

DECISION No 2020/06
OF THE REGIONAL STEERING COMMITTEE OF THE TRANSPORT COMMUNITY
on the financial rules and auditing procedures applicable to the Transport Community

THE REGIONAL STEERING COMMITTEE OF THE TRANSPORT COMMUNITY,
Having regard to the Treaty establishing the Transport Community, and in particular Article 24(1)
and Article 35 thereof,
HAS ADOPTED THIS DECISION:

Article 1

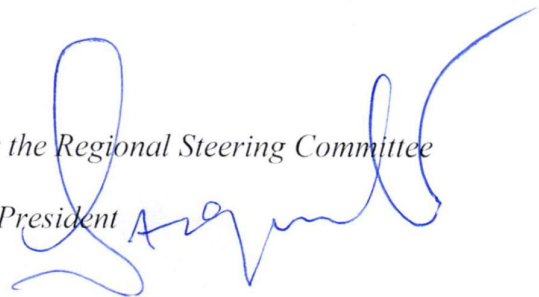
The financial rules and auditing procedures applicable to the Transport Community, set out in the Annex, are hereby adopted.

Article 2

This Decision shall enter into force on the date of its adoption.

Done in Sarajevo on 29 of July,

For the Regional Steering Committee
The President



ANNEX

FINANCIAL RULES AND AUDITING PROCEDURES APPLICABLE TO THE TRANSPORT COMMUNITY

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TITLE I

SUBJECT MATTER

Article 1

These rules establish the procedure for the implementation of the budget and for the presenting and auditing of accounts in accordance with Article 35 of the Treaty establishing the Transport Community (the 'Treaty')¹.

TITLE II

OBLIGATIONS OF THE PARTIES

Article 2

1. The Parties shall transfer 75 % of their financial contributions to the Transport Community no later than the 31 March of each year. The Parties shall transfer the remaining 25 % of their contributions no later than 30 June of each year.
2. The financial contributions of the Parties to the Transport Community must be made in euro.
3. The Transport Community shall bear the transaction cost levied by its payment service provider and the Contracting Parties to the Treaty shall bear the transaction cost levied by their payment service provider.

TITLE III

BUDGETARY PRINCIPLES

Article 3

The implementation of the budget of the Transport Community ('the budget') shall comply with the principles of budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management which requires effective and efficient internal control, and transparency as set out in these rules.



¹ OJ EU L 278, 27.10.2017, p. 3.

Chapter 1

Principle of budgetary accuracy

Article 4

No expenditure shall be committed or authorised in excess of the authorised appropriations.

Chapter 2

Principle of annuality

Article 5

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 they are effected.

Article 6

1. The appropriations authorised 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.
2. Commitment appropriations shall be entered in the accounts for the financial year on the basis of the legal commitments entered into up to 31 December of that year.
3. Payment appropriations shall be entered in the accounts for the financial year on the basis of the payments effected by the accounting officer by 31 December of that year.
4. Appropriations carried over from the previous financial years shall be identified respectively in the accounts.

Chapter 3

Principle of equilibrium

Article 7

The Transport Community shall not raise loans.



Chapter 4

Principle of unit of account

Article 8

The budget shall be implemented in euro and the accounts shall be presented in euro. However, for cash-flow purposes, the Permanent Secretariat shall be authorised to carry out operations in other currencies.

Chapter 5

Principle of universality

Article 9

1. The following deductions may be made from payment requests, invoices or statements, which shall then be passed for payment of the net amount:
 - (a) penalties imposed on parties to contracts, including procurement contracts;
 - (b) adjustments for amounts paid unduly, which can be made by means of direct deduction against a new payment of the same type to the same payee under the chapter, article and financial year in respect of which the excess payment was made, and which give rise to interim payments or payments of balances.
2. Discounts, refunds and rebates on invoices and payment requests shall not be recorded as revenue of the Transport Community.
3. Any negative balance shall be entered in the budget as expenditure.

Chapter 6

Principle of specification

Article 10

1. The Director may use appropriations allocated to a given budget line for purposes which the budget attributes to another budget line, provided that the decision of the Regional Steering Committee adopting the relevant budget allows so, and within the limits so allowed.



2. The Director shall inform the Regional Steering Committee within 7 days upon taking a decision in accordance with paragraph 1.

Chapter 7

Principle of sound financial management

Article 11

1. Budget appropriations shall be used in accordance with the principle of sound financial management, which comprises the principles of economy, efficiency and effectiveness.
2. The principle of economy requires that the resources used by the Transport Community for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.
3. The principle of efficiency concerns the best relationship between resources employed and results achieved.
4. The principle of effectiveness concerns attaining the specific objectives set and achieving the intended results. Those results shall be evaluated.

Chapter 8

Principle of transparency

Article 12

1. The budget shall be implemented and the accounts presented in compliance with the principle of transparency.
2. The budget and amending budgets, as finally adopted, shall be published on the website of the Permanent Secretariat.



Chapter 9

Internal control of budget implementation

Article 13

1. The budget of the Transport Community shall be implemented in compliance with effective and efficient internal control.
2. For the purposes of the implementation of the budget of the Transport Community, internal control is defined as a process applicable at all levels of the 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 and efficient internal control shall be based on best international practices and include, in particular, the elements laid down in Article 36(3) and (4) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council¹, taking into account the structure and size of the Transport Community, the nature of the tasks entrusted to it and the amounts and financial and operational risks involved.

TITLE IV

BUDGET COMMITTEE

Article 14

1. A Budget Committee is hereby established.
2. The Budget Committee shall advise the Director in the financial management of the operations of the Transport Community. In order to fulfil this task, the Budget Committee

¹ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union (OJ EU L 193, 30.7.2018, p. 1).

shall be provided with all the necessary information or explanations regarding budgetary matters and matters with potential budgetary impact.

3. The Budget Committee may report to the Regional Steering Committee and issue recommendations on budgetary matters and on any matter which may have an impact on the budget.

Article 15

1. The Budget Committee shall consist of one member from each of the South East European Parties and two members of the European Union, represented by the European Commission.
2. Meetings of the Budget Committee shall be chaired by the European Commission. The Chairperson may appoint a Co-chair.
3. The Budget Committee shall hold at least two ordinary meetings a year. In addition, it shall meet at the instance of the Chairperson or at the request of at least one third of its members.
4. The Budget Committee shall adopt its internal rules of procedure. Its recommendations may be adopted by written procedure. The Budget Committee shall act by simple majority of the votes including the positive vote of the European Union. In case of an equal vote, the European Union shall have the deciding vote.
5. The Permanent Secretariat shall provide administrative support to the Budget Committee.
6. The Permanent Secretariat shall be represented at the meetings of the Budget Committee without voting rights.

TITLE V

IMPLEMENTATION OF THE BUDGET

Chapter 1

General provisions

Article 16

The Director shall perform the duties of authorising officer.



Article 17

The Director may delegate powers of budget implementation to staff of the Permanent Secretariat. Those so empowered may act only within the limits of the powers expressly conferred upon them and are bound by these rules. The Director shall send a copy of any delegation decision taken under this Article to the Regional Steering Committee.

Article 18

1. All financial actors within the meaning of Chapter 2 of this Title shall be prohibited from taking any measures of budget implementation which may bring their own interests into conflict with those of the Transport Community. Should such a case arise, the actor in question must refrain from such measures and refer the matter to the competent authority.
2. There is a conflict of interests where the impartial and objective exercise of the functions of an actor in the implementation of the budget or an auditor is compromised for reasons involving family, private life, political or national affinity, economic interest or any other shared interest with the beneficiary or contractor.
3. The competent authority referred to in paragraph 1 shall be the immediate superior of the member of staff concerned. If the member of staff is the Director, the competent authority shall be the Regional Steering Committee.

Article 19

Technical expertise tasks and administrative, preparatory or ancillary tasks involving neither the exercise of public authority nor the use of discretionary powers of judgement may be entrusted by contract to external entities or bodies, where this proves to be indispensable.



Chapter 2

Financial actors

SECTION 1

PRINCIPLE OF SEGREGATION OF DUTIES

Article 20

The duties of authorising officer and accounting officer shall be segregated and mutually incompatible.

SECTION 2

AUTHORISING OFFICER

Article 21

1. The authorising officer shall be responsible for implementing revenue and expenditure.
2. To implement expenditure, the authorising officer shall make budget commitments and legal commitments, shall validate expenditure and authorise payments in accordance with the relevant provisions of these rules and shall undertake the implementation of appropriations.
3. 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.
4. The authorising officer shall assure that all the supporting documents related to operations are properly preserved for a period of five years.

Article 22

1. Having due regard to the risks associated with the management environment and the nature of the actions financed, the authorising officer shall put in place the organisational structure, internal management, control systems and procedures suited to the performance of the duties of the authorising officer, including where appropriate, *ex post* verifications.



2. Before an operation is authorised, the operational and financial aspects shall be verified by staff members other than those initiating the operation. Initiation and the *ex ante* and *ex post* verification of an operation shall be separate functions.
3. The staff responsible for the verifications shall be different from those initiating the operation and shall not be their subordinates.

Article 23

The Director, as authorising officer, shall submit to the Regional Steering Committee an annual activity report which contains financial and management information.

Article 24

Any member of staff who is involved in the financial management and control of transactions shall inform the Director in writing if they consider that a decision which their superior requires them to apply or agree to is irregular or contrary to these rules or to the professional rules the staff member is required to observe. The Director shall take action within a reasonable period. If the Director fails to do so, the staff member shall inform the Regional Steering Committee.

Article 25

Where powers of budget implementation are delegated, Article 21 of these rules shall apply *mutatis mutandis* to the authorised officers.

SECTION 3

ACCOUNTING OFFICER

Article 26

1. Upon proposal of the European Commission, the Director shall appoint an accounting officer, in accordance with the rules of procedure in force for the recruitment, working conditions and geographic equilibrium of the staff of the Permanent Secretariat, who shall be responsible in the Permanent Secretariat for:
 - (a) proper implementation of payments, collection of revenue and recovery of amounts established as being receivable;
 - (b) preparing and presenting the accounts in accordance with Title V;

- (c) keeping the accounts in accordance with Title V;
 - (d) implementing, in accordance with Title V, the accounting rules and methods and the chart of accounts;
 - (e) laying down and validating the accounting systems and where appropriate validating systems laid down by the authorising officer to supply or justify accounting information;
 - (f) treasury management.
2. Subject to paragraph 3, only the accounting officer is empowered to manage monies and other assets and shall be responsible for their safekeeping.
 3. If necessary, the accounting officer may delegate certain tasks, without prejudice to the principle of segregation of duties.

Chapter 3

Liability of the financial actors

SECTION 1

GENERAL RULES

Article 27

1. The responsibility under these rules is personal.
2. In the event of any illegal activity, fraud, corruption or irregularity which may harm the financial interests of the Transport Community, the financial actor affected shall without delay inform the Director or, if considered useful, the Regional Steering Committee, or the European Anti-Fraud Office (OLAF). The 'financial interests of the Transport Community' means all revenues, expenditure and assets covered by, acquired through, or due to the Transport Community budget.
3. Where an activity has been subject to irregularities or fraud, the authorising officer responsible shall suspend the procedure and may take any necessary measures, including the cancellation of any decision taken in the framework of the said activity. The authorising officer responsible shall inform all competent authorities, including where

applicable OLAF and the European Public Prosecutor's Office (EPPO), immediately of suspected cases of fraud or irregularities.

Article 28

1. The authorising officer may withdraw any delegation at any time temporarily or definitively. The Regional Steering Committee and the Chairman of the Budget Committee shall be immediately informed of such an action with a proper justification.
2. The accounting officer may at any time be suspended temporarily or definitively from duty by the Director, upon preliminary agreement of the European Commission. On a proposal of the European Commission, the Director shall appoint an interim accounting officer and consequently a permanent accounting officer in accordance with the recruitment rules of the Transport Community.

Article 29

1. The provisions of this chapter are without prejudice to the criminal law liability which the authorising officer and the persons referred to in this Chapter may incur as provided in the applicable national law of the country of domicile and in the provisions in force on the protection of the financial interests of the Transport Community and on the fight against corruption involving officials of the Transport Community or officials of the Contracting Parties to the Treaty.
2. In the event of evidence of illegal activity, fraud or corruption which may harm the financial interests of the Transport Community, the matter shall be referred to the competent authorities and bodies.

SECTION 2

Rules applicable to the authorising officer

Article 30

1. The authorising officer may be required to make good, in whole or in part, any damage suffered by the Transport Community as a result of serious misconduct on his part in the course of or in connection with the performance of his duties, in particular if he determines entitlements to be recovered or issues recovery orders, commits expenditure or signs a

payment order without complying with these rules. The same shall apply where, through serious misconduct, the authorising officer:

- (a) fails to draw up a document establishing an amount receivable;
- (b) fails to issue a recovery order or is, without justification, late in issuing it;
- (c) fails to issue a payment order or is late in issuing it, thereby rendering the Transport Community liable to civil action by third parties.

2. An authorising officer by delegation who considers that a decision falling under their responsibility is irregular or contrary to the principles of sound financial management shall inform the delegating authority in writing. If the delegating authority then gives a reasoned instruction in writing to the authorising officer by delegation to implement the decision in question, the authorising officer by delegation must implement it and may not be held liable.
3. In the event of delegation, the delegating authority shall continue to be responsible for the effectiveness of the internal management rules put in place and for the choice of the authorising officer by delegation.
4. The authorising officer shall not be held responsible for any decisions taken by the Regional Steering Committee, in case they are strictly followed. Should the authorising officer disagree with any of those decisions, they have the right to notify the relevant authority in writing. However, the authorising officer is obliged to follow the relevant decisions.



Chapter 4

Revenue operations

SECTION 1

GENERAL PROVISIONS

Article 31

Interest accrued on the accounts of the Transport Community shall form part of its revenue, in addition to the contributions of the Contracting Parties to the Treaty.

SECTION 2

ESTIMATE OF AMOUNTS RECEIVABLE

Article 32

An estimate of the amount receivable shall first be made by the authorising officer responsible in respect of any measure or situation which may give rise to or modify an amount owing to the Transport Community.

SECTION 3

ESTABLISHMENT OF AMOUNTS RECEIVABLE FROM THIRD PARTIES

Article 33

1. Establishment of an amount receivable is the act by which the authorising officer or authorising officer by delegation:
 - (a) verifies that the debt exists;
 - (b) determines or verifies the reality and the amount of the debt;
 - (c) verifies the conditions in which the debt is due.
2. Any amount receivable that is identified as being certain, of a fixed amount and due must be established by a recovery order given to the accounting officer, accompanied by a debit note sent to the debtor. Both of those documents shall be drawn up and sent by the authorising officer responsible.

3. In duly substantiated cases, certain routine revenue items may be established provisionally. Provisional establishment shall cover the recovery of several individual amounts which therefore do not need be established individually.

Before the end of the financial year, the authorising officer shall amend the amounts established provisionally to ensure that they correspond to the amounts receivable actually established.

Article 34

The authorisation of recovery is the act whereby, having established an amount receivable, the authorising officer responsible, by issuing a recovery order, instructs the accounting officer to recover that amount receivable.

Article 35

1. Amounts wrongly paid shall be recovered.
2. The accounting officer shall act on recovery orders for amounts receivable duly established by the authorising officer or authorising officer responsible. The accounting officer shall exercise due diligence to ensure that the Transport Community receives its revenue and shall see that its rights are safeguarded.
3. Where the authorising officer responsible is planning to waive recovery of an established amount receivable, the authorising officer shall ensure that the waiver is in order and complies with the principle of sound financial management. Such a waiver shall be by decision of the authorising officer, which must be substantiated. The authorising officer may not delegate such a decision. The waiver decision shall state what action has been taken to secure recovery and the points of law and fact on which it is based.
4. The authorising officer responsible shall cancel an established amount receivable when the discovery of a mistake as to a point of law or fact reveals that the amount had not been correctly established. Such cancellation shall be by decision of the authorising officer responsible and shall be suitably substantiated.
5. The authorising officer responsible shall adjust the amount of an established debt upwards or downwards when the discovery of a factual error entails the alteration of the amount of the debt, provided that this correction does not involve the loss of the established entitlement of the Transport Community. Such an adjustment shall be by decision of the authorising officer responsible and shall be suitably substantiated.

6. Where a debtor has a claim against the Transport Community, of a fixed amount and due relating to a sum established by a payment order, the accounting officer shall, after expiry of the deadline specified in the debit note, recover established amounts receivable by offsetting.

In exceptional circumstances, where it is necessary to safeguard the financial interests of the Transport Community and where the accounting officer has justified grounds to believe that the amount due to the Transport Community would be lost, the accounting officer may recover by offsetting before the expiry of the deadline specified in the debit note.

The accounting officer may also recover by offsetting before the expiry of the deadline specified in the debit note when the debtor agrees.

7. Before proceeding with any recovery in accordance with paragraph 6, the accounting officer shall consult the authorising officer and inform the debtor(s) concerned.
8. The offsetting referred to in paragraph 6 shall have the same effect as payment and discharge the Transport Community for the amount of the debt and, where appropriate, of the interest due.

Article 36

1. Upon actual recovery of the sum due, the accounting officer shall make an entry in the accounts and shall inform the authorising officer responsible.
2. A receipt shall be issued in respect of all cash payments made to the accounting officer.

Article 37

1. If actual recovery has not taken place by the due date stipulated in the debit note, the accounting officer shall inform the authorising officer responsible and immediately launch the procedure for effecting recovery by any means offered by the law.
2. The accounting officer shall recover amounts by offsetting them against equivalent claims that the debtor has on the Transport Community, provided that the claim is certain, of a fixed amount and due, and that offsetting is legally possible.



Article 38

The accounting officer, in collaboration with the authorising officer responsible, may allow additional time for payment only at the written request of the debtor, with due indication of the reasons, provided that the following two conditions are met:

- (a) the debtor undertakes to pay interest for the entire additional period allowed, starting from the date on which the payment was originally due at the rate applied by the European Central Bank for its main refinancing operations in euro (the reference rate) plus eight points. The reference rate is the rate in force, as published in the C series of the *Official Journal of the European Union*, on the first day of the month in which the payment period ends;
- (b) in order to safeguard the rights of the Transport Community, the debtor provides a financial guarantee covering both the principal sum and the interest.

Chapter 5

Expenditure operations

Article 39

Every item of expenditure shall be committed and paid.

SECTION 1

COMMITMENT OF EXPENDITURE

Article 40

1. The budget commitment is the operation reserving the appropriation necessary to cover subsequent payments to honour a legal commitment.
2. The legal commitment is the act whereby the authorising officer responsible enters into or establishes an obligation which results in a charge for the budget.



Article 41

1. In respect of any measure which may give rise to expenditure chargeable to the budget, the authorising officer responsible must first make a budget commitment before entering into a legal commitment with third parties.
2. Individual legal commitments relating to individual budget commitments shall be concluded by 31 December of the financial year concerned.

Article 42

1. The unused balance of budget commitments relating to year N shall be de-committed by the authorising officer responsible by 31 March of year N+1.
2. The legal commitments entered into for actions extending over more than one financial year and the corresponding budget commitments shall, save in the case of staff expenditure, have a final date for implementation set in compliance with the principle of sound financial management. Any parts of such commitments which have not been executed six months after that final date shall be de-committed.
3. Where a legal commitment has not then resulted in a payment after a period of three years, the authorising officer responsible shall de-commit it.

Article 43

When adopting a budget commitment, the authorising officer responsible shall ensure that:

- (a) the expenditure has been charged to the correct item in the budget;
- (b) the appropriations are available;
- (c) the expenditure conforms to the applicable provisions, in particular those of the Treaty and the internal management rules of the Transport Community;
- (d) the principle of sound financial management is complied with.



SECTION 2

VALIDATION OF EXPENDITURE

Article 44

Validation of expenditure is the act whereby the authorising officer responsible:

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

Article 45

1. Validation of any expenditure shall be based on supporting documents attesting the creditor's entitlement, on the basis of a statement of services actually rendered, supplies actually delivered or work actually carried out, or on the basis of other documents justifying payment.
2. The validation decision shall be expressed by the signing of a 'passed for payment' voucher by the authorising officers responsible.

SECTION 3

AUTHORISATION OF EXPENDITURE

Article 46

1. Authorisation of expenditure is the act whereby the authorising officer responsible, by issuing a payment order, instructs the accounting officer to pay an item of expenditure which the authorising officer responsible has validated.
2. The payment order shall be dated and signed by the authorising officer responsible, then sent to the accounting officer. The supporting documents shall be kept by the authorising officer responsible in accordance with Article 21(4).
3. Where appropriate, the payment order sent to the accounting officer shall be accompanied by a document certifying that the goods have been entered in the inventories referred to in Article 60.

SECTION 4

PAYMENT OF EXPENDITURE

Article 47

1. Payment of expenditure shall be made on production of proof that the relevant action has been carried out in accordance with the basic act 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:
 - (i) pre-financing, which may be divided into a number of payments;
 - (ii) one or more interim payments;
 - (iii) payment of the balance of the amounts due. Pre-financing shall count in full or in part against the interim payments.

The entire pre-financing and interim payments shall count against the payment of balances.

2. A distinction shall be made in the accounts between the different types of payment referred to in paragraph 1 at the time they are made.

Article 48

Payment of expenditure shall be made by the accounting officer within the limits of the funds available.

TITLE VI

PROCUREMENT

Article 49

Directive 2014/24/EU of the European Parliament and of the Council¹ shall apply.



¹ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ EU L 94, 28.3.2014, p. 65).

TITLE VII

PRESENTATION OF THE ACCOUNTS AND ACCOUNTING

Chapter 1

Presentation of the accounts

Article 50

The annual accounts of the Transport Community shall comprise:

- (a) the financial statements of the Transport Community and accompanying annexes;
- (b) the report on implementation of the budget of the Transport Community.

Article 51

The accounts must comply with the accounting rules set out in Regulation (EU, Euratom) 2018/1046 and be accurate and comprehensive and present a true and fair view:

- (a) as regards the financial statements, of the assets and liabilities, charges and income, entitlements and obligations not shown as assets or liabilities and cash flow;
- (b) as regards report on budget implementation, of revenue and expenditure operations.

Article 52

The financial statements shall present information, including information on accounting policies, in a manner that ensures it is relevant, reliable, comparable and understandable. The financial statements shall be drawn in accordance with generally accepted accounting principles as outlined in the accounting rules in accordance with Article 80 of Regulation (EU, Euratom) 2018/1046 or the accrual based International Public Sector Accounting Standards ('IPSAS').



Article 53

1. In accordance with the principle of accrual-based accounting, revenue and expenses are recorded in the period in which they are earned or incurred regardless of the date of payment or collection.
2. The value of assets and liabilities shall be determined in accordance with the valuation rules laid down by the accounting methods provided for in the International Accounting Standard and, if necessary, in National standards of the country of domicile.

Article 54

1. The financial statements shall be presented in euro and shall comprise:
 - (a) the balance sheet and the statement of financial performance, which represent all assets and liabilities, the financial situation and the economic result at 31 December of the preceding financial year; they shall be presented in accordance with the accounting rules in Article 80 of Regulation (EU, Euratom) 2018/1046 or the accrual based IPSAS;
 - (b) the cash-flow statement showing amounts collected and disbursed during the financial year and the final treasury position;
 - (c) the statement of changes in equity during the financial year.
2. The annex to the financial statements shall supplement and comment on the information presented in the financial statements referred to in paragraph 1 and shall supply all the additional information prescribed by internationally accepted accounting practice where such information is relevant to the Transport Community's activities.

A handwritten signature in blue ink, consisting of a stylized 'U' shape with a vertical line extending upwards from the right side.

Chapter 2

Accounting

SECTION 1

COMMON PROVISIONS

Article 55

1. The accounting system of the Transport Community is the set of manual and computerised procedures and controls that provide for identifying relevant transactions or events, preparing accurate source documents, entering data into the accounting records accurately, processing transactions accurately, updating master files properly, and generating accurate documents and reports.
2. The accounts shall consist of general accounts and budget accounts. These accounts shall be kept in euro on the basis of the calendar year.
3. The figures in the general accounts and the budget accounts shall be adopted at the close of the budget year so that the accounts referred to in Chapter 1 can be drawn up.
4. The accounting officer shall apply accounting rules and methods which take account of the IPSAS, and if necessary of the rules applied by the public authorities of the host country.

SECTION 2

GENERAL ACCOUNTS

Article 56

The general accounts shall record, in chronological order using the double entry method, all events and operations which affect the economic and financial situation and the assets and liabilities of the Transport Community.



Article 57

1. Movements on the accounts and the balances shall be entered in the accounting ledgers.
2. All accounting entries, including adjustments to the accounts, shall be based on supporting documents, to which they shall refer.
3. The accounting system must be such as to leave a trail for all accounting entries.

Article 58

The accounting officer of the Transport Community shall, after the close of the budget year and up to the date of presentation of the final accounts, make any adjustments which, without involving disbursement or collection in respect of that year, are necessary for a true and fair presentation of the accounts in compliance with these rules.

SECTION 3
BUDGET ACCOUNTS

Article 59

1. The budget accounts shall provide a detailed record of budget implementation.
2. For the purposes of paragraph 1, the budget accounts shall record all budget revenue and expenditure operations.
3. The Permanent Secretariat shall establish an annual report at the latest on 30 March of each year. The annual report shall include:
 - an operational report explaining the work carried out by the Permanent Secretariat and the results achieved, giving an overview of the progress towards the objectives set in the annual work programme of the Permanent Secretariat;
 - a financial report on the budget implementation.



Chapter 3

Property inventories

Article 60

The Transport Community shall keep inventories showing the quantity and value of all the tangible, intangible and financial assets constituting Transport Community property.

TITLE VIII

EXTERNAL AUDIT AND PROTECTION OF FINANCIAL INTERESTS

Article 61

Each year, the accounting officer shall establish the accounts of the previous year no later than the 31 March. These accounts shall be validated by the Director.

Article 62

Independent external auditors, to be designated by the Regional Steering Committee, shall carry out the annual audit of the Transport Community (the 'external auditors'). The term of service of the external auditors is renewable every year, unless otherwise specified by the Regional Steering Committee.

Article 63

1. The external auditors shall submit to the Regional Steering Committee a report, together with the statement of assets and liabilities and certified accounts, not later than eight months after the end of the financial year to which they relate.
2. The Director shall make such observations as the Director considers appropriate on the external auditors' report.
3. The external auditors shall conduct such audits as deemed necessary, in accordance with their approved Terms of Reference. The external auditors shall, in particular, inspect the accounting records and procedures of the Transport Community for the purpose of verifying the accuracy and completeness of the records. The external audit determines the overall validity of financial statements.

4. The external auditors shall submit an 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 Regional Steering Committee not later than eight months after the end of the financial year to which the accounts relate. If so requested by the Regional Steering Committee, the Budget Committee shall make such observations to the Regional Steering Committee as it considers appropriate on the documents submitted by the external auditors.

Article 64

1. The authorising officer and the Regional Steering Committee shall transmit without delay to OLAF and the European Commission any information obtained in accordance with Article 27.
2. The Regional Steering Committee and the staff of the Transport Community shall fully cooperate in the protection of the financial interests of the Union, in particular with the EPPO and OLAF and provide them with the relevant information and, upon request, any assistance necessary to exert their respective competences, including to carry out investigations in accordance with Council Regulation (EU) 2017/1939¹ and Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council². The authorising officer shall also assure that any third person involved in the implementation of the Transport Community's budget will fully cooperate and grant the EPPO and OLAF equivalent rights.
3. OLAF shall have the power to carry out administrative investigations at the premises of the Transport Community, including the right of access for inspection in accordance with Regulation (EU, Euratom) No 883/2013.

¹ Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ EU L 283, 31.10.2017, p. 1).

² Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ EU L 248, 18.9.2013, p. 1).

TITLE IX

TRANSITIONAL AND FINAL PROVISIONS

Article 65

The Regional Steering Committee shall be empowered to obtain any necessary information or explanations regarding the implementation of the budget.

Article 66

Upon approval of the European Commission, the Director may adopt, where necessary, guidelines for the implementation of these rules.

Article 67

Until the appointment of the members of the Budget Committee, its functions under Article 14(2) will be performed by the European Commission.

Article 68

These rules shall be binding in their entirety on the Contracting Parties to the Treaty and the bodies set up under the Treaty.

Article 69

These rules shall apply from the day following their adoption.

