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Financial Regulation for the ALDE Group

Adopted on 13/06/2006 by the Bureau of the Group of the Alliance of Liberals and Democrats for Europe (ALDE) in the European Parliament, and revised on 6 April 2016 by the Presidency.

This regulation is based on the rules governing the use of appropriations in budget item 400, adopted by the Bureau of the European Parliament on 13 December 2000, and modified on 16 April 2013

This Regulation consists of three separate, though integrated, parts:

PART ONE – THE RULES

1. General Provisions

- 1.1 The financial year begins on 1 January and ends on 31 December
- 1.2 During the European election year, the financial year is divided into two parts; the first part runs from 1 January to 30 June, the second part runs from 1 July to 31 December.

- 1.3 The ALDE Group elects a Treasurer who submits for the approval of the Presidency and the Group an annual budget. Based on the annual report of the external auditing, he/she seeks the discharge by the ALDE Group for the implementation of the budget.
- 1.4 The budget of the group is established in accordance with the common accounting plan shown in Part Two.
- 1.5 Payment is the final action whereby the Group is discharged of its obligations towards its creditors.
- 1.6 If no budget has been adopted before 1 January, commitments and payments are possible applying the 1/12 (one-twelfth) principle if the expenditure was authorised in principle in the last adopted budget.
- 1.7 All revenue and expenditure is included in the budget with their full amounts. No revenue may be generated, no commitment or payment made without reference to a chapter, an item or a line within the budget.
- 1.8 Appropriations that are not used during the financial year in which they have been allocated to each political group may be carried over to the following financial year up to a maximum of 50 per cent of the annual appropriations received from the European Parliament's budget. Amounts exceeding the 50 per cent shall be repaid to Parliament's budget after the accounts have been closed and the auditors' report submitted to the President of the European Parliament.
- 1.9 The budget shall be implemented in accordance with the principle that the duties of authorising officer, signing officer and accounting officer shall be mutually incompatible.
- 1.10 All revenue received and all expenditure incurred must have a proper legal basis and must reflect sound financial management.
- 1.11 Appropriations may be set aside specifically within the budget to cover decentralised political and information activities. The Group must adopt an internal regulation governing the use of such appropriations.
- 1.12 The issue of payment orders is exclusively the competence of the authorising officer.
- 1.13 The following rules apply to the transfers of appropriations within the budget:

(a) Any transfer of appropriations between chapters requires the decision of the Presidency of the Group;

(b) Any transfer of appropriations between items, which exceeds 25 percent, shall require the signature of the Treasurer and the authorising officer;

(c) Transfers of appropriations between individual lines can be decided by the authorising officer with notification to the Treasurer.

1.14 The group must keep, for a period of at least 5 years after the discharge granted by the Group to its Treasurer, all documents pertaining to the implementation and execution of the budget.

2. Execution of the budget:

2.1 Based on a delegation from the chairman and the treasurer of the Group, the Secretary General has the overall managerial responsibility for the implementation of the annual budget of the ALDE Group in conformity with the present Financial Regulation;

2.2 The Authorising Officer;

2.2.1 The Secretary General shall be responsible for the appropriations adopted in the annual budget as "authorising officer". The Secretary General alone is empowered to authorise expenditure, establish entitlements to be collected and issue recovery orders and payment orders except where otherwise stipulated.

2.2.2 The Secretary General is entitled to authorise expenditure and issue payment orders regarding expenditure until 20.000 € within the adopted budget. Expenditure above this limit shall require the joint signature of the President or Treasurer of the ALDE Group and the Secretary General;

2.2.3 The Secretary General may delegate, within the limits of this Regulation and the amount of 7.500 €, the role as authorising officer to the Deputy Secretary General(s) or the Heads of Unit. Expenditure and payment orders above the limit of 7.500 € limit shall require the joint signature of the authorising officer and the Secretary General;

2.2.4 Any delegation by the Secretary General of the role as authorising officer must contain the specific conditions for the delegation, in particular the references to the budget chapters, items and lines for which such a delegation has been issued.

2.2.5 Before the issue of payment orders the authorising officer shall personally check the supporting documents or shall, on his own responsibility, ascertain that this is done. It is necessary to:

- verify the existence of the creditor's claim;
- determine or verify the existence and the amount of the sum due;
- verify the availability of the credits;
- verify that all supporting documents have been collected;
- verify the conditions under which payment fall due; and
- verify that the expenditure is in line with the rules governing the use of the appropriation on budget line 4000.

2.2.6 Authorisation of expenditure and payments may only be made within the appropriations available.

2.2.7 The expenditure authorised within the budget covers one financial year.

2.3 The Signing Officer;

2.3.1 Based on a delegation from the Treasurer of the Group, the signing officer(s) has the responsibility of signing the payment orders issued by the authorising officer(s). Any delegation must contain the specific conditions for the delegation. The Treasurer may only delegate the signing responsibility within the limit of 20.000 €.

2.3.2 The issue of payment orders, by the authorising officer, constitutes the act whereby instruction is given to pay an item of expenditure.

2.3.3 The signing of payment orders, by the signing officer, constitutes the act whereby the accounting officer is instructed to pay an item of expenditure.

2.3.4 The signing officer(s) shall suspend payment in the event of a substantial error or of failure to observe this Regulation.

2.3.5 The signing officer(s) shall, in the event a payment is suspended, send forthwith to the authorising officer, a written statement given the reasons for such a decision.

2.3.6 The authorising officer may overrule any suspension of payment, decided by the signing officer or the accounting officer, on his sole responsibility. Such an overruling must be notified in writing to the Treasurer of the Group.

2.4 The Accounting Officer:

2.4.1 Keep the accounts of the ALDE Group according to the accounting plan in part two of this regulation.

2.4.2 Shall prepare payment orders, accompanied by the relevant supporting documents incl. the original commitment, for the signature of the authorising officer(s); they shall show

- (a) the financial year against which the payment shall be charged,
- (b) the budget chapter and any other subdivision that may apply,
- (c) the amount to be paid (in figures and words), showing the currency
- (d) the name and address of the beneficiary
- (e) the purpose of the expenditure.

2.4.3 Executes payments, upon signing of the payment orders by the authorising officer, within the limits of the funds available.

3. Purchase and Inventory accounting

3.1 Unless the provider is an institution or has already been selected by an institution, following an invitation to tender, all purchases must be made through procurement procedures, account being taken of political groups' specific circumstances, which are as follows:

- Where in any financial year, the cost of services from a single supplier exceeds € 15.000 or € 60.000 (excluding VAT), 3 or 5 offers must be sought.
- For any contract / service with a value of lower than € 15 000 in a financial year, only one tender may be used.
- In the case of decentralised expenditure, the procurement procedures shall apply to individual MEP acting independently.

The choice of supplier or provider must be substantiated and all the procurement-related documents must be signed and kept by the authorising officer.

Political groups may award a contract by negotiated procedure on the basis of a single tender, by way of derogation from the provisions of this article, in the instances referred to in Articles 126 and 127 of the Commission Regulation laying down detailed rules for the implementation of the Financial Regulation of the European Union.

- 3.2 Any purchase of merchandise, exceeding 50 €, must be accompanied by a “commitment of expenditure / bon de commande”.
- 3.3 An inventory detailing numbers and value shall be established and maintained by each group in respect of purchases financed by the appropriations on budget line 4000. Non-consumables with a useful life exceeding one year and an acquisition value equal to or greater than the threshold laid down for Parliament property shall be entered in the inventory. The inventory shall be kept in accordance with the detailed rules annexed hereto.

4. Accounting

- 4.1 Accounts covering the period of a calendar year shall be kept in euros, using the double-entry system. They shall reflect the year's income and expenditure in full and shall be backed up by supporting documents. The revenue and expenditure account and the balance sheet shall be presented in euros.

Supporting documents shall include original invoices and any document or original material required indicating the item to which the expenditure relates.

- 4.2 The accounts shall be finalised at the end of the financial year so that the balance sheet and a statement of revenue and expenditure can be drawn up for the year. These two documents shall be submitted for checking by the external auditor.
- 4.3 Revenue actually received in the course of the financial year may be entered as revenue in the revenue and expenditure account.

Expenditure which is incurred no later than 31 December (30 June and 31 December respectively in European election years) relating to activities which have taken place during the current financial year, may be entered as expenditure in the revenue and expenditure account if the actual payments are made no later than 31 January the following year.

- 4.4 Item 400 appropriations shall be spent out of bank accounts opened in the name of the ALDE Group.

All bank accounts opened by the ALDE Group must appear in the accounts. All transactions involving the bank accounts belonging to the group must be entered in the groups' accounts.

5. Financial control and external audit

- 5.1 The annual accounts of the Group shall be submitted to an external audit. The examination by the external auditors shall be carried out in accordance with the mandate approved by the Bureau of the European Parliament and generally accepted auditing standards (IAS) and shall include such tests of the accounting records and other auditing procedures considered necessary. Its purpose shall be to establish that all revenue has been received and all expenditure incurred in a lawful and proper manner having regard to the budget, these rules and other internal regulations and that the financial management has been sound.
- 5.2 Control, based on the mandate approved by the Bureau of the European Parliament, shall in particular establish that:
- a) the expenditure has been charged to the correct item in the budget of the group;
 - b) the appropriations are available;
 - c) the expenditure is in order and conforms with the relevant provisions, in particular the budget of the group and this Regulation;
 - d) the principles of sound financial management have been applied;
 - e) the payment order is supported by original documents (or certified copies).
- 5.3 Based on the auditing of the annual accounts, the Treasurer shall seek the discharge of the Group for the implementation of the budget.

6. Reporting to the European Parliament

- 6.1 No later than 30 April of the year after the appropriations have been made available, the group shall submit to the President of the European Parliament an audited report on the utilisation of appropriations for the past financial year, to be transmitted to the Court of Auditors.
- 6.2 These reports shall comprise a statement of income and expenditure, a balance sheet and a standardised statement, issued by the approved external audit body, certifying the regularity

of the accounts and their conformity with these rules. The groups' reports will subsequently be published on the European Parliament's web-site."

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PART TWO – THE ACCOUNTING PLAN

1. PROFIT AND LOSS ACCOUNT/STATEMENT OF REVENUE AND EXPENDITURE

A RESOURCES

CHAPTER 1 - EP SUBSIDY AND OTHER RESOURCES.

1. EP subsidy
2. Other EP resources

CHAPTER 2 - OWN RESOURCES

1. Interest and assimilated products
2. Profit on currency exchange
3. Miscellaneous
4. VAT reimbursements
5. Amount carried forward from the preceding financial year

REVENUE TOTAL

GRAND TOTAL

B EXPENDITURE

CHAPTER 1 – STAFF

1. Secretariat missions
2. Recruitment

3. Traineeships
4. Salaries and related costs, fees
5. Staff training
6. Staff representation costs

CHAPTER 2 - EQUIPMENT, ROUTINE ADMINISTRATIVE COSTS AND OPERATING COSTS

1. Equipment, operating expenditure, computer-related engineering and maintenance
2. Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations, depreciation
3. Stationery and office supplies
4. Postage and telecommunications
5. Printing and photocopying costs
6. Office rental costs.

CHAPTER 3 - DOCUMENTATION, STUDIES AND RESEARCH

1. Newspapers, magazines, press agencies and books
2. Studies and research
3. Databases

CHAPTER 4 - LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE

1. Legal costs
2. Accounting costs
3. Financial charges and losses on currency exchange-transactions

4. Translation and interpretation costs
5. Other operating expenditure

CHAPTER 5 - EXPENDITURE ON MEETINGS AND ENTERTAINMENT

1. Official Group meetings
2. Other meetings and conferences
3. Expenditure on entertainment
4. Guests

CHAPTER 6 – PUBLICATIONS AND ADVERTISING

1. Posters, booklets, publications
2. Advertising inserts and audio-visual advertising
3. Advertising material, gadgets, telecommunications advertising
4. Internet sites and e-publicity
5. Visits to institutions, information stands, press events

CHAPTER 7 - MEMBERS

1. Members' political and information activities, national delegations' administrative expenditure and political and information activities

CHAPTER 8 - SUBSIDIES AND CONTRIBUTIONS

1. Subsidies
2. Subscriptions

EXPENDITURE TOTAL

CARRIED FORWARD TO THE FOLLOWING FINANCIAL YEAR

GRAND TOTAL

2. BALANCE SHEET

TITLE III ASSETS

Chapter I Tangible and intangible fixed assets

I.1 Intangible fixed assets

I.2 Tangible fixed assets

Chapter II Debtors, stocks and other current assets

II.1 Suppliers

II.2 Staff

II.3 VAT

II.4 Stocks

II.5 Others

Chapter III Cash and banks

III.1 Securities

III.2 Cash

Total assets

TITLE IV LIABILITIES

Chapter I Reserves

I.1 Balance carried forward

Chapter II Financial debts

II.1 Financial debts of more than one year

II.2 Financial debts of less than one year

Chapter III Other debts

III.1 Other debts

III.2 Charges settled during financial year n and paid in financial year n+1

Total liabilities

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PART THREE - GUIDELINES

1. GUIDELINE ON THE REIMBURSEMENT OF THE GROUP'S PRESIDENT WHEN ON MISSION ON BEHALF OF THE GROUP.

When the Group's President is on mission on behalf of the Group, preventing him from signing the attendance register at the Parliament or at an official meeting of a Parliament body (Group, committee, Conference of Presidents or plenary), the Group will reimburse the equivalent amount of the daily allowance(s) to which the President would normally be entitled.

2. GUIDELINES FOR THE USE OF "SMALL EXPENDITURES"

The Secretary-General may ask a member of staff to manage an account of "small expenditures" on behalf of the Group.

"Small expenditures" covers all expenses below 50 euro (or equivalent in any other currency). The designated member of staff is authorised to sign such expenses. In any one month the total sum of small expenditures may not exceed 400 euro (or equivalent in any other currency).

A book including all supporting, original, notes and invoices will be kept and regular reports will be made to the accounting department.

3. GUIDELINES FOR THE USE OF AN IMPREST ACCOUNT BY THE PRESS OFFICE

The Secretary-General may ask a member of staff to manage an imprest account for the press office on behalf of the Group.

Expenditure from this account may cover all representation expenses below 50 euro (or equivalent in any other currency) incurred by staff employed in the press office for the purpose of the entertainment of journalists. The designated member of staff is authorised to sign such expenses which shall be duly substantiated and justified. In any one month the total sum of such expenditures may not exceed 400 euro (or equivalent in any other currency).

A book including all supporting, original, notes and invoices will be kept and regular reports will be made to the accounting department.

INVENTORIES

For each item of property, the inventory shall give the description, unit cost, purchase date, location and the most recent date on which its physical presence was checked by the group or confirmed by the holder. Each item shall be checked at least once every three years.

At the end of each financial year, the value of the inventory, together with depreciation, subdivided by type of asset, shall be registered on the group's balance sheet. Depreciation shall be calculated in accordance with the principles and rates laid down in Commission Regulation No 2909/2000.

Before 30 January each year, each group's accounting officer shall forward to the Directorate-General for Finance a table setting out the value of the inventory as at 31 December of the previous financial year, together with the schedule of assets entered in the financial inventory. Should the audit report recommend that the value of the inventory be amended, the new value shall be given in the report to the European Parliament.

Any sale of assets entered in the inventory shall be published and recorded in the accounts and offers for the assets on sale invited. Any deletion from the inventory shall be recorded in a written declaration stating why the asset is to be deleted and how it is to be ultimately disposed of. The declaration shall be approved by the group's accounting officer.

Where a group is dissolved, the inventory register and all assets shall be handed over to the European Parliament.

Assets purchased by non-attached Members shall be entered by the Administration in the European Parliament's financial inventory (in respect of any item with a value equal to or greater than the threshold given in Article 2.4.1).

In the event of the resignation of a non-attached Member, or should his or her term of office come to an end, assets paid for from Parliament's budget shall be returned to the Administration at one of Parliament's working places.

If a non-attached Member joins a political group, assets shall be transferred to that group's inventory. If a Member leaves a group, assets shall remain the property of the group which financed the purchase thereof.