

### 3.1.

## **RULES ON THE USE OF APPROPRIATIONS FROM BUDGET ITEM 400**

**ADOPTED BY THE BUREAU ON 30 JUNE 2003<sup>1</sup>**

### Preamble

The Bureau shall adopt these rules in the light of what is required because of the specific way in which the political groups operate.

These rules shall comply with the principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency.

Parliament shall confer responsibility for implementation on the groups. These rules shall include the appropriate provisions to ensure transparency of the transactions carried out, and shall include:

- a) procurement procedures;
- b) an effective internal control system for management operations;
- c) accounting arrangements for those operations plus procedures for the presentation of accounts with a view to ascertaining that Community funds are properly used and determining the real extent to which they are so used;
- d) an independent external audit;
- e) publishing of accounts.

## **PART 1 - THE RULES**

### Chapter 1: GENERAL PROVISIONS

#### **1. Legal basis of the management of the appropriations**

The political groups manage the funds allocated to them according to the principles of indirect management of funds in analogical application of Article 60 of the Financial Regulation<sup>2</sup>, whereby the specific requirements of the groups are taken into account in accordance with the provisions laid down in this regulation.

#### **1.1 Nature of expenditure**

1.1.1 The appropriations made available from Item 400 are intended to cover:

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<sup>1</sup> Amended by Bureau decisions of 22 March 2006, 11 July 2007, 20 September 2010, 23 March 2011, 26 September 2011, 2 July 2012, 11 March 2013, 24 February 2014 and 14 April 2014.

<sup>2</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 on the financial rules applicable to the general budget of the European Communities.

- the administrative and operational expenditure of the political groups/non-attached Members' secretariat;
- expenditure on political and information activities conducted by the political groups/non-attached Members in connection with the European Union's political activities.

These appropriations may not:

- substitute for expenditure already covered by other budget items within the budget of the European Parliament, in particular expenditure under the Statute for Members of the European Parliament<sup>3</sup> (hereinafter "the Statute") with the exception of expenses defrayed from the allowances provided for in Articles 25 and 33 of the Implementing Measures for the Statute for Members of the European Parliament<sup>4</sup>, on condition that such expenses are listed in the accounting plan annexed to these rules.

To this end, the necessary measures must be taken by the political groups and the Administration to prevent any risk of double payment, particularly with regard to the general expenditure allowance, parliamentary assistance allowances, travel and subsistence expenses and visitors groups.

In cooperation with the Secretary-General of Parliament, the secretaries-general of the political groups shall determine arrangements to permit the exchange of information and to ensure a clear allocation of responsibilities;

- be used to finance any form of European, national, regional or local electoral campaign (guidelines for the interpretation of this indent are annexed to these rules);
- be used for the acquisition of immovable property or vehicles;
- be used to finance political parties at national and European level or their dependent bodies (including political parties' legally independent foundations) within the meaning of Regulation (EC) 2004/2003 of the European Parliament and of the Council of 4 November 2003 on the regulations governing political parties at European level and the rules regarding their funding<sup>5</sup>;
- be used to acquire financial participation or ownership in any other organisation.

1.1.2 The nature of expenditure must conform to the common accounting plan, which forms an integral part of these rules.

1.1.3 The appropriations may not be used to cover expenses where this may give rise to a conflict of interests, as defined in Article 57 of the Financial Regulation.

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<sup>3</sup> Decision 2005/684/EC, Euratom of the European Parliament of 28 September 2005 adopting the Statute for Members of the European Parliament (OJ L 262, 7.10.2005, p.1).

<sup>4</sup> Decision of the Bureau of 19 May and 9 July 2008 concerning implementing measures for the Statute for Members of the European Parliament (OJ C 159, 13.7.2009, p. 1) and subsequent modifications

<sup>5</sup> OJ L 297, 15.11.2003, p. 1.

## **1.2 Allocation of appropriations**

1.2.1 The allocation of the appropriations between the political groups and the non-attached Members shall be the subject of a decision of the Bureau based on a scale proposed by the chairs of the political groups. This allocation shall be established on the basis of the composition of the political groups and the number of non-attached Members as at 1 January of the year in question. It shall be distributed according to the rule set in Annex 3.

1.2.2 The political groups/non-attached Members may not finance their activities, as described in Article 1.1.1 of these rules, from resources other than those made available to them under budget Item 400 or the resources derived therefrom. Political groups/non-attached Members in their capacity as Members of the European Parliament may not receive either donations or legacies.

## **1.3 Changes to and mergers between groups and dissolution of groups**

1.3.1 Changes to the composition of the groups during the course of the financial year shall give rise to a proportional reallocation of appropriations on a pro rata basis.

This reallocation shall come into effect on the first day of the month following the date upon which the composition of the political group(s) was altered. The Administration shall carry out this reallocation at the beginning of the following financial year, when the appropriations are paid.

In the case of an especially significant change in composition, the Administration shall submit a reallocation of appropriations to the Bureau for its approval.

Where one or more members of a political group opt to become non-attached, the amount to which a non-attached Member is entitled shall be reimbursed on a pro rata temporis basis. This reallocation shall come into effect on the first day of the month following the date upon which the composition of the political group(s) was altered. The Administration shall inform the political group(s) of the amount to be reimbursed; reimbursement shall be effected no later than one month after notification by the Administration. Should the amount not be reimbursed, it shall be deducted at the beginning of the following financial year, when the appropriations are paid.

Where a non-attached Member joins a political group, the Administration shall prepare a report on the statement of expenditure as at the date on which he or she joins the group. If appropriate, the appropriations not used by the non-attached Member shall be transferred to the group concerned.

1.3.2 Where a political group is dissolved, the former chair of the group shall remain responsible for the preparation of final accounts as of the date of the dissolution of the political group. Appropriations shall not be used to finance expenditure incurred after the date of the dissolution, unless it relates to the liquidation or a legal commitment previously entered into writing.

The political group shall forward to the President of the European Parliament, no later than three months after the date of the official dissolution of the group, a report on the use of the appropriations for the financial year in question in accordance with the detailed rules set out in Articles 2.7.1 and 2.7.2 of these rules.

Following the preparation of the financial statements as of the date of the dissolution of the group, the realisation of all assets and liabilities of the group shall be effected under the joint supervision of the former chairman of the group and of the Secretary-General of the European Parliament or his/her representative. The net assets, including any fixed assets, shall be reimbursed to the European Parliament.

The political group shall forward to the European Parliament, no later than three months after the date of the official dissolution of the group, all documents pertaining to the implementation and execution of the budget of the political group. These shall be kept for a period of at least five years after the discharge granted by the Parliament to the President.

Where a non-attached Member resigns, the Administration shall close the accounts of that Member, taking account of commitments previously entered into in writing.

#### **1.4 Responsibility**

The political groups shall be responsible to the institution for the use of appropriations, within the limits of the powers conferred upon them by the Bureau for application of these rules. They shall ensure that the appropriations are used in accordance with these rules and they shall take appropriate action to prevent any expenditure which is not in accordance with these rules.

The political group, represented by its chair, shall have authorising officer powers. Each group's internal rules shall make provision for the appointment of an authorising officer by delegation.

The authorising officer by delegation and authorising officers by subdelegation shall be empowered to authorise expenditure, to establish entitlements to be collected and to issue recovery orders and payment orders.

#### **1.5 Publicity, co-organisation and sponsoring**

1.5.1 The name and/or logo of the political group must be clearly mentioned in connection with any political or information activity financed by the appropriations entered under Item 400.

1.5.1.1 Publications or other information material or activities published or produced by non-attached Members shall carry the name of the Member and full, clear indication of his or her status as a 'Non-Attached Member of the European Parliament', either beside or directly below the name of the Member. Both the name and status must be prominent and must appear on the cover page of any publication or information material produced.

The use of the logo of the European Parliament is not permitted for a non-attached Member without authorisation for its use from the Secretary-General of the European Parliament.

As at present, these communications activities and publications by non-attached Members shall indicate that sole liability rests with the author and that the European Parliament is not responsible for any use that may be made of the information contained therein.

1.5.1.2 Publications or other information material or activities which are published or produced by individual Members of the European Parliament who belong to a political group within the meaning of Rule

30 of the Rules of Procedure<sup>6</sup> will carry the name and/or logo of the political group to which they belong.

The use of the European Parliament logo by individual Members who belong to a political group is to be subject to an authorisation procedure by the Group to which they belong.

1.5.2 Political groups and non-attached Members may organise political or information activities jointly with third parties. In such cases the involvement of the political group or of the non-attached Member must be genuine. For political groups, their name and/or logo must feature as prominently as those of the other organisers. For non-attached Members, their status as a non-attached Member of the European Parliament must feature as prominently as that of the other organisers. The likely expenditure of each co-organiser must be determined in advance.

1.5.3 In their political or information activities the political groups/non-attached Members may mention third parties involved in those activities. In such cases the names and logos of those third parties shall be less prominent than those of the political group/non-attached Members.

1.5.4 Any service provided by political parties or by their dependent bodies in connection with the organisation of activities must be properly invoiced at cost price; if services are subcontracted, invoices together with proof of payment to the subcontractor must be provided to the political groups/non-attached Members.

## **1.6 Subscriptions and subsidies to third parties**

1.6.1 Without prejudice to Article 1.1.1 of these rules, political groups/non-attached Members may support external organisations financially from Item 400 appropriations, in the form of a subsidy or a subscription, up to a total amount of 5% of their annual appropriations received under Item 400. In doing so, they must ask for an audited statement or financial statement of the use of the support received where the sum involved exceeds €10 000. Subsidies may not be paid to national or European political parties or to their dependent bodies (including political parties' legally independent foundations).

## **1.7 Employment contracts**

1.7.1 Other than staff employed in conformity with the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities, the political groups may employ contractual personnel and conclude service contracts using appropriations from Item 400.

An employment contract shall include at least the following details:

- information enabling the contracted person's identity to be verified,
- the length of the contract,
- a summary job description,
- the place(s) of work,
- the working hours (full-time/part-time),
- the gross monthly salary of the contracted person and any other financial entitlements, holiday pay, end-of-year bonus and arrangements for mission expenses,

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<sup>6</sup> The references to the Rules of Procedure are to the version in force at the date of adoption of the last Bureau amending decision.

- provision of a monthly pay slip,
- arrangements governing annual leave, including the length thereof,
- arrangements governing termination of the contract, including the period of notice,
- a clause specifying the national law applicable to the employment contract,
- the national social security scheme<sup>7</sup> of which the contracted person is a member,
- a clause expressly stating that the other party of the employment contract is the political group and not the European Parliament.

A service contract shall include at least the following details:

- the identity and legal status of the service provider,
- the length of the contract,
- a description of the services to be provided,
- the place(s) where services are to be provided,
- the price (including VAT, where appropriate),
- a clause specifying the national law applicable to the service contract,
- the service provider's obligation to comply with the law applicable to him or her,
- the service provider's VAT registration number and business registration number (or relevant legal basis for exemption from the obligation to be so registered),
- a clause expressly stating that the other party of the service contract is the political group and not the European Parliament.

The groups shall make the necessary arrangements to ensure checks on compliance. Employment contracts or contracts for the provision of a service lasting six months or more which are concluded by the political groups shall be forwarded each quarter, together with a copy of the most recent salary statement or invoice, to the Secretary-General of the European Parliament for information.

Employment contracts are not authorised for non-attached Members.

## Chapter 2: FINANCIAL REGULATION

### **2.1 General provisions**

2.1.1 The appropriations shall be paid to the political groups at the beginning of each financial year, or at the beginning of each month should the provisional twelfths system apply, into bank accounts specially opened for that purpose.

The financial year shall begin on 1 January and end on 31 December.

However, in the years in which European elections are held, the first budgeting period shall begin on 1 January and end on 30 June and the second shall begin on 1 July and end on 31 December.

2.1.2 Each group shall adopt internal financial rules. The Secretary-General shall be notified of these internal financial rules and of any revision thereof. The rules shall be published

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<sup>7</sup> Pursuant to Article 4 of Regulation (EEC) No 1408/71 of 14 June 1971, social security consists of the following branches: (a) sickness and maternity benefits; (b) invalidity benefits; (c) old-age benefits; (d) survivors' benefits; (e) benefits in respect of accidents at work and occupational diseases; (f) death grants; (g) unemployment benefits; and (h) family benefits.

electronically on Parliament's Internet site. In accordance with those rules, each group shall adopt an annual budget, which shall authorise the revenue and expenditure.

2.1.3 Payment shall constitute the final action whereby the group is discharged of its obligations towards its creditors.

2.1.4 If no budget has been adopted before 1 January, commitments and payments shall be possible under the provisional twelfths system if the expenditure was authorised in principle in the last budget adopted by the group.

2.1.5 Revenue and expenditure shall be entered in their full amount in the budget and in the expenditure and may not be offset one against the other. No revenue may be generated, no commitment or payment made without reference to a chapter, an article or an item within the budget.

2.1.6 Appropriations that are not used during the financial year may be carried over to the following financial year up to a maximum of 50 % of the annual appropriations received from the European Parliament's budget. Amounts exceeding 50 % shall be repaid to Parliament's budget together with any interest that may have accrued, after the accounts have been closed and the auditors' report submitted to the President of the European Parliament.

For the purpose of calculating the carry-over in election years for those groups which continue to exist after the elections, the two half-yearly budgetary periods shall be aggregated and regarded as constituting a single financial year as referred to in this paragraph.

2.1.7 The budget shall be implemented in accordance with the principle that the duties of authorising officer and accounting officer are mutually incompatible.

2.1.8 All revenue received and all expenditure incurred must have a proper legal basis and must reflect sound financial management.

2.1.9 Each group may decide, in accordance with its own internal rules, on any delegation to a member of the group and/or staff employed by that group. Any delegation must set the limits and conditions of the delegation and must be documented by a written decision.

2.1.10 Appropriations may be set aside within the budget to cover centralised or decentralised political and information activities.

Each group must adopt specific rules and procedures regarding the commitment and execution of decentralised appropriations.

The authorising officer responsible may provide for the opening of imprest accounts pursuant to Article 2.5.5 of these rules in order to effect expenditure relating to activities at regional level.

2.1.11 Each group must adopt rules governing the transfer of appropriations from one item to another within its own budget.

2.1.12 Each group must keep, for a period of at least five years after the discharge granted by the European Parliament to its President, all documents pertaining to the implementation and execution of the budget. The Administration shall keep, for at least five years after the discharge granted to the President for the execution of the budget, the reports forwarded by non-attached Members.

## **2.2 Execution of the budget**

2.2.1 The appropriations authorised within the budget shall cover one financial year.

2.2.2 The budgets of the political groups shall be established in accordance with the common accounting plan shown in Part 2 of these rules. The groups may introduce any subdivisions they wish provided that they respect the common accounting plan.

2.2.3 Each group must introduce an internal control system and ensure that each budgetary transaction is processed by:

- the staff member responsible for initiation tasks;
- the staff member responsible for ex ante verifications;
- the responsible authorising officer.

Initiation and ex ante verification duties shall be mutually incompatible, as shall be authorising officer and accounting officer duties. Staff members responsible for ex ante verifications may not come under the authority of staff members responsible for initiation tasks.

Before payment orders are issued, steps shall be taken to:

- determine or verify the existence and the amount of the sum due;
- verify the availability of the appropriations;
- verify that all supporting documents have been collected;
- verify the conditions under which payments fall due; and
- verify that the expenditure is in line with the rules governing the use of the appropriations under Item 400.

2.2.4 Commitments and payments may only be made within the appropriations available. Any commitment decision must cover the exact amount.

2.2.5 The issue of payment orders shall constitute the act whereby instruction is given to pay an item of expenditure.

## **2.3 Procurement**

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'/non-attached Members' specific circumstances, which are as follows:

- a consultation procedure with at least five candidates must be used for contracts with a value of more than € 60 000; a decision may be taken only if at least three valid tenders have been submitted;
- a consultation procedure with at least three candidates must be used for contracts with a value of between € 15 000 and € 60 000;
- for any contract with a value of less than € 15 000 a single tender shall be sufficient.

The choice of supplier or provider must be substantiated and all the procurement-related documents must be kept by the authorising officer. In the case of non-attached Members, all documents must be submitted to the Administration.

Contracts shall be awarded by either of the procedures provided for in Article 110(2) of the Financial Regulation.

Political groups/non-attached Members 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 129 and 130 of the Commission Delegated Regulation on the rules of application of the Financial Regulation of the Union<sup>8</sup>.

## **2.4 Inventory**

2.4.1 An inventory detailing numbers and value shall be established and maintained by each group in respect of purchases financed by the appropriations under Item 400. 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.

## **2.5 Accounts**

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

Supporting documents shall include original invoices and any relevant document justifying the nature of the expenditure.

2.5.2 The accounts shall be finalised at the end of the financial year so that the financial report of the group can be drawn up.

The financial report shall comprise a balance sheet, a statement of revenue and expenditure for the financial year and relevant explanatory notes.

The keeping and presentation of the accounts shall be subject to the overall considerations on financial statements in the rules adopted by the Accounting Officer of the Commission set out in Articles 143 and 144 of the Financial Regulation in so far as they are applicable to the implementation of item 400. If an accounting rule diverges materially from these considerations, the notes to the financial statements shall reflect this.

The balance sheet and the statement of revenue and expenditure shall be drawn up in accordance with the harmonised Accounting Plan in Part 2 of these rules. Expenditure shall be classified by purpose.

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<sup>8</sup> Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union

In order to facilitate harmonisation of the presentation of the financial statements of the political groups, a specimen financial report is available in a handbook for the political groups.

2.5.3 The statement of revenue and expenditure shall be drawn up in accordance with the generally accepted principles of accrual-based accounting.

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 of the following year (30 September during an election year).

2.5.4 Item 400 appropriations shall be disbursed from bank accounts opened by the political groups in their name.

Details of all bank accounts opened by the political groups must appear in the accounts. The groups may open accounts in their name for the purpose of the standing imprests referred to in Article 2.5.5. of these rules.

All transactions involving the bank accounts belonging to the group must be entered in the accounts for the entire amount.

2.5.5 Any imprest shall be subject to an expenditure commitment for the entire amount.

A distinction shall be made between a standing imprest and a fixed-duration imprest.

All imprests shall be opened and closed by the authorising officer responsible. Imprest expenditure shall be administered by the imprest administrator in accordance with the instructions given in the expenditure commitment.

The administrators of imprest accounts shall be responsible for the payment or the reimbursement of the amounts to which the imprest relates.

## **2.6 Financial control**

2.6.1 The annual accounts of the groups and their presentation shall be submitted to an external audit. The examination by the external auditors shall be carried out in accordance with the following remit.

The task of the auditor shall be to carry out an independent audit in accordance with the international auditing standards (IAS) issued by the IASSB standards body. It shall include such tests of the accounting records and other auditing procedures as are considered necessary to form an independent view with reasonable assurance that:

- (a) the statement of revenue and expenditure gives a true and fair view of the group's financial position for the financial year concerned;
- (b) the balance sheet gives a true and fair view of the group's assets at the end of the financial year;
- (c) the overall considerations on financial statements in the rules adopted by the Accounting Officer of the Commission set out in Articles 143 and 144 of the Financial Regulation have been observed in the preparation and presentation of the accounts, or where

- appropriate, a divergence from these overall considerations is adequately explained by a note to the financial statements;
- (d) an effective and efficient internal control system for the management of operations, which includes effective segregation of the duties of authorising officer and accounting officer or of the equivalent functions;
  - (e) the accounts have been presented in accordance with the harmonised Accounting Plan in Part 2 of these rules;
  - (f) the expenditure complies with the provisions of these rules;
  - (g) the expenditure has been charged to the correct item in the budget of the group;
  - (h) the appropriations were available;
  - (i) the principles of sound financial management have been applied;
  - (j) payment orders are substantiated by original supporting documents (or certified true copies);
  - (k) the group's internal rules have been observed.

At the end of his or her examination, the auditor shall set out his or her views in an audit report addressed to the chair of the political group concerned.

2.6.2 The external auditor shall verify the risk management activities of the group, by issuing independent opinions on the quality of management and control systems and by issuing recommendations for improving the conditions of implementation of operations and promoting sound financial management. The external auditor shall be responsible in particular for:

- (a) assessing the suitability and effectiveness of internal management systems and the performance of departments in implementing policies, programmes and actions by reference to the risks associated with them;
- (b) assessing the efficiency and effectiveness of the internal control and audit systems applicable to every budget implementation operation.

The external auditor's duties shall cover all the group's activities and departments. He/she shall enjoy full and unlimited access to all information required to perform his duties, if necessary on the spot, including in the Member States and in third countries.

The external auditor shall include in his/her annual audit report his/her opinion on the internal control systems.

2.6.3 On a proposal from the Secretary-General, the Bureau of the European Parliament shall establish a list of approved external auditing companies. The Secretary-General is authorised to include further auditing companies on the list, during its period of validity, except in the last three months, if they apply and fulfil the conditions of the call for expression of interest. The political groups are free to select their own auditing company from that list. The auditor shall be appointed on the basis of a standard letter of employment. The maximum length of consecutive engagement of the same auditing company is five years<sup>9</sup>.

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<sup>9</sup> The first five-year period starts on 21 September 2010.

## **2.7 Reporting to the European Parliament**

2.7.1 Before the end of the fourth month following the end of the financial year, each political group shall submit to the President of the European Parliament an audited report on the utilisation of appropriations for the past financial year.

2.7.2 This financial report shall comprise:

- (a) the auditor's report covering the points set out in Section 2.6.1 of these rules.
- (b) the financial report of the group as described in Section 2.5.2 of these rules.

This report shall be forwarded to the Secretary-General and shall be published on Parliament's Internet site.

2.7.3 The President of the European Parliament shall forward the reports referred to in Section 2.7.2 of these rules to the Bureau and the Committee on Budgetary Control, which shall deal with them in accordance with the powers conferred upon them by Parliament's Rules of Procedure.

2.7.4 Where the Bureau, having been consulted pursuant to Article 2.7.3. of these rules and taking account of the opinion of the Committee on Budgetary Control, takes the view that the appropriations have not been used in accordance with these rules, the appropriations shall be repaid to the European Parliament within three months of the date on which the irregularity was established.

In such cases the Bureau may decide that the European Parliament shall recover the funds which have been improperly spent by withholding appropriations from the following financial year.

## **2.8 Consultation**

2.8.1 The groups and non-attached Members shall consult with each other concerning any matter regarding the application of these rules with a view to harmonizing their application.

## **2.9 Rules specific to the non-attached Members**

2.9.1 Non-attached Members' expenditure shall be effected either through direct payments to suppliers or through reimbursement by the Administration as soon as possible, upon submission of the supporting and other documents required by these rules and after verification that they are in conformity with the rules. The Administration shall check that:

- (a) the expenditure is in accordance with the rules and is not covered by other allowances;
- (b) the rules have been observed;
- (c) the principle of sound financial management has been applied;
- (d) the expenditure is substantiated by original supporting documents and proof of payment in the case of reimbursement to the Member (or by true copies, as certified by the supplier or any other authority empowered to certify conformity);

When requesting reimbursement of expenses, Members should aim to collate as many items as possible on one claim form, and should note that an individual reimbursement will not be made for sums below € 50.

The financial year shall begin on 1 January and end on 31 December.

In the years in which European elections are held, the first budgeting period shall begin on 1 January and end on 30 June and the second shall begin on 1 July and end on 31 December.

2.9.2 Appropriations that are not used during the financial year may be carried over to the following financial year up to a maximum of 50% of the appropriations received from the European Parliament's budget.

Amounts exceeding 50% shall be cancelled, to the benefit of the European Parliament's budget, after the accounts have been closed.

2.9.3 Appropriations for non-attached Members shall be managed by the Administration of the European Parliament in accordance with the annexed accounting plan.

2.9.4 Where a non-attached Member resigns or joins a political group, he or she shall submit to the Administration all outstanding items of expenditure incurred no later than the date on which he or she resigned or joined the political group within one month of that date.

2.9.5 Items of property purchased by non-attached Members using their Item 400 appropriations shall be entered in the European Parliament's inventory. 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.

2.9.6 The Administration shall prepare a statement of revenue and expenditure and balance sheet for each Member, establishing the regularity of the accounts and their conformity with these rules. A consolidated version of these documents shall subsequently be published on the website of the European Parliament.

2.9.7 The President of the European Parliament shall forward these documents, which he or she shall receive before 30 April of the following financial year, to the Bureau and the Committee on Budgetary Control, which shall deal with them in accordance with the powers conferred upon them under Parliament's Rules of Procedure.

2.9.8 Where the Bureau, having been consulted pursuant to the previous subparagraph and in agreement with the Committee on Budgetary Control, takes the view that the appropriations have not been used in accordance with these rules, the appropriations shall be repaid to the European Parliament within three months of the date on which the irregularity was established.

## **PART 2 – ACCOUNTING PLAN**

*The Plan includes examples in italics to provide accounting guidelines.*

### **PROFIT AND LOSS ACCOUNT/STATEMENT OF REVENUE AND EXPENDITURE**

#### **Title 1 – REVENUE**

#### **CHAPTER 1 - EP SUBSIDIES AND OTHER EP REVENUE**

##### **1. Allocation from EP**

*Annual appropriation received from EP under budget line 400 as allocated by the Bureau (Article 1.2.1 of the Rules governing budget line 400)*

2. **Other revenue from EP**  
*Revenue other than the appropriations under budget line 400 received by the Group from the European Parliament*

## CHAPTER 2 - OWN RESOURCES

1. **Interest and similar receipts**  
*Bank interest received by the Group on current accounts, fixed-term accounts, deposits, investment funds or other instruments held with financial institutions*
2. **Exchange gains**  
*Revenue from exchange of currencies.  
Revenue from the revaluation of currencies at the end of the financial year.*
3. **Miscellaneous resources**  
*Limited to various resources generated directly by activities financed from appropriations under budget line 400, including credit notes or refunds relating to previous financial years (Article 1.2.2. of the Rules governing budget line 400)*
4. **Amount carried forward from the preceding financial year**  
*Positive balance of assets and liabilities on the balance sheet for the previous financial year (Article 2.1.6. of the Rules governing budget line 400)*

## TOTAL REVENUE

## Title II – EXPENDITURE

### CHAPTER 1 – STAFF

1. **Secretariat missions\*\***  
*Expenditure on missions by staff which are not directly related to an activity covered by other articles.*
2. **Recruitment\***  
*All costs connected with the recruitment of new members of Group staff, including staff missions in connection with recruitment procedures.*
3. **Traineeships**  
*All costs connected with traineeship agreements concluded by the Group covering expenses relating to missions by trainees which are not directly linked to an activity covered by other articles.*
4. **Salaries and related costs\*, fees**  
*All costs connected with employment and service contracts concluded by the Group which are not chargeable to articles other than budget line 400 of the EP budget.*
5. **Staff training\***  
*All costs connected with the organisation of training courses for Group staff members, including mission expenses for such training.*
6. **Staff entertainment\***  
*All costs connected with entertainment for staff of the Group secretariat.*

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\*\* the costs of offsetting the climate impacts of travel are regarded as an integral part of travel costs.

\* Not authorised for non-attached Members

## CHAPTER 2 – EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE

1. Equipment, operating expenditure, computer engineering and maintenance  
*Purchase of computer equipment, contracts for assistance, advisory services, development of software and other ancillary expenses. Depreciation costs included.*
2. Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations  
*Purchase of office equipment, contracts for assistance and other ancillary expenses. Depreciation costs included.*
3. Stationery and office supplies  
*Purchase of consumable office supplies.*
4. Postage and telecommunications  
*Fixed and mobile telephones, fax, postage, Internet subscriptions, delivery by express courier, etc.*
5. Printing and photocopying costs  
*Hire of photocopiers including costs of additional copies. For leasing contracts with option to purchase, see fixed assets.*
6. Office rental costs\*  
*Costs of renting Group offices outside the EP's three places of work.*

## CHAPTER 3 – DOCUMENTATION, STUDIES AND RESEARCH

1. Newspapers, magazines, press agencies and books  
*Including online subscriptions.*
2. Studies and research  
*Fees for experts commissioned to make studies, including travel expenses in connection with presentation of the relevant study.*
3. Databases

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

1. Legal costs  
*Lawyers' fees, legal advice and other relevant expenses, costs of staff missions in this connection included.*
2. Accounting/audit costs\*  
*Costs connected with the Group's accounting and preparation of financial statements, maintenance costs of accounting software and external auditors' fees included.*
3. Financial charges and exchange losses  
*Bank charges, including debit interest and default interest and charges for online banking services.*

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\* Not authorised for non-attached Members

4. Translation and interpreting costs  
*Costs relating to translation and interpreting outside the framework of activities covered by another heading of this Accounting Plan.*
5. Other operating expenditure

## CHAPTER 5 – EXPENDITURE ON MEETINGS AND ENTERTAINMENT\*\*

1. Official Group meetings\*  
*Costs relating to official meetings of the Group and its Bureau, study days.  
Costs of such meetings not covered by the EP.  
Costs of staff missions and travel expenses of participants included.*
2. Other meetings and conferences  
*Costs of meetings and conferences organised by the Group other than those covered by Article 5.1.  
Including missions by Members outside the EP's places of work with a political programme.  
Including staff and Members' mission expenses and travel expenses of participants.*
3. Expenditure on entertainment  
*Entertainment expenses not relating to an activity covered by another article of this Accounting Plan.*
4. Guests  
*All expenses relating to the invitation of public figures in their capacity as leaders of opinion or experts outside the framework of an activity covered by another article of this Accounting Plan.  
Including guests invited to meetings of bodies of the Group whose expenses are not covered by other articles of this Accounting Plan.*
5. Fact-finding missions by individual Members  
*Including mission expenses of accompanying staff  
Not covering mission expenses of Members in connection with activities covered by other articles of this Accounting Plan.  
Not covering the expenses of delegations of Members with a Group programme.*

## CHAPTER 6 – PUBLICATIONS AND ADVERTISING

1. Posters, booklets, publications  
*All expenses relating to posters, information booklets and leaflets published by the Group*
2. Advertising inserts and audiovisual advertising  
*All expenses relating to inserts in newspapers and magazines and audiovisual advertising.*
3. Advertising material, novelty items, telecommunications advertising  
*Including postcards without any printed message.  
Advertising material purchased under this Article is not to be entered on the assets side of the balance sheet unless it is to be sold.*
4. Internet sites and cyber advertising  
*All costs relating to the Group's Internet sites.*
5. Visits to institutions, information stands  
*All costs relating to EP open days, Group information stands.  
Including mission expenses for Group staff.*

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\*\* the costs of offsetting the climate impacts of travel are regarded as an integral part of travel costs.

\* Not authorised for non-attached Members

*Including groups of visitors to EP not subsidised by EP.*

## CHAPTER 7 – MEMBERS

*Point 7.1 has been incorporated into Chapter 5.5*

### 1. Decentralised political and information activities

*Appropriation to cover administrative expenditure, political and information activities by national delegations and/or political and information activities carried out by Members in the Member States*

*A breakdown of expenditure charged to this article must be attached to the profit and loss account. The breakdown must indicate the allocation of expenditure charged to this article in accordance with the headings in Annex 2 of this Accounting Plan.*

## CHAPTER 8 – SUBSIDIES AND SUBSCRIPTIONS

### 1. Subsidies

*See Article 6(2)(b) of Regulation (EC) n° 2004/2003 of EP and Council 04/11/2003*

*Donations to European political parties are not authorised.*

### 2. Subscriptions

*See Article 6(2)(b) of Regulation (EC) n° 2004/2003 of EP and Council 04/11/2003*

*Subscriptions to European political parties are not authorised.*

TOTAL EXPENDITURE

BALANCE CARRIED FORWARD

GRAND TOTAL OF REVENUE AND EXPENDITURE

## BALANCE SHEET

TITLE III - ASSETS	TITLE IV - LIABILITIES
<p><u>Chapter I Tangible and intangible fixed assets</u> Tangible and intangible fixed assets are to be valued at the price of acquisition or production less accumulated depreciation. The rates of depreciation are set out in the attached table.</p> <p>I.1 Intangible fixed assets I.2 Tangible fixed assets Including leasing contracts with option to purchase.</p> <p><u>Chapter II Debtors, stocks and other current assets</u> II.1 Suppliers Including advance payments on orders for delivery in a subsequent financial year and claims on suppliers. II.2 Staff Advances to staff of Group Secretariat. II.3 VAT Amounts of VAT to be reimbursed by Member States in a subsequent financial year.</p>	<p><u>Chapter I Reserves</u> I.1 Balance carried forward Appropriations carried forward to the next financial year</p> <p><u>Chapter II Financial debts</u> Debts to financial institutions, including debit balances on the Group's bank accounts at the end of the financial year</p> <p>II.1 Financial debts of more than one year II.2 Financial debts of less than one year</p> <p><u>Chapter III Other debts</u> III.1 Other debts Miscellaneous debts other than provisions for invoices outstanding at the end of the month following the financial year end III.2 Charges settled during financial year n and paid in financial year n+1</p>

<p>II.4 Stocks Stocks of advertising material intended for sale. Valued at acquisition price subject to prudent person rule. Stationery and office supplies are not to be entered in the balance sheet but should be recorded in the cost accounting on the date of purchase.</p> <p>II.5 Others</p> <p><u>Chapter III Cash and banks</u> <i>Cash and securities with financial institutions</i></p> <p>III.1 Securities (Bonds, investment funds, money market funds) The method of valuation must be explained in the notes to the annual accounts.</p> <p>III.2 Cash (currency, current accounts and fixed-term deposits)</p> <p><u>Total assets</u></p> <p><u>Chapter IV: Deferred charges/Accrued income</u></p> <p>IV. 1 Deferred charges IV. 2 Accrued income</p>	<p>All expenses relating to the current financial year and paid during the month following the financial year end.</p> <p><u>Total liabilities</u></p> <p><u>Chapter IV: Accrued charges/ Deferred income</u></p> <p>IV. 1 Accrued charges IV. 2 Deferred income</p>
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## PART 3 – GUIDELINES FOR THE INTERPRETATION

1. of Article 1.1.1 on expenditure covered by other budget items within the budget of the European Parliament (this interpretation does not apply to non-attached Members):

1.1 A political group, or a national delegation in the context of decentralised political or information activities, may use appropriations under Item 400 for office rental in a Member State, provided that the activities undertaken therein (including the activities of any staff employed and located there):

- are carried out in the name of the group or a delegation of the group only;
- do not bear the name of an individual MEP other than as a participant/director/contributor in/of/to this activity;

and that such office is clearly identified as an office of the group/delegation of the group, is not used as an MEP's constituency office, and is not used to accommodate an MEP's assistant or for receiving or meeting the general public in a representational capacity as an MEP. (Where the circumstances may give rise to reasonable doubt, a Member may be called on to demonstrate that s/he is using her/his general expenditure allowance for office expenditure in her/his capacity as an MEP as evidence that Item 400 appropriations are not being substituted for such expenditure).

1.2 A political group may authorise the use of Item 400 appropriations to cover travel expenses for a group mission, authorised in advance, for a Member travelling within the country in which s/he was elected, provided that the activity concerned takes place in a locality at least 150 km away from his/her home.

2. of Article 1.1.1 on the electoral nature of a political and information activity:

2.1 The electoral nature of an activity or action is determined by the general context of the activity. This means that even if expressions such as 'candidate', 'list', 'parties', 'vote' are not directly used, the electoral character may emerge from the direct or indirect purpose and general context of the activity.

An activity which is considered partially of an electoral nature will be rejected in its entirety.

The prohibition of an activity of an electoral nature applies whatever the nature of the activity or the medium used.

2.2 The following political and information activities are considered to be permitted by the rules:

- provision of information to the public about the date and the practical and technical arrangements for the elections and an invitation to citizens to participate in the elections;
- an activity report for the outgoing Parliament;
- any normal parliamentary activity undertaken under the direct responsibility of a political group or non-attached Member, such as the publication of press releases and policy statements; any such political and information activity, undertaken by a political

- group or non-attached Member one month before a European election, must not be co-sponsored, co-signed or supported in any other way by any European, national, regional or local political party or organisation and must not include names of Members of the European Parliament other than as bibliographical information; and
- political and information activities in relation to a referendum campaign on a European subject.

2.3 As a guideline, even if this is not an exhaustive list, the following are considered as electoral campaigning and are thus forbidden under Item 400:

- any use of the word candidate;
- any mention of a list or list number;
- any recommendation/request to vote for a list, a candidate of a political leaning or the direct or indirect use of the word vote in this context;
- any activity relating to the preparation of the electoral campaign;
- any mention of the fact that a sitting Member is standing as a candidate again and is seeking a vote/confidence/support; and
- the presence on any supporting material of the name/photo of standing candidates not currently Members of the European Parliament;
- any publicity item, whatever the medium used, for production and/or use 30 days prior to the electoral period in a European election year, which bears the photograph and the name of the Member concerned and which does not relay information relating to the activities of the outgoing Parliament.

# ANNEX 1

## 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 taking account of depreciation, subdivided by type of asset, shall be registered on the group's balance sheet. Depreciation shall be calculated in accordance with the linear method on a monthly basis. The presentation of the inventory shall take the form of a balance sheet note drawn up in accordance with the format provided below this annex (Annex 1a).

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 of these rules).

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 places of work.

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.

ANNEX 1A

Category and depreciation rate		Computer software 25%	Computer hardware 25%	Telecom equipment 25%	Technical equipment and supplies 12.5%	Miscellaneous installations and machines 12.5%	Furniture (chairs, desks, cupboards) 10%	Total
		(Euro)	(Euro)	(Euro)	(Euro)	(Euro)	(Euro)	(Euro)
Historic cost	Opening balances (historic cost)							
	Less Sales entered in profit and loss account							
Historic cost	Add Acquisitions during financial year							
	Add Transfers							
Historic cost	Gives Closing balance at historic cost							
Accumulated depreciation	Opening balances (accumulated depreciation)							
	Less accumulated depreciation of fixed assets sold and entered in profit and loss account							
Accumulated depreciation	Add depreciation for financial year							
	Gives Closing balance at historic cost							
Net value	Net accounting value as at 31/12/N-1							
	Net accounting value as at 31/12/N							

BREAKDOWN OF OUTTURN OF DECENTRALISED APPROPRIATIONSCHAPTER 7, ARTICLE 1.

Breakdown in accordance with the Accounting Plan annexed to the Rules on the use of appropriations from budget item 400

CHAPTER/ ARTICLE	HEADING	OUTTURN financial year N	%	OUTTURN financial year N-1	%
1	Staff	...	...	...	...
2	Secretariat equipment and expenses	...	...	...	...
3	Documentation, studies and research				
4	Legal, accounting, and financial costs and other operating costs				
52	Other meetings and conferences				
53	Expenditure on entertainment				
54	Guests				
61	Posters, booklets and publications				
62	Advertising inserts and audiovisual advertising				
63	Advertising material, novelty items, telecommunications advertising				
64	Internet sites and cyber advertising				
65	Visits to institutions, information stands				
	TOTAL ART. 7.1.	...	100%	...	100%

### ANNEX 3

#### Distribution scale of Item 400 appropriations

The appropriations shall be distributed as follows:

- firstly, the part to which the non-attached Members are entitled shall be deducted as follows:
  - an amount equal to 60 % of the average 'Item 400 budget' (i.e. the figure obtained by dividing the amount entered against Item 400 by the number of Members of the European Parliament) shall be allocated to each non-attached Member;
  
- then, the balance shall be distributed among the political groups as follows:
  - an amount equivalent to:
    - 2.5 % of the balance shall be distributed in equal shares among the political groups;
    - 97.5 % of the balance shall be distributed proportionally to the number of seats obtained by each political group.