

FINANCIAL REGULATIONS AND PROCEDURES OF THE ORGANIZATION OF THE BLACK SEA ECONOMIC COOPERATION¹

CHAPTER I **DEFINITIONS**

RULE 1

1.1) These rules shall be called "Financial Regulations and Procedures of the Organization of the Black Sea Economic Cooperation" and are applicable to the Organization of the Black Sea Economic Cooperation.

1.2) For the purposes of the present regulations and procedures:

"BSEC"	means the Organization of the Black Sea Economic Cooperation.
"MEMBER STATES"	means the States, which are parties to the Charter.
"COUNCIL"	means the Council of Ministers of Foreign Affairs of the BSEC Member States.
"CHAIRMAN-IN-OFFICE"	means Minister of Foreign Affairs of the Member State, which assumes the Sessional Chairmanship of the BSEC or any other Minister designated for this purpose by the Government of the State in question.
"COMMITTEE"	means the Committee of Senior Officials representing the Ministers of Foreign Affairs of the Member States and acting on their behalf.
"PERMIS"	means the Permanent International Secretariat of the BSEC.

¹ *The present Financial Regulations were approved by the Nineteenth Council (Tirana, 23 October 2008). Upon their entry into force, the previous Financial Regulations are no longer in force.*

"PERMIS STAFF"	means Directorial Staff, Professional Staff and Supportive Staff of the PERMIS.
"SECRETARY GENERAL"	means the Secretary General of the BSEC Permanent International Secretariat.
"FIRST DEPUTY SECRETARY GENERAL"	means the First Deputy Secretary General of the BSEC Permanent International Secretariat.
"ACCOUNTANT"	means the Accountant of the PERMIS employed by PERMIS on a contract basis in conformity with Regulations for the Staff of the BSEC PERMIS.
"BSEC BUDGET"	means the annual financial instrument of the BSEC, which for each financial year plans and authorizes all revenues and expenditures of the Organization, formulated for the achievement of the objectives targeted by the policies, projects and programmes approved by the Council, within a multi-annual framework, with due consideration of Article 19 of the BSEC Charter.
"PDF"	means the "BSEC Project Development Fund", which was established upon the resolution of the 7 th Meeting of the Council of Ministers (Tirana, 25 October 2002), as a special fund according to Article 26 of the BSEC Charter and with due account to the relevant provisions of the BSEC Economic Agenda.
"MULTI-ANNUAL FINANCIAL FRAMEWORK"	means a multi-annual plan of revenues and expenditures that reflects in financial terms the BSEC Organization's policy priorities
"GENERAL ACTIVITIES BUDGET"	means annual activity budget.

“PROGRAMME”	means programmes on which BSEC Budget is based, including sub-programmes and activities.
“SPECIAL FUND”	means the fund which may be created by resolution of the Council, as stipulated in Article 26 of the BSEC Charter.

CHAPTER II **GENERAL PRINCIPLES**

RULE 2

- 2.1)** The Financial Regulations and Procedures of the BSEC Organization shall govern the administration of all financial management activities of the BSEC, except as may otherwise be decided by the Council, for which the Secretary General acting under the authority of the Chairman-in-Office has the final administrative responsibility. The First Deputy Secretary General will be responsible for the administration of these Rules and the monitoring of their implementation on behalf of the Secretary General.
- 2.2)** In the implementation of the Financial Regulations and Procedures, PERMIS staff shall be guided by the principles of effective and efficient financial management and the exercise of economy of financial resources following the principle of frugal spending.
- 2.3)** The Working Group on Budgetary and Financial Issues shall be permanently involved in all phases of the annual BSEC Budget preparation and adoption, shall examine a mid-year report by PERMIS on the execution of the BSEC Budget and shall present to the Council any relevant recommendation.

CHAPTER III **THE BSEC BUDGET AND MANDATORY ANNUAL** **CONTRIBUTIONS**

RULE 3

- 3.1)** The BSEC shall operate on a budget, accounting and auditing system on an annual basis with financial projections for the subsequent year.
- 3.2)** The financial year (FY) shall follow the calendar year and shall start on the first day of January and shall end on the last day of December.

3.3) The BSEC Budget is the annual financial schedule of the BSEC formulated for the achievement of the objectives targeted by the policies, projects and programmes approved by the Council.

3.4) The BSEC Budget shall be adopted by the Council.

3.5) The annual BSEC Budget takes into consideration the multi-annual financial framework decided by the Council and follow the principles of programme based budgeting system.

RULE 4

4.1) In securing the mandatory annual contributions to the BSEC Budget from the Member States, the following steps shall be taken:

- i)** The PERMIS will inform the Member States of their share of contribution to the BSEC Budget as soon as the proposed budget is approved by the Council;
- ii)** The Member States shall transfer during the first three months of the financial year 50 % of their mandatory contributions in Euros to the bank where the official account of the BSEC is maintained, the rest will be transferred until the end of June. Pending the receipt of such contributions the budget appropriations shall be financed from the Working Capital Reserve according to Rule 11;
- iii)** The PERMIS shall follow the transfers of the annual contributions until they enter the official account of the BSEC;
- iv)** Following the arrival of contribution, the PERMIS shall confirm acknowledging its receipt to the Member State concerned;
- v)** Both the Member States and the Council shall be apprized of the state of the mandatory annual contributions by the PERMIS at intervals deemed appropriate.

CHAPTER IV

PREPARATION OF THE BSEC BUDGET PROPOSAL

RULE 5²

5.1) The BSEC Budget shall be prepared in Euros, which shall also be the monetary unit in the management and operation of budgets.

5.2) The draft BSEC Budget shall be formulated with the contribution of the Member States, under the coordination of the First Deputy Secretary General and further on referred to the Secretary General for appropriate consideration.

5.3) The Country-Coordinators of the Working Groups shall provide the PERMIS with information on the priorities/obligations/activities arising from the action plans applicable for the FY in January of the year preceding the FY. Observers and third parties are invited also to contribute with ideas and to express their readiness to co-finance BSEC activities through official correspondence with the PERMIS.

5.4) On this basis, the PERMIS shall compile this information and prepare initial proposals for each area of cooperation to be considered eligible to receive funding. The PERMIS proposals should be submitted to the Member States by 15 of February of the years preceding the FY.

5.5) A Meeting of the Committee (in cooperation with the competent organs of all the related bodies, as well as the observers and dialogue partners) will be convened at the end of February - beginning of March of the year preceding the FY in order to consider the BSEC objectives and future activities (on annual/ FY and /or multi-annual basis), examine the BSEC proposals for FY and agree (according to a special Council authorization) on the activities to be funded by the budget of FY.

5.6) The preliminary draft BSEC Budget of FY shall be prepared by the PERMIS and transmitted to the Member States by the end of March of the year preceding the FY for their consideration.

5.7) At a meeting in May of the year preceding the FY, the Working Group on Budgetary and Financial Issues shall examine and amend

² Amended by the Twenty Second Council (Sofia, 28 May 2010).

the preliminary draft BSEC Budget, if and where necessary, as well as proceed to the relevant recommendations to the Committee.

5.8) The Committee shall consider the preliminary draft BSEC Budget, as elaborated by the Working Group on Budgetary and Financial Issues, in order to proceed to its finalization and submission for approval to the Council convened in June of the year preceding the FY. In case there is disagreement within the Committee, the latter shall mandate the Working Group on Budgetary and Financial Issues to reexamine the preliminary draft BSEC Budget at a special meeting in July of the year preceding the FY and subject the new draft to the approval of the Council, following the established procedure.

RULE 6

6.1) All proposals for subprograms or activities occasioning expenditures or a reduction in revenue of the budget shall be the subject of an ex-ante evaluation by the competent Executive Manager, which shall identify:

- i) Whether the objective is realizable;
- ii) The added value to the BSEC goals;
- iii) Whether the need is to be met in the short run or the long run;
- iv) The volume of appropriations, human resources and other administrative expenditure to be allocated with due regard for the cost-effectiveness principle, (value for money);
- v) The monitoring system
- vi) The results expected and the indicators chosen to measure them;
- vii) The risks linked to the proposals and the alternative options available;
- viii) The lessons learnt from similar experiences in the past;

CHAPTER V

EXECUTION OF THE BSEC BUDGET

RULE 7

7.1) Upon approval, the PERMIS shall implement the BSEC Budget. The First Deputy Secretary General shall be responsible of its execution under the authority of the Secretary General.

7.2) For the steady implementation of the BSEC Budget transfers between the allocations within the same Chapter/Programme may be allowed. If and when there is an exigency, any transfer will be permitted from the Chapter/Programme Miscellaneous to any other Chapter/Programme, after the approval of the Chairman-in-Office in consultation with the Member States.

7.3) The PERMIS, in cooperation with the Chairman-in-Office, shall monitor the achievement of objectives of the BSEC Budget and submit by July to the Member States a mid-year report concerning the execution of the Budget, to be discussed within the competent BSEC organs.

7.4) The BSEC Budget may be amended upon a proposal by the BSEC PERMIS, a positive recommendation of the Working Group on Budgetary and Financial Issues and the Committee and approval of the Council.

CHAPTER VI **STRUCTURE OF THE BSEC BUDGET**

RULE 8

8.1) The BSEC Budget is presented as follows:

Part A: General Activities Budget:

- i) explanatory note,
- ii) revenues and expenditures,
- iii) budget by programme (summary and analysis),
- iv) budget by economic classification,

Part B: Project Development Fund (PDF) Budget;

Part C: Other Programmes/Funds Budgets;

Part D: Grants.

8.2) The BSEC Budget is based on:

- i) Mandatory contributions;
- ii) Voluntary contributions;
- iii) Other income.

8.3) The annual mandatory contributions of the Member States shall be transferred to the General Activities Budget.

8.4) The BSEC Budget shall include revenues and expenditures, estimates by main chapters/programmes and sub-chapters/sub-programmes and detailed explanatory notes on the allocations, as against the actual revenues and expenditures and the approved budget appropriations of the previous years. It shall also include:

- i)** Summary statement of the proposed BSEC Budget;
- ii)** Economic classifications of expenditures to the BSEC Budget;
- iii)** Classifications of expenditures on the basis of programmes;
- iv)** Other annexes as may be required.

CHAPTER VII **BUDGETARY RESOURCES**

RULE 9

9.1) The resources of the BSEC budget shall consist of:

- i)** The mandatory annual contributions of the Member States;
 - ii)** Returns on interest derived from deposit account(s) of the BSEC and miscellaneous income such as donations/voluntary contributions/grants, etc;
 - iii)** Miscellaneous income, to be accepted by the Secretary General after the approval of the Chairman-in-Office in consultation with the Member States, such as donations/voluntary contributions/grants payments provided that the purpose thereof conforms to the BSEC principles and objectives;
- 9.2)** **i)** In the determination of the mandatory annual contributions, the Member States are divided into three groups based on their individual and per capita GDP as a result of which the Scale of Contributions for each group of states is formulated.
- ii)** The percentage of the Scale of Contributions may be reviewed by the Council subject to consensus of the Member States and upon the proposal of the BSEC PERMIS made on the basis of the data of the last five years.

9.3) General donations shall be those made for no specific purpose and shall be added to the official account of the BSEC Budget. Specific donations shall be those made for specific purpose and managed in conformity with these Regulations and the purpose prescribed. Upon the authorization of the Secretary General a special account of the BSEC Budget may be established for managing such a donation. The Secretary

General shall submit to the regular Meeting of the Council a report on the contributions and donations to the annual BSEC Budget;

9.4) Savings of the General Activities Budget in any FY should be taken into account and should be considered as a part of Member States' Mandatory Contributions for the next FY, according to their scale of Mandatory Contributions.

9.5) The arrears of the Member States paid after the closing of the FY should be included in the next year budget.

9.6) The record on payment of mandatory contributions may be considered as an element in selecting candidates for all categories of posts at the Secretariat.

9.7) The Secretary General shall regularly submit to the Council a report on the state of mandatory annual contributions, and any other donations and/or payments, if they exist.

RULE 10

10.1) If a new state joins the BSEC as a Member State in the course of a FY, its annual contribution shall be fixed at the rate of the Group in which it is classified. The amount of its contribution shall be assessed on a monthly basis covering the period until the end of the FY concerned. The amount arrived at shall be added to the next annual budget. The category to be assigned for the new Member in the Scale of Contributions shall be approved by the first Council meeting following the entry.

CHAPTER VIII **WORKING CAPITAL RESERVE**

RULE 11

11.1) The Working Capital Reserve is a part of the General Activities Budget and shall be used exclusively to finance the budgetary appropriations pending the receipt of the Annual Mandatory Contributions.

11.2) The amount of the Working Capital Reserve shall be fixed to an amount not exceeding 2/12 of the annual General Activities Budget. Upon receipt of the pending annual Mandatory Contributions the advanced amount will be returned to the Working Capital Reserve.

11.3) The interest income from the Working Capital Reserve should be added to FY savings.

CHAPTER IX **EMERGENCY RESERVE**

RULE 12

12.1) The Emergency Reserve is a part of the General Activities Budget which should be used only under outstanding circumstances after the approval of the Chairman-in-Office in consultation with the Member States, such as:

- i)** force-majeure;
- ii)** other exceptional cases.

12.2) The Emergency Reserve is fixed at the amount of 100.000,00 Euro.

12.3) The interest income from the Emergency Reserve should be added to FY savings.

CHAPTER X **ACCOUNTS AND SETTLEMENT OF PAYMENTS**

RULE 13

13.1) The general accounts record chronologically all events and operations which affect the economic and financial situation and the assets and liabilities of the BSEC, using double entry method.

13.2) All accounting entries, including adjustments to the accounts, shall be based on supporting documents, to which they shall refer. The basic accounting documents are: the Journal, the General Ledger, Special Ledgers and the Fixed Asset List.

13.3) Accounts are kept in computerized form, with the help of an integrated computerized system. A detailed description of these accounts and of their operations must exist.

13.4) In line with the accounting system of the BSEC and the computerized accounting order, a general ledger and breakdown of expenditures on a quarterly basis shall be maintained.

RULE 14

14.1) The Secretary General, shall designate state banks in the host country in which the accounts of the BSEC shall be kept and inform accordingly the Member States.

14.2) All transfers and withdrawals from the said bank or banks dealing with the expenses of the BSEC shall be made upon the authorization of the Secretary General or the First Deputy Secretary General.

RULE 15

15.1) Payments of more than 400 Euros, shall be made by a payment request/order or by other appropriate payment forms, duly signed by the Secretary General or the First Deputy Secretary General.

15.2) Upon the approval of the Secretary General, the payment request/order shall be referred to the Accountant for settlement of payment, book-keeping and filing.

RULE 16

16.1) Payments of up to 400 Euros or the equivalent shall be considered as petty cash and utilized in the settlement of day-to-day expenses.

16.2) Upon the approval of the Secretary General or the Deputy Secretary General, a cheque/bank payment letter for a fixed amount of advance petty cash shall be drawn in the name of the Accountant or another authorized staff member.

16.3) Petty cash shall be kept in the safe of the PERMIS and managed by the Accountant upon the authorization of the Secretary General or the Deputy Secretary General.

16.4) Upon the authorization of the Secretary General or the Deputy Secretary General the Accountant may settle payments up to and inclusive of 400 Euros.

16.5) The petty cash available with the Accountant shall be replenished when needed in order to settle timely the outstanding bills/invoices and other payment certificates.

16.6) The conversion of the petty cash into Turkish Lira shall be in case of need and on the basis of latest favorable conversion rates in the market.

Receipt received from the Exchange Office / Bank shall be attached as basis to the expenses incurred.

CHAPTER XI

PAYMENT OF SALARIES AND ALLOWANCES

RULE 17

17.1) The pay-day for the salaries of the PERMIS Staff shall be the last working day of each month and the Accountant shall take the necessary steps to ensure that payments are made on the pay-day.

17.2) In exceptional cases, earlier payment of salaries shall be effected with the suggestion of the First Deputy Secretary General and the approval of the Secretary General.

17.3) The salaries of the PERMIS Staff are listed in Table A attached to the Regulations for the Staff of the BSEC PERMIS.

17.4) The wages of the temporary staff shall be paid in Euros as stipulated in their contracts/letters of assignment.

17.5) Payments of salaries and allowances shall be made either in cash or by transfer to a bank account as requested by the staff member. In case the payment is made in cash, the staff member concerned shall sign a receipt to that effect.

RULE 18

18.1) A staff member may be granted an advance payment in case of new appointments, annual leave or official mission immediately preceding the pay-day.

18.2) In case of application, any advance payment made shall not exceed the amount of two monthly salaries entitlement of the staff member concerned.

18.3) The advance payment shall be settled in full from the staff member's salary entitlement on the pay day following the third month the advance is made.

18.4) A second advance payment shall not be extended unless the previous advance is fully settled.

RULE 19

19.1) A staff member applying for an advance salary or any other advance payment shall fill a salary advance request/advance payment form and submit it to the Accountant.

19.2) The consent of the First Deputy Secretary General and approval of the Secretary General shall be required for an advance salary or effecting of any advance payment.

19.3) The Accountant shall extend the advance payment in accordance with the relevant procedures and make sure thereafter that the advance is settled on time.

19.4) The Accountant shall report to the First Deputy Secretary General any default in the settlement of the advance payment. If needed, necessary measures shall be taken in consultation with the Secretary General for the closing of the outstanding account.

RULE 20

20.1) On official missions abroad the travel:

- i)** Shall be by air as a rule;
- ii)** Shall be in economy class;
- iii)** Shall follow an economic route under conditions acceptable;
- iv)** Shall last to cover the official mission with arrival a day before and departure a day after the mission.

20.2) Official duty travel expenses and hotel accommodation shall be covered by the BSEC Budget, if they are not covered by the host country/organization and the staff member shall be entitled to receive the per diem as listed in Table B attached to the Regulations for the Staff of the PERMIS.

20.3) If the host country/organization covers boarding and lodging, the per diem shall be paid half of the full rate.

20.4) There shall be no per diem if it is paid by the host country/organization.

20.5) On official missions abroad the travel, the following procedure shall be applied:

- i)** All bookings for hotel accommodation shall be made by the Accountant and shall not exceed the amounts of 130 Euro per night. The amount above this limit shall be covered by the staff member concerned. In exceptional cases the limit may be exceeded only by the authorization of the Secretary General, before the mission is undertaken;
- ii)** Missions of the staff of the PERMIS abroad shall be conducted on a cost-effective basis, with the least costly routes to be preferred. Arrivals to and departures from the BSEC meetings and other events organized abroad shall respectively be a day in advance and a day after the officially scheduled dates;
- iii)** Per diem shall be paid for the duration of the official mission abroad on the basis of calendar day.

20.6) Upon return from an official mission abroad, the staff member shall be expected to present to the Accountant the slip of air ticket, gasoline bills and tolls, and currency exchange bill indicating the rate of exchange of the local money into Euros in order to settle the expense account arising from the mission.

20.7) The Directorial Staff shall be entitled to representation allowance as listed in Table C attached to the Regulations for the Staff of the PERMIS.

20.8) Receipts/invoices or other certificates concerning the use of representation allowance shall be accompanied by a list of invitees in order to settle the expenses made.

RULE 21

21.1) In case travel by car is approved by the Secretary General or when it is the only option, the PERMIS shall pay in advance the actual cost of fuel estimated to be consumed during the travel or the car rent/taxi fare. The actual expenses incurred shall be supported by official receipts/bills/or semi-official certificates. The amounts so paid shall not exceed the cost of travel by way of direct air route.

CHAPTER XII
MEETINGS/EVENTS ORGANIZED BY THE PERMIS

RULE 22

- 22.1)** The meetings/events organized by the PERMIS shall in principle be held at the premises of the PERMIS.
- 22.2)** In such cases the PERMIS shall not be responsible for board and lodging expenses but shall endeavor to provide convenient boarding / lodging and secure all logistical support for the smooth conduct of the meeting/event.
- 22.3)** In case the PERMIS is obliged to hold a meeting/an event elsewhere, the PERMIS shall solicit cost-effective arrangements.

CHAPTER XIII
MEDICAL INSURANCE

RULE 23

- 23.1)** The PERMIS shall engage and pay an insurance company selected by the Secretary General for the medical insurance of the entire staff including their dependents, as foreseen by the Regulations for the Staff of the PERMIS, and shall be responsible for the follow-up of the implementation of the contract.
- 23.2)** The staff member shall be personally responsible for the supply of the necessary documentation to the insurance company in order to recover the expenses incurred and fully benefit from the services of the latter. In this framework, the Accountant shall assist and give guidance to the staff members, if and when the need arises.

CHAPTER XIV
PROCUREMENT OF SUPPLIES AND SERVICES

RULE 24

- 24.1)** All purchases (equivalent or exceeding 2.000 Euros) of office supplies, stationary, services, etc. shall be effected by the Accountant or other duly authorized staff members upon a recommendation of the ad hoc committee of three members, assigned by the Secretary General, the

consent of the First Deputy Secretary General and the approval of the Secretary General.

24.2) Supplies and services in amounts under 750 Euros shall be procured by the PERMIS without calling for formal bids and assessed on the basis of quality and the principle of frugal spending.

24.3) Expenditures on stationary, services, etc., equivalent to or exceeding 750 Euros shall be made after calling for three formal bids which shall be documented, depending on the type of purchase, with full details covering specifications, price offers, maintenance, service guaranty, etc.

24.4) Taking into account the full range of particulars offered, the most competitive bidder shall be chosen by the Secretary General upon the recommendation of the First Deputy Secretary General.

24.5) Based on the conditions of purchase, a payment request form shall be arranged by the Accountant to initiate the necessary payment.

24.6) In case of local suppliers, payment shall be made after the receipt of the purchased items. In cases where the PERMIS is obliged to make advance payments, this amount shall not exceed 40% of the total bill.

24.7) In case of international suppliers, if the possibility of payment upon complete delivery cannot be secured, payment shall be made in advance upon the consent of the First Deputy Secretary General and the approval of the Secretary General.

CHAPTER XV

INVENTORY, MAINTENANCE AND WRITE-OFF OF CAPITAL ASSETS

RULE 25

25.1) All immovables and other assets of the BSEC such as building(s), vehicles, office equipment, furniture, other utensils, etc. shall be registered, giving full specifications as to the category, value, purchasing date, condition, depreciation, etc. of each item or group of items.

25.2) The Accountant shall submit proposals to the First Deputy Secretary General on "write-off" of any fixed asset, when the condition merits such an act.

25.3) "Write-off" shall be applied to the following cases:

- i)** if the property acquired for a special task fulfils its purpose and is no longer required;
- ii)** independent of the causes, if the property is lost, destroyed, damaged or becomes unusable;
- iii)** if the property can no longer be serviced or it cannot be upgraded anymore thus rendering it obsolete or its cost of service exceeds its actual value.

25.4) An application for a "write-off" shall be submitted to the consideration of the First Deputy Secretary General and to the Secretary General for approval. The "write-off" of any fixed asset shall be authorized only when circumstances merit such an action.

25.5) In special cases of "write-offs" where the initial value of an item or group of items is equivalent to or exceed 750 Euros, the First Deputy Secretary General in consultation with the Secretary General shall establish an ad hoc committee to recommend the necessary measures to be taken.

25.6) The "write-offs" exceeding 750 Euros shall be attached to the next budget bill.

25.7) If possible, the "write-offs" will be sold on an auction basis.

RULE 26

26.1) Whenever the resale of any fixed asset imported through tax-free arrangements is contemplated, this shall be done on an auction basis with due respect to the relevant regulations and procedures of the host country.

26.2) The sale shall be conducted by the Accountant under the supervision of the First Deputy Secretary General and upon the approval of the Secretary General. The list of the sold fixed assets shall be attached to the next budget bill.

CHAPTER XVI **CLOSING OF ANNUAL ACCOUNTS**

RULE 27

27.1) The Accountant shall be responsible for the closing of the accounts, in consultation with the First Deputy Secretary General and finalize it

within ten days following the end of the financial year. The result shall be submitted to the Secretary General.

27.2) The final accounts shall contain the following:

- i)** Consolidated financial situation of the BSEC showing credits and debits, accrued interests, arrears from the current mandatory annual contributions and those originating from the previous year(s) and other special funds;
- ii)** Summary statement of the actual revenues and expenditures during the year concerned;
- iii)** Budget figures should be compared to the corresponding figures of the actual expenses incurred and approved allocations of the previous years;
- iv)** Detailed statement on the actual expenditures and the approved budget allocations under each of the chapters, sub-chapters and items for the year concerned;
- v)** Statement on contributions received from the Member States in the year concerned;
- vi)** Detailed statement of clearing accounts (creditors and debtors), if any;
- vii)** An annual fixed-asset list.

RULE 28

28.1) All subprograms or activities shall be subject to an interim and/or ex-post evaluation in terms of the human and financial resources allocated, in order to verify that they were consistent with the following:

- i)** The results obtained in carrying out a multi-annual programme shall be periodically evaluated in accordance with a timetable which allows the findings of that evaluation to be taken into account in order to decide for the renewal, modification or suspension of the programme,
- ii)** Activities financed on a multi-annual basis shall have their results evaluated every 2 or 3 years.

CHAPTER XVII **AUDITING OF THE BSEC BUDGET**

RULE 29³

29.1) Auditing of the BSEC Budget and financial tables shall have the following objectives:

- i)** To control the implementation of the BSEC Budget according to the generally accepted accounting principles (GAAP) and ensure that it is executed in an orderly manner, in conformity with the principle of frugal spending and without any impropriety or flaw;
- ii)** To submit a report to the Troika and to the Working Group on Budgetary and Financial Issues for consideration. Following these consultations the report will be presented by the Chairman-in-Office to the Council of Ministers for approval;
- iii)** To assist the PERMIS in case of difficulties encountered in the course of implementation of budget and offer solutions thereof;
- iv)** To check the accounting system, the time of recording of the documentation, the appropriate procedures used and that the legal documents of the BSEC have been applied properly.

29.2) The auditing shall be conducted by a private auditing firm selected on the basis of specific criteria, such as its certified knowledge and experience with international organizations, and in accordance with the Rule 24 of the Financial Regulations and Procedures.

29. 3) The BSEC Working Group on Budgetary and Financial Issues shall consider the mid-year report of the execution of the Budget, the PERMIS Report of the Annual BSEC Budget, the Audit Report and present appropriate recommendations to the Council.

29. 4) In case of proven malfeasance in the execution of the budget, the recommendation of the Auditor should be submitted to the BSEC Working Group on Budgetary and Financial Issues.

³*Amended by the Twenty Third Council (Thessaloniki, 26 November 2010.) The amendments entered into force as of 1 January 2012.*

CHAPTER XVIII

GENERAL PROVISIONS

RULE 30

30.1) The Financial Regulations and Procedures of the BSEC shall apply for the implementation of 2009 BSEC Budget and subsequent budgets.

30.2) Every staff-member of the PERMIS who takes any action contrary to the Financial Regulations and Procedures of the BSEC, or to the administrative instructions issued in connection therewith, may be held personally responsible and financially liable for the consequences of such action.

30.3) The Secretary General and the First Deputy Secretary General should be responsible for establishing and monitoring the application of policies and procedures relating to all financial operations, as well as, together with Accountant, for the performance of all budgetary, financial and accounting operations.

30.4) The Financial Regulations and Procedures of the BSEC may be supplemented or amended in accordance with a Resolution of the Council.