

**FINANCIAL REGULATION OF THE PARLIAMENTARY ASSEMBLY OF THE UNION
FOR MEDITERRANEAN
(12 November 2020)**

TITLE I - SCOPE AND BUDGETARY PRINCIPLES

Rule 1 – Subject matter and scope

1. This Regulation lays down the key provisions referred to in Rule 15, of the Rules of Procedure of the Parliamentary Assembly of the Union for the Mediterranean (hereinafter ‘the Assembly’), regulating the management of contributions from national Parliaments to cover the organisation and interpretation costs mentioned in Rule 14 of the Rules of Procedure of the Assembly, as well as the costs pertaining to the functioning of its permanent Secretariat, mentioned in Rule 15.

Rule 2 – Budgetary Principles

1. In accordance with the provisions laid down in this Regulation, the budget shall be established and implemented in compliance with the principles of unity and budgetary accuracy, annuality, equilibrium, unit of account, universality, sound financial management and **independent auditing, as well as transparency.**

Rule 3 – Principle of unity and budgetary accuracy

1. The budget is the instrument, which, for each financial year, forecasts and authorises all revenue and expenditure considered necessary for the Assembly.

TITLE II - ASSEMBLY REVENUES AND EXPENDITURE

Rule 4 - Assembly revenues

1. The revenues of the Assembly shall comprise the financial contributions paid by each member Parliament of the Assembly and any other sources of revenue.
2. The contribution of each member Parliament is specified in Annex 1 and shall be paid by 30th June of each year, following the call for contributions as per Rule 13.
3. Expenditure shall comprise the operating expenditure of the Assembly and, where appropriate, costs pertaining to the functioning of its permanent Secretariat. No expenditure shall be effected unless booked ex-ante to the budget. No appropriation may be entered in the budget if it does not correspond to an item of expenditure considered necessary. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget.

Rule 5 - Other revenues
1. The Assembly may also receive additional contributions from member Parliaments or from other institutions, also to finance specific activities agreed by the Bureau.
Rule 6 – Penalties
1. In the event of a delegation failing to honour its financial obligations to the Assembly within two months of the deadline for payment, the Secretary General shall inform the Presidency and request such Parliament to pay its contribution. Should such Parliament remain in default for another two months, the penalties under Rule 14(3) of the Assembly Rules of Procedure shall apply.
TITLE III - DRAFTING AND IMPLEMENTING THE BUDGET
Rule 7 – The financial year
1. The appropriations entered in the budget shall be authorised for one financial year, which shall run from 1 May to 30 April. Operating expenditure, which exceed the duration of the financial year shall be charged to the budget for the financial year in which it is due.
Rule 8 – Principle of annuality
1. The revenue of the Assembly shall be entered in the accounts for a financial year on the basis of the contributions due by the member Parliaments and the amounts of the other revenues forecast for the same year. It shall lead to appropriations in the same amount being made available. Appropriations entered in the budget for a given financial year may be used solely to cover expenditure committed and paid in that financial year and to cover amounts due against commitments from the previous financial year.
2. Appropriations which have not been committed at the end of the financial year for which they were entered shall be cancelled.
3. Appropriations corresponding to obligations duly contracted at the close of the financial year shall be carried over automatically to the following financial year only. The accounts shall identify appropriations carried over in this way. The appropriations entered in the budget may be committed with effect from 1 May, once the budget has been adopted by the Bureau.
Rule 9 – Draft annual budget
1. The draft annual budget shall be drawn up every year by the permanent Secretariat, which shall submit it in due course to the Bureau for it to be approved before the commencement of the financial year to which it refers.

2. Once approved by the Bureau, the draft budget shall be submitted to the next plenary session of the Assembly for its final adoption. At this plenary session, the Assembly may adopt guidelines for the implementation both of the current budget and of future budgets.
3. Pending the final adoption of the budget by the Assembly, the draft budget approved by the Bureau shall be used for financial management purposes.
4. Any changes to the budget that become necessary during the year, including changes resulting from the previous year's budget outturn, shall be approved by the Bureau acting on the advice of the Secretary General.

Rule 10 – Principle of unit of account

1. The budget shall be drawn up and implemented in euro and the accounts shall be presented in euro. However, for cash-flow purposes operations in national currencies may, in duly substantiated cases, be carried out.

Rule 11 – Principle of universality

1. Total revenue shall cover total expenditure, with the exception of revenue used to finance specific items of expenditure. All revenue and expenditure shall be entered in full without any adjustment against each other.

Rule 12 – Budget structure and principle of equilibrium

1. Budget revenue and expenditure must be in balance. The Assembly may not contract loans. Appropriations may not exceed the amount of the financial contributions referred to in title II, plus assigned revenue and the other possible forms of revenue.
2. The budget is divided into revenues and expenditures, broken down into titles and chapters. Chapters shall be the basic components of the budget; however, for management purposes, they can be further subdivided into articles.
3. For each chapter of revenue or expenditure, the budget shall indicate:
 - a) recognised revenues and spending commitments;
 - b) revenues to be collected and payments to be made, without distinction between accrual and cash accounts;
4. The budget shall consist of:
 - a) a general statement of revenue, broken down by contributions, for which is specified each contributor and the amount concerned, and other revenues;
 - b) a general statement of expenditure broken down by organisation costs, interpretation costs and the costs pertaining to the functioning of its permanent Secretariat.

Rule 13 – Call for contributions

1. Once the budget has been adopted, the Presidency shall call on member parliaments to contribute their dues in accordance with article 4 above.

2. The Secretary-General, appointed by the Bureau in accordance with Rule 15.2 of the Rules of Procedure, and the accountant shall prepare the budget and the call for contributions.
3. The Secretary General shall notify the Presidency if the funds on the bank account, referred to in Rule 17 below, are insufficient to cover planned expenditure.

Rule 14 – Principle of sound financial management

1. Budget appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness. The principle of economy requires that the resources used by the Assembly for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of efficiency is concerned with the best relationship between resources employed and results achieved. The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results. These results must be assessed.
2. The Secretary General is the authorising officer responsible for implementing revenue and expenditure in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are met. He/she shall retain supporting documents relating to operations performed for a period of five years as from the date of the implementation of the budget.
3. The authorising officer shall establish minimum internal control standards, having due regard to the specific risks associated with the management environment and the organisational structure.
4. The Secretary-General is responsible for authorising expenditure which must not exceed the corresponding budget appropriations. The Secretary General may, if appropriate, submit specific expenses to the Bureau for approval.
5. The phases of the expenditure process are: expenditure commitment, validation of expenditure, issuance of payment orders and final settlement.
6. Revenues recognised but not collected by the end of the financial year shall be kept on the books until collection. The Secretary General is responsible for the cancellation of revenue if he or she considers the credit as inexistent, liable to be written off or irrecoverable. Where the Secretary General is planning to waive recovery of an established amount receivable, he/she shall ensure that the waiver is in order and complies with the principle of sound financial management. He/she shall inform the Bureau of his/her intention to waive an established amount receivable. That waiver shall take the form of a decision by the authorising officer, which must be substantiated.
7. Expenditure that has been committed but not yet disbursed by the end of the financial year shall be carried over into the budget of the following year. The Secretary General shall ensure that the relevant expenditure commitment is included in the budget beyond this deadline if the obligation for which the expenditure was committed continues to exist.
8. There shall be an Accountant who shall be responsible for:
 - a) the proper implementation of payments and the collection of revenue; and the recovery of amounts established as being receivable;
 - b) preparing the annual accounts of the Assembly;

c) treasury management.

9. The accounting officer shall obtain from the authorising officer, who shall guarantee its reliability, all the information necessary for the production of accounts which give a true picture of the Assembly's assets and of budgetary implementation. Only the accounting officer shall be empowered to manage cash and cash equivalents. He/she shall be responsible for their safekeeping.

10. The duties of authorising officer and accounting officer shall be separate and mutually incompatible. At the latest by 15 July of the financial year, the authorising officer shall give an account to the Bureau of the performance of his/her duties in the form of an annual activity report together with the financial statement of the Assembly.

Rule 15 – Principle of transparency

1. The budget shall be established and implemented and the accounts presented in compliance with the principle of transparency. The budget and any amending budgets, as finally adopted, and the annual financial statement shall be published on the Assembly's website.

Rule 16 – Assembly financial interests

1. The Assembly shall protect its financial interests and those of its member Parliaments, in particular as regards irregularities, fraud, corruption and other illegal activity.

2. The competent services of the member parliaments and of the European Court of Auditors shall have the right to carry out audits, including documentary verification on the spot, concerning any contractor or subcontractor who has received EU funds.

3. The accounting officer shall in particular render him/herself liable to payment of compensation by any of the following forms of misconduct:

a) he/she loses or damages moneys, assets and documents in his/her keeping or causes such loss or damage by means of his/her negligence;

b) he/she alters bank accounts or postal giro accounts without first notifying the authorising officer;

c) he/she recovers or pays amounts which are not in conformity with the corresponding recovery or payment orders;

d) he/she fails to collect revenue due.

4. Any staff member may be required to make good, in full or in part, the loss suffered by the Assembly as a result of his/her serious misconduct in the performance or in connection with the performance of his/her duties. The reasoned decision shall be taken by the Bureau.

5. The provisions concerning protection of financial interests shall be without prejudice to any liability under criminal law which the Secretary General and his/her staff may incur as stipulated in the applicable national law and in the provisions in force on the protection of the EU's or PA-UFM Member States financial interests.

Rule 17 - Bank account

1. The Secretariat shall provide contributing Parliaments with the bank details of the account to which contributions shall be paid.
2. All the revenues of the Assembly shall be collected and expenditures shall be paid through the bank account referred to in this Rule.

Rule 18 – Financial statement

1. The financial statement for each financial year shall be prepared by the Secretary General, which submits it to the Bureau for approval.
2. The financial statement presented in euro shall comprise:
 - a) the budget and any amending budgets, as finally adopted ;
 - b) the revenue pertaining to the year, whether recognised, collected or pending collection;
 - c) the expenditure pertaining to the year, whether committed, disbursed or pending disbursement;
 - d) an account of the revenues collected and expenditures disbursed with reference to obligations from previous years;
 - e) the financial statements shall be drawn up in accordance with generally accepted accounting principles;
 - f) verification by the European Court of Auditors of all the annual expenses incurred.**
3. A summary of the transactions and final balance of the bank account referred to in Rule 17 shall be attached to the financial statement.

Rule 19 – Discharge to the Secretary-General and the Accounting Officer

1. In accordance with Rule 3, paragraph 5, of the Rules of Procedures of the PA-UfM the assembly grants discharge to the Secretary-General and the Accounting Officer, in respect of their administration.

TITLE IV – ENFORCEMENT

Rule 20 - Adoption of implementing provisions

1. The Bureau, acting on the advice of the Secretary General, may adopt provisions for the enforcement of this Regulation.

Rule 21 - Transitional period

1. Rule 14 paragraphs 2, 3, 6 (sentences 2, 3 and 4), 8, 9, 10, rule 16 paragraphs 3, 4, 5, **and Rule 18, paragraph 2, lett. f)**, shall enter into force after the expiry of the transitional period referred to in Rule 15, paragraph 7, of the Rules of Procedures of the PA-UfM.

2. The first call for contributions referred to in Rule 13 shall occur after the Secretary-General and the accountant are appointed to the permanent Secretariat in accordance with Rule 15.2 of the Rules of Procedure.