credit/debit card, or through the cash withdrawals from the bank account. "
27. In Article 58, after the word "ReSPA" is inserted as follows: ", within the available budget resources,".
- This Resolution enters into force on the date of its adoption.

Done at Danilovgrad, 20 April 2018

Ms Selma Džihanović Gratz  
  
Chair of the Governing Board at  
Senior officials' level