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BUDGET COMMITTEE/COMITE DU BUDGET
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Room 7/Salle 7, Palais de l'Europe

**COMPILATION OF COMMENTS MADE BY MEMBERS OF THE BUDGET COMMITTEE ON
THE DRAFT REVISED FINANCIAL REGULATIONS**

**COMPILATION DES COMMENTAIRES DES MEMBRES DU COMITE AU SUJET DU PROJET
DE REGLEMENT FINANCIER REVISE**

The Budget Committee is invited:

to take note of the comments made by certain members of the Committee with a view to formulating recommendations on the revised Financial Regulations.

Le Comité est invité à :

Prendre note des commentaires faits par des membres du Comité en vue de formuler des recommandations sur le Règlement Financier révisé.

Comments by Mr Hjalmarsson

1. The draft CM(2011)25, p. 1 footnote 7 should probably read See SG/Inf(2011)3rev.

2. *Article 1*

There should be an explicit definition of what the Organisation is. The first indent should read:

- *the programme and budget of the Council of Europe (hereafter the Organisation);*

The Treasurer should not be mentioned last in the article but in connection with the management of the budget. The Treasurer could be mentioned last in indent three.

3. *Article 2bis*

A cornerstone of the reform is that the budget and the programme are unified into one document called the Programme and Budget (See foreword of the SG in CM(2010)130). Consequently the document should be described in a unified manner. This means that para 1 and 2 should be brought together. The expression *strategic objectives* is used. I am not aware of any special strategic objectives in the budget system. There are just objectives for which there are expected results and performance indicators. The para should read like this.

1. The programme and budget is the document whereby the Committee of Ministers lays down the objectives along with expected results and performance indicators, and authorises the receipts and expenditure of the Organisation.

Para 2 is deleted.

In para 4 the word *the* before budget should be deleted since it is one document.

4. *Article 4*

Para 1: Article 9 is dealing only with receipts. Either the reference in article 4 para 1 is deleted or the reference to article 9 is placed directly after the word receipts. Further, the CoE has a number of budgets, not just one budget (see article 19). Consequently, the word *the* before budget should be replaced by *a*. Or, *in one of the budgets* of the CoE.

Provide examples of when and how funds are allocated directly to a specific purpose (para 3).

5. *Article 5*

Should be deleted since it adds nothing to what is said in article 26. The matter is treated at a more logical place in article 26.

6. *Article 6*

The article is incomplete in several respects. For instance, is any carry-forward allowed if no exceptional circumstances are at hand? Should carry-forward be possible for all expenditure categories? Could exceptional circumstances relate to CoE own staff expenditure? It would probably be difficult to increase staff expenditure on posts or positions just for a single year. If carry-forwards are allowed from an appropriation where transfers have already been carried out the financial picture gets blurred. Therefore, no carry-forward should be allowed in such cases. There are no dates mentioned. For practical reasons (closing of the books, production of accounts, audit) a decision to allow carry-forward of funds must be taken quite early in the new year.

The article could read like this.

1. The SG may be authorised to carry forward to the second financial year non-staff appropriations for the first financial year concerning specific activities which are behind schedule due to clearly described exceptional circumstances, with a view to implementing the activities during the second financial year. If funds have been transferred to or from an appropriation according to article 31 no carry-forward is allowed for this appropriation. Authorisation for a carry-forward shall be given by the CM before 1 March of the second financial year after seeking an opinion from the BC.

2. An unspent appropriation for the first financial year not complying with the conditions in paragraph 1 cannot be carried forward to the second year of the biennium.

3. The carry-forward of unspent appropriations from one biennium to the next shall not be made. However, the CM may upon request of the SG under clearly described exceptional circumstances before 1 March authorise such a carry-forward of an appropriation which does not include normal running expenses of the Organisation after seeking an opinion of the BC.

4. Unspent appropriations which are not carried forward shall be cancelled and be dealt with according to the provisions in article 70.

Should there be a reference to article 13 para 3? Voluntary contributions etc. seem to be automatically carried forward.

I also want to point out that there is no definition of the word *appropriation*. It probably means an amount of resources intended to be used for a specific purpose (a budget line). Does this mean that an appropriation is at the level of vote, programme, head or sub-head (see below article 25)? See for instance the glossary of terms attached to the OECD FR. There should be an explicit definition included also in the CoE FR covering all its budgets.

The issue of carry-forwards should not be handled at this place in the FR. The proper place would be under Chapter 3 immediately before or after article 31.

7. Article 7

Part V just deals with the accounts. The SG shall also render account concerning the achieved non-financial results. See proposed new article 64bis. Article 7 should be expanded to include also achieved non-financial results.

8 Article 8

Para 1 and 2: The word *budget* should be replaced by the expression the *programme and budget*.

9. Article 9

Why is the word *income* used? Should it not be *receipts* (see article 4 para 1).

Is what is said in the article compatible with the content of article 13? Are donations, legacies, joint financing etc. included in Miscellaneous?

10. Article 10

In para 1 the word *budget* should be replaced with the expression the *programme and budget*.

11. Article 12

Para 5: The word *budgetary* can be deleted. Covered by article 4.

12. Article 13

Para 3: Are VC, donations and legacies and JF actually allocated to/included in the relevant budgets and budget sub-heads? Isn't most money of this kind kept in special accounts? Is really the word *committed* the right one? Isn't it rather a matter of whether the financial accounts and the budgetary management accounts have been charged in compliance with the applied accrual accounting rules?

The article para 3 concerns appropriations which *have not been* committed. What happens if a commitment *has been made* but the financial accounts and the budgetary management accounts have not been charged since no invoice has yet been received by the CoE?

13. Article 16

Para 1: The word *budgetary* in the last line should be deleted. Covered by article 4.

14. Article 17

The word *budgetary* in the last line should be deleted. Covered by article 4.

15. Part III: The headline should read *The programme and budget*.

16. Article 19

Para 1: The first words should be *The programme and budget* instead of just the *budget*.

Para 2: Why are subsidiary budgets mentioned in relation to the ordinary budget? Is it not sufficient that article 22 states that subsidiary budgets can be established by the CM? Maybe, article 22 could be added as a para 4 in article 19.

I don't think it is correct to use the word *the pensions budget*. MS pay contributions to the PRF which in its turn pays what is needed to a pensions budget. As I see it the expression in the para should be *the Pension Reserve Fund*. The pensions budget seems to be a subsidiary budget to the PRF.

Para 3: The expression *and any subsidiary budgets thereto* should be deleted. It is sufficient with what is said in article 22.

The way to estimate the lump-sum contribution for administrative expenditure seems to be illogical and not very practical. *Firstly*. When the rule is to be applied for the first time there is no budget for the second financial year of the previous biennium. *Secondly*. If the rule was to be applied and the contribution was based on the expenditure recorded in the budget for the second financial year of the previous biennium the basis would be the same for ever! The reference to a *historical figure* should be replaced by a *forward looking* method based on the best estimates. The phrase presently used seems to be alright.

Thus, the last part of the para should read: *They shall provide for an annual lump-sum contribution to administrative expenditure foreseen. The amount of the contribution shall be determined on the basis of the budgeted administrative costs to be covered in the coming year(s).*

17. Article 22

The general budget does not really exist, it is just a summary expression which occasionally might be useful. Technically, there could be no subsidiary budget attached to the general budget as such. Subsidiary budgets can only be attached to the "real budgets", i.e. the ordinary budget etc. The article should read: *Budgets subsidiary to the ordinary budget, the extraordinary budget, the budget of the EYF and the PRF or the partial agreements' budgets may be established by the CM.*

18. Article 23

It is not necessary to make reference to article 29. Full stop after the Budget Committee.

19. Article 24

I think the article describing the content of the draft programme and budget should be rephrased. The order of items should be changed, three lines (SG b+d+f) can be consolidated and the salary ceiling should be included. The article could read in the following manner.

The draft programme and budget shall contain:

- a) a table showing expenditure by votes, pillars, sectors, programmes, heads and sub-heads for each year of the biennium for all the budgets of the CoE;
- b) objectives, expected results and performance indicators for each programme in each year of the biennium;
- c) a table showing for each of the budgets expenditure and receipts by category for each year of the biennium along with the approved expenditure and receipts for the previous financial year and the budgetary management accounts for the financial year last ended;
- d) the salary ceiling for each year of the biennium along with the salary ceiling for the previous financial year and the outcome of the salary ceiling for the financial year last ended;
- e) a table of posts and a table of positions, by grade and by major administrative entity, as at 30 June of the year preceding the biennium and for each year of the biennium;
- f) a description of general aspects of the draft programme and budget for the biennium and the impact on trends in the Organisation's activities and their budgetary implications;
- g) the opinion of the Parliamentary Assembly in accordance with Resolution (53) 38.

20. Article 25

It should be made clear at which level the CM approves the programme and budget. In the OECD FR this is made in Regulation 3 § 4 where it is stated that the budget is approved at the level of output groups. There seems to be some 20 output groups. This matter is essential since any authority for the SG to transfer sums between budget lines should take this definition as a starting point.

The key element is the programmes. By definition a programme includes *objectives*, expected results and performance indicators for a given *time* and the *resources* which are available in order to achieve these results. The CM is the principal who decides on objectives, resources etc. and instructs the agent, the SG, to execute the orders and report on the outcome. The SG is accountable for his actions and the results.

My logic leads to the conclusion that the ordinary budget in most cases is approved at the level of programmes (objectives, time and resources). However, in some more technical areas, e.g. among Other Expenditure under the supporting pillar the budget seems to be approved at the head or even sub-head level. This could also be the case for other budgets and for the partial agreements.

A new article could read like this:

The programme and budget is approved at the level of programmes. If the operations are of such a character that a programme is not feasible to apply the programme and budget is approved at the head level (or sub-head?).

21. Article 26

If, for some reason, it becomes necessary to reconsider the approved resources for the financial year it is probably not just a question of increasing the resources on the budget or not. In such a situation it is likely that also the programme and the results for the year will be discussed. Either additional resources are granted or the objective/expected result of one or several programmes is

reduced. The outcome might also be that the CM decides to reallocate funds between programmes. In this case the objectives/expected results of the concerned programmes should also be adjusted. The word supplementary should not be used since it is not excluded that the SG might have to ask for reduced expenditure due to unexpected low outcome of the receipts. It should not be the prerogative of only the SG to bring up the issue of amending the budget, also the CM should have this explicit authority. The para could read like this.

If necessary, the SG may, in the course of a financial year, submit to the CM proposals for changing the resources or objectives for the financial year concerned in the form of a draft amending programme and budget. The CM shall decide on these proposals after seeking an opinion from the BC. During the financial year the CM may instruct the SG to submit a draft amending programme and budget.

22. Article 27

When designing the rules for the submission and approval of the programme and budget for the CoE it has to born in mind that the Statutes of the Organisation (art. 38.c) states that the budget shall be *submitted annually* by the SG for adoption by the CM. In short, a budget must be submitted and approved every year.

The programme and budget is one document and logically the programmes are closely integrated with the financing of the operations. A change of the provisionally approved resources for the second financial year will have an impact on the degree to which the expected results can be achieved. If the debate on the budget for the second year is re-opened it is likely that also the programmes for this year will be brought into the discussion. In this perspective it might be reasonable that not only the resources for the second financial year but also the programme for this year, i.e. the whole document, is approved on a provisional basis. If there are special reasons there should be a possibility for the CM not to approve a biennial budget for a specific budget or part of a budget.

The article is not complete and the order matters are handled should be changed.

The article could read like this.

1. The CM shall approve the programme and budget for the first financial year of the biennium, as well as the programme and budget for the second financial year on a provisional basis, before the beginning of the biennium.

2. The para is deleted and replaced by the draft para 3 with a slight change.

A majority of member states, as defined by applicable rules, or the SG may request the re-opening of the debate on the programme and budget for the second financial year before 1 November of the first financial year of the biennium.

What is the essence of *the applicable rules*?

In a way it would be reasonable that a minority could *request* that the debate is re-opened. After presenting the arguments a majority could *decide* to turn down the request or approve a change of the provisional programme and budget.

3. A developed version of para 2 is introduced.

If no request to re-open the debate on the programme and budget for the second financial year of the biennium has been made before 1 November the CM shall immediately thereafter approve the programme and budget for the second financial year.

4. New para.

If the debate on the programme and budget is re-opened the CM shall approve the programme and budget for the second financial year of the biennium before the beginning of the second financial year.

It cannot be excluded that the conditions for one of the CoE budgets, for instance a partial agreement, are so uncertain that it is unfeasible to approve a provisional budget for the second financial year of the concerned operation. The CM should in such cases have the possibility to approve a programme and budget for just one financial year. A para could read in the following way.

5. If there are special reasons the CM may approve a programme and budget for one budget or part of a budget for just the first financial year of the biennium.

23. *Article 27bis*

In order that the CM will be in a position to decide whether to re-open the debate on the programme and budget for the second financial year or not it is essential that the SG presents a progress review report for a part of the first financial year. This report should cover eight months of the year and be presented no later than 15 September. The report shall include a statement of the SG indicating whether he or she intends to request a re-opening of the debate. An article should be included and could read like this.

The SG shall before 15 September of the first year of the biennium present to the CM a progress review report on the implementation of the programmes for the current year. The report shall show for the programmes of all budgets

- a) the approved objectives, expected results and the performance indicators;*
- b) the expected outcome for the objectives, the expected results to be achieved and the expected outcome of the performance indicators;*
- c) the approved expenditure and receipts for the programme, transfers, carry-overs and expected outcome.*

The report shall include a statement whether the SG intends to request a re-opening of the debate on the programme and budget for the second financial year of the biennium.

24. *Article 28*

What does the word *budget* refer to? What does the expression *total budget* refer to? The ordinary budget, the general budget, the EYF, the PRF, the extraordinary budget? The partial agreements? Article 12 to which reference is made seems to deal with the general budget.

Since the programme and budget is one document I think the reference in the beginning of the article should be to the programme and budget, not just to the budget. The first words of the article should read: *If the programme and budget cannot be adopted ...* Maybe we could add: *or any specific part of the programme and budget ...*

25. *Article 29*

Para 1-5 are unchanged.

Para 6 should be elaborated in following way.

The function of the BC shall be to give the CM its opinion on financial and administrative matters in the CoE, including:

- a) the draft programme and budget for a biennium;*
- b) any request to re-open the debate on the programme and budget for the second financial year of the biennium;*
- c) the progress review report for each financial year;*

- d) a progress review report for a part of the first financial year of the biennium;
- e) proposals for amending the approved programme and budget and, in general, any projects involving new expenditure;
- f) problems relative to the Working Capital Fund;
- g) any transfer from one budget item to another requiring prior approval of the CM or any carry-forward of unspent appropriations;
- h) the financial statements and the budgetary management accounts for the previous financial year and the report of the External Auditor;
- i) any proposal to change the Financial Regulations of the Organisation;
- j) any other matter of an administrative or financial nature referred to it by the CM or the SG.

Para 7 and 9 are unchanged.

Para 8: A full stop could be made after the words External Auditor. It is unnecessary to make a reference to an article.

26. Article 30

Para 1: The approval of the *budget* should be replaced by the approval of the *programme and budget*.

27. Article 30bis

It is, in my view, inconceivable that commitments for expenditure could be made for a year for which no approved budget yet exists. It is feasible that commitments can be made not only for the second financial year but also for the first financial year of the biennium. The article could read like this.

The SG is authorised to commit appropriations for the following financial year from the day the programme and budget for that year has been approved by the CM.

28. Article 31

The article concerns the authority of the SG to make transfers from one item in the *ordinary* budget to another. The article is firmly related to the new article proposed by me stating on which level the programme and budget is approved by the CM, i.e. article 25. My conclusion is that the programme and budget is approved at the level of programmes. In some technical areas of the ordinary budget programmes are not used and in these cases the budget could be regarded as approved at the level of budget heads or even sub-heads.

The SG's proposal in the draft Financial Regulations (Article 31 para 1) is that the SG is authorised to make transfers within each of the two votes of the ordinary budget. Such a proposal means, in practice, that the programme and budget is reduced to two programmes and two appropriations. However, the programme and budget represents the detailed operational and financial priorities of the CM and the MS. The SG proposal would make the CM's approval of the programme and budget less important since the SG would be authorised to carry out whatever reallocations between different programmes and budget lines within a vote he likes without asking the CM. The accountability of the SG to the CM for the way the programme and budget has been implemented would be drastically reduced. The External Auditor's opinions according to Article 74 para 2 c) fifth and sixth indent would become more or less without meaning. The proposed authority for the SG to reallocate resources means that the approved programme and budget for the ordinary budget loses its controlling effect on the implementation of the programme and budget. The CoE Progress Review Report 2010 (CM/Inf(2011)9 p. 199 f.) provides concrete examples of reallocations that can be carried out.

During the implementation of the approved programme and budget unforeseen things will occur within and outside the Organisation. Consequently, it is obvious that the SG must have the

authority to make *some* reallocations of funds between different budget lines. The logical starting point for any authority for the SG to make reallocations during the implementation of the approved programme and budget is the level at which the programme and budget has been approved by the CM. That is how the OECD has approached the matter. Following the OECD example article 31 para 1 could read as follows.

1. In order to optimise the implementation of the approved programme and budget the SG is authorised, within each vote of the ordinary budget, to transfer appropriations for a given financial year between programmes to an amount not exceeding five per cent of the supplying and receiving programme. Larger transfers shall require the CMs' prior approval after seeking the BC opinion.

Since a number of CoE internal institutions (see CM(2011)25 1. d) are intended to be protected against SG reallocations during the implementation of the approved programme and budget special restrictions concerning these should be included in the FR. A new para could read like this.

2. Despite what is said in para 1 no transfer of appropriations to or from the European Court for Human Rights, the Parliamentary Assembly, the Congress of Local and Regional Authorities and the Commissioner for Human Rights may be made without the CMs' prior approval after seeking the BC opinion.

For technical reasons some transfers are necessary due to the budgetary methods used by the CoE. These transfers might relate to redeployment of staff, the negative reserve, salary adjustments etc. Such transfers could involve the two votes of the ordinary budget and should be explicitly allowed. A para could read like this.

3. Despite what is said in para 1 and 2 the SG may make transfers within and between votes of the ordinary budget which are of a technical nature and made necessary by the budgeting methods used. The CM decides on the rules for such transfers.

The SG should be obliged to report all transfers to the CM. A para could read like this.

4. The SG shall regularly inform the CM of all transfers that have been carried out.

It should be observed that the FR concerning transfers proposed by the SG only concern the *ordinary budget*. Obviously, corresponding regulations are also needed for the other budgets such as the extraordinary budget, the PRF, the budget of the European Youth Foundation, subsidiary budgets to these budgets (and to the ordinary budget) and for all the partial agreements. Draft regulations of this kind should *urgently* be designed by the SG and distributed to the BC for scrutiny.

29. *Article 40*

Are commitments used also for salaries related to posts and positions?

30. *Chapter 4*

Chapter 4 only deals with financial accounting and reporting. After a completed financial year it is essential that the SG renders account on the implementation of the programme and budget and not just for the financial elements. After all, the SG is accountable to the CM for the achieved non-financial results (see article 7 above). A provision should be added that lays down this responsibility. An article could read like this.

Article 64bis

The SG shall before 31 March present to the CM a progress review report on the implementation of the programmes for the preceding year. The report shall show for the programmes of all budgets a) the approved objectives, expected results and the performance indicators;

b) *the outcome for the objectives, the achieved results and the outcome of the performance indicators:*

c) *the approved expenditure and receipts for the programme, transfers, carry-overs and the outcome.*

31. *Article 71 and 72*

In article 71 para 1 it is said that the External Auditor shall be the *supreme audit institution* of a member state. In para 2 it is said that *he or she* may not be removed and in para 5 the expression *he or she* is used twice.

In article 72 para 3 we can also find this expression.

In my view reference to an *institution* can hardly be made by using the expression *he or she* and *his or her*. It should rather be *it* or *its*. Is it the institution or a person who is appointed External Auditor?

Maybe the expression in article 71 para 1 should be *a leading staff member of the supreme audit institution*.

See also article 74 para 5. The head of the supreme audit institution appointed as external auditor or another senior official. Is it the institution or the head who has been appointed?

Comments by Mr Laumanns

Article 2bis

1. The programme shall set the Organisation's strategic objectives along with expected results and performance indicators.

2. The budget is the document whereby the Committee of Ministers authorises the budgetary receipts and budgetary expenditure of the Organisation.

4. The financial period shall be two consecutive calendar years (hereafter referred to as "biennium").

4. The financial year shall last one year extending from 1 January to 31 December of the same calendar year.

5. The Secretary General shall propose, and the Committee of Ministers shall approve, the programme and the budget in accordance with the present Regulations.

Comment [LM1]: It is proposed to add a definition of the term « biennium » in this Article rather than in article 23.

Article 6

1. To ensure the full execution of the programme in a biennium, the Secretary General may be authorised to carry forward to the second financial year appropriations for the first financial year concerning activities which are behind schedule due to exceptional circumstances, with a view to implementing the activities to which these appropriations were allocated. Authorisation for this carry-forward shall be given by the Committee of Ministers after seeking an opinion from the Budget Committee.

2. Any carry-forward from one biennium to the subsequent biennium must be authorised by the Committee of Ministers after seeking an opinion from the Budget Committee.

Comment [LM2]: It is proposed to make clearer that the programme basically refers to a biennium, which has the advantage of being able to sunset activities in the subsequent biennium – an attitude that was said to be one of the main reasons for introducing a biennial budget.

Article 12

1. Each member state shall pay at least one third of its contribution in the course of the first two months of the financial year.

Article 13

1. Voluntary contributions, donations and legacies to the Organisation may be accepted by the Secretary General, who may also conclude contracts with third parties for the joint financing of activities. However, the Secretary General shall inform the Committee of Ministers when voluntary contributions, donations or legacies or joint financing arrangements are made for a specific purpose and, in advance, when they are conditional. Any voluntary contribution that may involve the Organisation in recurrent expenditure in future financial years shall be subject of a decision by the Committee of Ministers.

Comment [LM3]: What does « specific purpose » mean ?

Article 15

If, in the course of a financial year, cash resources become exhausted, the Secretary General shall make the arrangements necessary to provide for essential expenditure. He or she shall report on his or her action to the Committee of Ministers and the Budget Committee. Any bank loans shall be subject of a decision by the Committee of Ministers.

Comment [LM4]: I wonder whether one should address the case of bank loans for execution of the programme in this article.

Comment [LM5]: I propose to add this definition in Article 2bis, as the current language in this article is inconsistent with the text of the new Financial Regulations. For example, the Financial Regulations do not only refer to « biennium » hereafter, but already in Article 6 (2).

Article 23

Every two years the Secretary General shall prepare a draft programme and budget for the subsequent biennium and submit it to the Committee of Ministers before 1 November of the year

preceding the biennium concerned, together with the opinion of the Budget Committee as provided for under Article 29 of these Regulations.

Article 24

The draft programme and budget shall contain:

- a) a table showing expenditure by votes, heads and sub-heads for each financial year of the biennium;
 - b) a table showing receipts by category for each financial year of the biennium;
 - c) a table of posts and a table of positions, by grade and by major administrative entity, as at 30 June of the financial year preceding the biennium and for each financial year of the biennium;
 - d) a table showing expenditure and receipts for each financial year of the biennium along with the budget for the previous financial year and the budgetary management accounts for the financial year last ended;
 - e) objectives, expected results and performance indicators for each programme line in each financial year of the biennium;
 - f) a table showing expenditure by category for each financial year of the biennium;
 - g) a description of general aspects of the draft programme and budget for the biennium and the impact on trends in the Organisation's activities and their budgetary implications;
- h) the opinion of the Parliamentary Assembly in accordance with Resolution (53) 38.

Article 28

If the budget cannot be adopted in accordance with the previous article, the Committee of Ministers shall authorise the Secretary General to incur expenditure on a monthly basis of an amount not exceeding one twelfth of the previous financial year's total budget and to call contributions from each member state amounting to one third of its contribution to the previous financial year's budget, as provided for in Article 12.

Article 30bis

To ensure full implementation of the programme in a biennium, the Secretary General shall be authorised to commit budget appropriations for the second year in the biennium as from 1 September of the preceding year, within a limit of 10% per programme line and 5% of the total budget for the second year, until the budget for the second year has been approved in accordance with the second paragraph of Article 27, without prejudice to the provisions of Article 28.

Comment [LM6]: See my comment to Article 6.

Article 65

1. The Secretary General shall keep the annual accounts of the Organisation. They shall be denominated in euros and shall consist of:

- a) the financial statements of the Organisation;
- b) the budgetary management accounts, whereby the Secretary General reports on the final outcome for the budget period, as approved by the Committee of Ministers.

2. These accounts shall be made available to the External Auditor before 31 March of the financial year following the financial year to which they refer.

Article 66

1. The financial statements of the Organisation shall be prepared in accordance with International Public Sector Accounting Standards (IPSAS).

2. The principles adopted and the manner of their application shall be set forth in the note on accounting policies accompanying the financial statements in each financial year.

EXTERNAL AUDITOR

PROCEDURE FOR THE APPOINTMENT OF THE EXTERNAL AUDITOR

1. Duration of term of office

The External Auditor shall be appointed to audit five financial years.

Comment [LM7]: I wonder whether this should not be changed to either 4 or 6 years when changing to a biennial budget.

2. Presentation of candidates – Timetable

- In principle, a new External Auditor shall be appointed at a December meeting of the Deputies which precedes the first year of the new External Auditor's term of office;

- The Secretariat shall notify governments of the upcoming appointment of an External Auditor before 30 June of the last financial year on which the outgoing External Auditor is to report and candidatures shall be filed with the Secretariat before 15 October of that year;

- At the last meeting of the Ministers' Deputies in September, the Secretariat shall remind them of this time-limit and inform them of candidatures already received;

- A document listing the candidatures received by 15 October shall be issued immediately after that date; it will set out the candidate supreme audit institutions and the Secretariat's appraisal of the criteria detailed in paragraph 3 below;

- If an External Auditor does not complete his or her full term of office of five years, the procedure for the appointment of a new External Auditor for another five-year period shall be initiated without delay.

Comment [LM8]: See above.

Comments by Mrs Quintián

Draft revised Financial Regulations of the Council of Europe

Comments

Art. 27.3

“A majority of member states...may request the re-opening of the debate on the budget for the second financial year...”.

According to the previous regulation, any member state could decide on a yearly basis the decisions to take. The change to a biennial budget I think that should give the opportunity to every single member, or at least a minority, to request the re-opening of the debate and explain its reasons for that. After discussion, a majority could accept this proposal or not.

Art. 30 bis

“To ensure full implementation of the programme, the Secretary General shall be authorised to commit budget appropriations for the second year in the biennium as from 1 September of the preceding year... until the budget for the second year has been approved...”

The Secretary General should not be authorised to commit budget appropriations before the budget has been approved, regardless of the objective of such commitment (to ensure full implementation of the programme) or the limits of percentage. By that time the budget for the second year is a mere estimation, as it is approved provisionally, and it is even possible to request the re-opening of the debate on that budget.

It could be acceptable, under certain limits, to commit appropriations after the approval of the budget and before the beginning of the second financial year.

Art.31.1

The expression “after receiving the opinion of the Budget Committee” disappears. Although it can be repetitive, as it is mentioned in article 29.6, I think it is better to maintain it, adding the words “according to article 29”.

If the contents of votes have changed in the new concept of budget with regard to the previous system(there are two votes only on the side of expenditure), perhaps art. 29.6 should be adapted.

Art. 71.1

“The External Auditor shall be the supreme audit institution of a member state...”

In order to be coherent with the articles that follow, it would be better to speak of “the head of the supreme audit institution...”

Comments by Mr Demir

I share the comments and amendment proposals made by Mr. Hjalmarsson in his paper, except for those that related to Articles 7, 13, 23, 30 bis, 31 and 40 (However, I do not have any objections to those, but I simply don't think that those amendments are necessary)

I also think that, we do not necessarily need to include the salary ceiling in article 24.

I also share the amendment proposals made by Mr. Laumanns, related to articles 13, 23, 30 bis.