



DECISION No DEC-5/ S.ex 29-V/2017

**ADOPTING THE NEW TEXT OF THE FINANCIAL REGULATION OF THE
INTERNATIONAL OLIVE COUNCIL**

**THE COUNCIL OF MEMBERS OF THE INTERNATIONAL OLIVE
COUNCIL,**

Having regard to the International Agreement on Olive Oil and Table Olives, 2015, and in particular article 7(1)(c)(ii);

Having regard to the Decision of the Council of Members No DEC-7/S.ex 27-V/2016 of 16 July 2016 adopting the new text of the Financial Regulation of the International Olive Council;

Whereas said Decision must be resubmitted to the Council of Members following the entry into force of the 2015 Agreement;

Whereas the draft Financial Regulation was examined by the Administrative and Financial Affairs Committee, which proposes the adoption of the appended text by the Council of Members;

DECIDES

1. The Financial Regulation (Doc. No COI-RF/2017-2) appended hereto shall be adopted
1. This document shall enter into force on 1 April 2017

Madrid (Spain), 16 March 2017

Signed: Mr Ammar Assabah
Chairperson of the International Olive Council

FINANCIAL REGULATION

TITLE I. SCOPE

Article 1

This Regulation lays down the rules for the establishment and implementation of the budget and accounting system of the International Olive Council, hereinafter called “the IOC”.

TITLE II. BUDGETARY PRINCIPLES

Article 2

The budget shall be established and implemented in compliance with the principles of unity, budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency.

Article 3

1. The IOC budget is the instrument which forecasts and authorises IOC revenue and expenditure for each financial year.
2. There shall be only one single budget comprising two sections: an Administrative Section (Section I, including personnel and other administrative costs) and an Operational Section (Section II, including in particular standardisation, technical cooperation and promotion).
3. The financial procedures shall establish the appropriate budget nomenclature in the light of IOC objectives.

Article 4

1. No revenue shall be collected and no expenditure shall be effected unless booked to a budgetary line.
2. No expenditure may be committed or authorised in excess of the authorised appropriations.
3. An appropriation may not be entered in the budget if it is not for an item of expenditure considered necessary.
4. Interest yielded by the funds which are the property of the IOC shall be entered in the Administrative Section (Section I) of the budget as miscellaneous revenue, without prejudice to the special handling of interest yielded by the budget financed by voluntary contributions in compliance with article 51.

Principle of annuality

Article 5

The appropriations entered in the budget shall be authorised for one financial year which shall run from 1 January to 31 December.

Article 6

The budget shall contain solely non-differentiated appropriations. Commitment appropriations shall cover the total cost of the legal commitments entered into during the current financial year. Payment appropriations shall cover payments made to honour the legal commitments entered into in the current financial year and/or the previous financial year.

Article 7

1. Appropriations which have not been used at the end of the financial year for which they were entered shall be cancelled.
2. Appropriations corresponding to obligations duly contracted at the close of the financial year shall be carried over automatically to the following financial year only.
3. Appropriations not committed at the close of the financial year may be carried over in respect of the amounts corresponding to the appropriations for which most of the preparatory stages have been completed by 31 December, i.e. when the stage entailing the selection of the potential contractors or beneficiaries has ended. These amounts may be committed up to 31 March of the following year.
4. Appropriations for staff expenditure may not be carried over.

Article 8

The appropriations allocated for a given financial year may be used solely to cover expenditure committed and paid in that financial year and to cover amounts due against commitments from the previous financial year.

Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December.

Payments shall be entered in the accounts for a financial year on the basis of the payments effected up to 31 December of that year.

Article 9

1. Appropriations which have been cancelled at the end of the financial year (Art.7.1) may, after adjustment to obtain the book results (Art. 11), be used as budgetary pre-financing for financial year $n+2$ in order to reduce the contributions to be paid by contributors in year $n+2$.

2. The Executive Secretariat shall inform the Administrative and Financial Affairs Committee the first time it meets after the close of the financial year of any carry-over decisions it has taken.

Article 10

The appropriations entered in the budget may be committed with effect from 1 January, once the budget has been finally adopted.

If the budget has not been finally adopted at the beginning of the financial year, the Executive Director shall be authorised to meet running costs under the Administrative Section of the budget within the limits of the appropriations approved for that section in the preceding financial year at the rate of one twelfth per month.

Article 11

Budget revenue and payment appropriations must be in balance.

Once the accounts for each financial year have been closed, the book results from year n shall be entered as financing in the budget for year $n+2$, both in the budgetary and financial accounts.

The adjustments made to the budgetary accounts shall be detailed each financial year in the financial statements to allow the Administrative and Financial Affairs Committee, and subsequently the Council of Members, to approve them.

Principle of unit of account

Article 12

The budget shall be drawn up and implemented in euro and the accounts shall be presented in euro, to two decimal places.

Principle of universality

Article 13

The total budget revenue of the IOC shall cover total payment appropriations for the financial year.

Revenue shall not be used to finance specific items of expenditure except in the following three cases where it may be allocated to finance the pertinent specific programmes:

- Voluntary contributions;
- Donations, subsidies, and voluntary contributions from Governments and/or other sources;

- Other forms of supplementary contributions, including services, scientific and technical equipment and/or staff that may meet the requirements of approved programmes.

Revenue and expenditure shall be entered in full in the budget, without any adjustments, deductions or netting, to ensure exhaustive, comprehensive budget presentation.

The “other funds” mentioned in article 15 of the Agreement, shall be clearly separated from the IOC budget. Such third-party income shall not be considered IOC revenue and shall be used solely to make payments for the activities included in the annual programme sent to the IOC by the third parties. Likewise, the payments made under the third-party annual programme shall not be considered IOC expenditure.

Principle of specification

Article 14

Appropriations shall be earmarked for specific purposes by sections and chapters; the chapters shall be further divided into articles and lines.

Article 15

The Executive Director may make transfers between chapters within the same section that represent up to 10% of the chapter to which the transfer is to be made and amount to less than €20 000. The Administrative and Financial Affairs Committee shall be informed at its regular meetings of any decisions taken in this respect.

The above paragraph shall not apply to chapter 115 relating to provisions.

Transfers between chapters within the same section in excess of €20 000 or representing more than 10% of the chapter to which the transfer is to be made must be authorised by the Council of Members on a proposal from the Administrative and Financial Affairs Committee. Transfers between sections of the budget are not authorised.

Article 16

Where the activity programmes and projects referred to in article 27 of this Regulation are concerned, the Executive Director may authorise transfers between sub-programmes or projects within the same programme, provided they correspond to the same budgetary article. In this case, the Executive Director shall inform the Administrative and Financial Affairs Committee and the Council of Members on the transfers made.

When such changes between chapters entail a modification of the approved work programmes, prior authorisation shall be required by the appropriate committee and the Council of Members.

Article 17

The percentages referred to in article 15 of this Financial Regulation shall be calculated at the time the request for transfer is made.

For the purposes of the limit specified in article 15, the amount to be taken into consideration shall be the sum of the transfers to be made to the recipient chapter after adjustment for any earlier transfers.

To enhance the transparency of the cumulative transfer process, the Executive Secretariat shall submit a document to the Administrative and Financial Affairs Committee one month in advance of all its meetings, comparing the initial budget with the modified budget after all the transfers are made.

The Executive Secretariat shall avoid making backward and forward transfers. If it exceptionally has to make such transfers, it shall identify and detail them and justify the need for doing so.

Article 18

Proposals for transfers of appropriations and full information on the transfers made under article 15, as well as under article 16 in the case of transfers between sub-programmes or projects within the same programme, shall be accompanied by appropriate and detailed supporting documents showing the implementation of appropriations and estimates of requirements up to the end of the financial year, both for the lines to which the appropriations are to be transferred and for those from which they are to be taken.

Article 19

Budget appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness.

The principle of economy requires that the resources used by the Executive Secretariat for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.

The principle of efficiency is concerned with the best relationship between resources employed and results achieved.

The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

Specific, measurable, achievable, relevant and timed objectives shall be set for the Operational Section of the budget (Section II) and shall be appended to the corresponding draft budget. Section I of the budget shall be accompanied by a report providing an analysis of the different items of expenditure and the expected changes in such items in following financial years.

Article 20

In order to improve decision-making, the Executive Secretariat shall undertake both *ex ante* and *ex post* evaluations. Such evaluations shall be applied to all programmes and activities which entail significant spending (more than €60 000) as well as to programmes entailing spending of less than €60 000, when the authorising officer deems fit. They may be carried out in house by the Executive Secretariat or outsourced.

For the purposes of this article, programmes and activities shall be taken to mean all actions carried out by the operational units in a given financial year and charged to the IOC Operational Section of the budget.

Ex ante evaluations shall identify, in particular:

- the objectives to be achieved;
- the results expected and the indicators needed to measure them;
- the lessons learned from similar experiences;
- the appropriations and human resources needed;
- the monitoring system to be set up.

Interim or *ex post* evaluations shall be carried out to verify the consistency of activities with the objectives set, specifically:

- Multiannual programmes shall be evaluated midway in order to take into account the findings of the evaluations for any decision on the renewal, modification or suspension of the programme concerned.

- Annual activities shall have their results evaluated every six years.

Such evaluations shall be compulsory for all actions carried out by the operational units.

They shall not be mandatory for items of expenditure relating to the Administrative Section of the budget except for investment expenditure and except if the Administrative and Financial Affairs Committee decides at the first regular session in year *n* that an evaluation is necessary before deciding whether or not to incorporate the items in the definitive budget for year *n+1*.

Principle of transparency**Article 21**

The budget shall be established and implemented and the accounts presented in compliance with the principle of transparency.

TITLE III. ESTABLISHMENT AND STRUCTURE OF THE BUDGET

Establishment of the budget

Article 22

The Executive Secretariat of the IOC shall draw up a draft of the budget, which it shall send to the Administrative and Financial Affairs Committee 30 calendar days in advance of the first session of the Council in the year preceding the financial year for which it is intended.

The Administrative Section of the draft budget shall contain a summary general statement of revenue and each section shall contain a summary general statement of expenditure and the pertinent committee report providing an analysis of the financial management in the previous year and information on the achievement of all the objectives previously set for the different programmes of the IOC as well as on new objectives.

If the draft budget it is not approved at that session, the Executive Secretariat shall draw up a new draft in line with the recommendations of the Administrative and Financial Affairs Committee. The resultant new draft shall then be submitted to the same committee one month in advance of the next Council session.

Four-year planning

Article 23

The Executive Secretariat shall draw up a draft rolling forward plan for a period encompassing the next four calendar years together with a two-year operational plan. The latter shall be further divided into an annual plan covering the specific actions to be taken in the next year ($n+1$) and a preliminary plan for the following year ($n+2$). These documents shall be drawn up for each of the two sections. The rolling forward plan shall be updated every year.

The financial management procedures shall establish the details of this rolling forward plan.

Article 24

The Administrative and Financial Affairs Committee may, on its own initiative or if requested by the Executive Secretariat, present to the Council of Members a letter of amendment to the preliminary draft budget on the basis of new information which was not available at the time it was established.

Article 25

The budget shall be adopted by the Council of Members, after being analysed and validated by the Administrative and Financial Affairs Committee, which shall issue a report thereon.

Structure and presentation of the budget

Article 26

The IOC budget shall comprise a summary statement of revenue and expenditure.

The Executive Secretariat shall structure the IOC budget into sections, chapters, articles, lines and any other subdivisions considered necessary, according to the type or purpose of revenue and expenditure.

The statement of revenue and expenditure shall be presented on the basis of a nomenclature adopted by the Administrative and Financial Affairs Committee and shall be classified according to purpose.

The budget may not contain negative revenue.

The contributions of the Members shall be net amounts, i.e. bank charges, exchange rate differences etc. pertaining to the contributions of the member countries shall be borne by those countries. Contributions shall be shown as such net amounts in the summary statement of budget revenue.

Article 27

The Administrative Section of the budget shall show:

- A summary statement of revenue including:

REVENUE:

- (a) the amount of the contributions of Members;
- (b) any voluntary contributions, donations and other forms of supplementary contributions;
- (c) the revenue or financing from the book results of year $n-2$;
- (d) any other form of revenue (on-line sales, financial interest, tax refunds...)

All the sections shall show a summary statement of expenditure, as follows:

EXPENDITURE:

- (a) the expenditure forecast for the year in question ($n+1$) together with the expenditure of years n and $n-1$.

Additionally, the Operational Section shall show:

- (b) The programmes and draft activities, including any sub-programmes, projects and sub-projects, indicating the relevant expenditure, according to the summary statement of revenue and expenditure. The programmes shall include the schedules of payments due in subsequent financial years to meet legal commitments entered into in earlier financial years or in the current financial year.

All the activities included in each programme shall be listed by order of priority to

allow the Executive Secretariat to present a budget amendment to the Council of Members if the circumstances mentioned in article 28 should occur.

The Administrative Section shall show:

- (c) a staff establishment plan specifying the number of posts per category, grade and step and the number of posts authorised for the preceding financial year.

Article 28

When the occurrence of new elements justifies the need to draw up an amended budget, the Executive Director shall handle the draft amended budget in the manner laid down in article 24 of this Regulation.

The draft amendment of the budget shall be accompanied by a report justifying the need for its adoption.

At the first regular session of the Council of Members, and in accordance with article 16(6) of the Agreement, the Executive Secretariat may present an amendment of the budget for the ongoing year (year *n*) to adapt it to the contributions effectively received from the Members. To that end, the Executive Secretariat shall simultaneously present the priority ranking of the programmes, sub-programmes, projects and subprojects that have to be postponed. The Executive Secretariat shall request the Council of Members to adopt this amendment of the budget, after approval by the Administrative and Financial Affairs Committee.

When and if the outstanding contributions are finally collected (before the end of year *n*) the postponed programmes, sub-programmes, projects and sub-projects may be reincorporated automatically according to the established priority ranking.

The Executive Secretariat shall draw up a financial management procedure detailing this process, which shall be approved by the Council of Members.

TITLE IV. BUDGET IMPLEMENTATION

Article 29

The Council shall, upon the proposal of the Executive Secretariat and after validation by the Administrative and Financial Affairs Committee, adopt detailed rules on the implementation of the budget in accordance with the principle of sound financial management.

The Council of Members shall implement budget revenue and expenditure in accordance with this Regulation, on its own responsibility and within the limits of the appropriations allocated.

The Members shall cooperate with the Executive Secretariat so that the appropriations are used in accordance with the principle of sound financial management.

Financial actors

Article 30

Authorising Officer

The Council of Members shall perform the duties of Authorising Officer.

The Authorising Officer shall be responsible for implementing revenue and expenditure according to the principles of sound financial management and for ensuring their legality and regularity.

The Council of Members delegates its powers as Authorising Officer to the Executive Director, who shall act as the authorising officer by delegation.

Solely when he or she is absent in the conditions laid down in article 17 of the IOC Rules of Procedure, the Executive Director may delegate the powers of Authorising Officer to only one of the Deputy Executive Directors who shall deputise as the Authorising Officer by delegation in compliance with the paragraph above.

Internal Comptroller

The Internal Comptroller shall perform *ex ante* checks on any financial transaction prior to its authorisation. He or she shall advise the Executive Director on the internal control structure and risk management strategy of the Organisation and shall make recommendations on the best way to organise the control environment of the IOC (see article 59).

Accounting Officer

The Accounting Officer shall guarantee the accuracy of the accounts. He or she shall be responsible for ensuring the reliability of budgetary implementation and shall manage treasury and petty cash payments (see article 33).

Article 31

1. All financial actors shall be prohibited from taking any measures of budgetary implementation which may bring their own interests into conflict with those of the IOC. 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 a player in budgetary implementation or the Internal Comptroller is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with the beneficiary.

3. For the purposes of this Financial Regulation, financial actors shall mean all the staff of the Executive Secretariat who are involved in any way in the implementation of the budget. In any event, the following shall be considered as such: the Executive Director, the Deputy Executive Directors, the Internal Comptroller, the Accounting Officer, and the Heads of Unit.

Article 32

Acts likely to be vitiated by a conflict of interests within the meaning of article 31 may, *inter alia*, take one of the following forms:

- (a) granting oneself or others unjustified direct or indirect advantages;
- (b) refusing to grant a beneficiary the rights or advantages to which that beneficiary is entitled;
- (c) committing undue or wrongful acts or failing to carry out acts that are mandatory.

Other acts likely to be affected by a conflict of interests are those which may impair the impartial and objective performance of a person's duties such as participation in a public procurement evaluation committee or a grant procedure when the person may, directly or indirectly, benefit financially from the outcome of these procedures.

The competent authority referred to in article 31 of this Regulation shall be the hierarchical superior of the member of staff concerned. The hierarchical superior shall confirm in writing whether or not there is a conflict of interests. If there is, the hierarchical superior shall personally take any appropriate decision.

Article 33

The Head of the Financial Unit shall act as the Accounting Officer of the IOC and shall be responsible for:

- (a) properly implementing the payments authorised by the Authorising Officer and controlling the revenue collected;
- (b) preparing and presenting the accounts in accordance with TITLE VII;
- (c) keeping the accounts in accordance with TITLE VII;
- (d) proposing financial management procedures to the college of senior officials;
- (e) laying down and validating accounting systems and methods;
- (f) managing treasury and petty cash payments;
- (g) reporting to the Council of Members on bank account movements and statements.

The Accounting Officer shall obtain from the competent authorising officers, who shall guarantee its reliability, all the information necessary for the production of accounts which give a true image of the assets and liabilities of the IOC and of budgetary implementation.

The Accounting Officer shall be empowered to check the information received as well as to carry out any further checks he or she deems necessary to sign the accounts.

The Accounting Officer shall enter any reservations he or she considers necessary and shall report them and explain their exact nature and scope to the Executive Director, who shall present them to the Council of Members.

Liability of the financial actors**Article 33(a)**

For the purposes of article 30, the Authorising Officer by delegation shall put in place an adequate organisational structure and internal control system to perform his/her duties.

Before any operation is authorised, its operational and financial aspects shall be verified by members of staff other than the person who initiates the operation. Initiation and all subsequent verifications shall be separate functions.

The Authorising Officer by delegation shall report to the Council of Members on the performance of his/her duties in his/her activity report.

Article 34

Any members of the Executive Secretariat involved in the financial management and control of transactions who consider that a decision which their superior requires them to apply or to accept is irregular or contrary to the principles of sound financial management or the ethical conduct they are required to observe shall inform the Executive Director in writing. If the Executive Director fails to take action within a reasonable period of time, the person shall inform the Internal Comptroller, who shall refer the matter to the Council of Members.

The Executive Director shall decide whether to initiate disciplinary proceedings.

If a member of the Executive Secretariat should commit an irregularity in any of the matters referred to in this Regulation, the provisions of article 8 (Damage) of the Staff Regulations and the provisions of the disciplinary procedure of the IOC shall apply, without prejudice to any criminal-law or civil liability which that person should incur.

Article 35

1. Without prejudice to any disciplinary action and payment of compensation as laid down in the Staff Regulations, the Authorising Officer by delegation and the Accounting Officer may at any time have their delegation or designation withdrawn temporarily or definitively by the authority which appointed them.

2. The Authorising Officer by delegation shall be obliged to pay compensation in particular if, whether intentionally or through gross negligence on his or her part, he or she:

(a) Determines entitlements to be recovered or issues recovery orders, commits expenditure or signs a payment order without complying with this Regulation;

(b) Fails to draw up a document establishing an amount receivable, fails to issue a recovery order or is late in doing so or is late in issuing a payment order, thereby rendering the IOC liable to civil action by third parties.

The Authorising Officer by delegation shall continue to be responsible for the efficiency and effectiveness of the internal management and control systems put in place and for the choice of the authorising officer who deputises for him/her.

3. The Accounting Officer may be required to pay compensation, as laid down in the Staff Regulations, in particular when:

- (a) He/she loses or damages monies, assets and documents in his/her keeping or causes them to be lost or damaged through negligence;
- (b) He/she alters bank accounts without notifying the Authorising Officer by delegation in advance;
- (c) He/she recovers or pays amounts which are not in conformity with the corresponding recovery or payment orders;
- (d) He/she fails to collect revenue due.

REVENUE OPERATIONS

Article 36

An estimate of IOC revenue shall be entered in the budget in euro, to two decimal places.

The statement of revenue shall detail:

- (a) the amount of the contributions of Members;
- (b) any voluntary contributions, donations and other forms of supplementary contributions;
- (c) the revenue or financing from the book results of year $n-2$;
- (d) any other form of revenue (on-line sales, financial interest, tax refunds...)

Amounts receivable from third parties

Article 37

1. The provisions of this article and of the following articles shall be applicable to amounts receivable from third parties other than the contributions of the Members, which shall be governed by article 16 of the International Agreement on Olive Oil and Table Olives.

2. Establishment of an amount receivable is the act by which the authorising officer responsible:

- verifies that the debt exists;
- determines or verifies the reality and the amount of the debt;
- verifies the conditions in which the debt is due.

The authorisation of recovery of amounts receivable is the act whereby the Authorising Officer responsible instructs the Accounting Officer, by issuing a recovery order followed by a debit note sent to the debtor, to recover an amount receivable which he/she has established.

The debit note shall be to inform the debtor that:

- (a) the IOC has established the amount receivable;
- (b) payment of the debt to the IOC is due on a certain date (hereinafter “the due date”);

(c) wherever possible the IOC shall effect recovery by offsetting after the debtor has been informed.

The Authorising Officer responsible shall send the debit note to the debtor with a copy to the Accounting Officer. In the case of on-line sales, the establishment of an amount as receivable may be performed via an automatic or semiautomatic process.

Failing reimbursement by the deadline referred to in point (b) the debt shall bear interest.

The interest rate for amounts receivable not repaid on the deadline referred to in article 37.2 (b) shall be the rate applied by the European Bank to its principal refinancing operations. Interest shall be calculated from the calendar day following the deadline referred to in article 37.2 (b) and specified in the debit note up to the calendar day on which the debt is repaid in full.

3. Amounts wrongly paid shall be recovered.

Article 38

To establish an amount receivable the Authorising Officer responsible shall, after verification by the competent Verifying Officer and subsequent *ex ante* control by the Internal Comptroller, ensure that:

- (a) the receivable is certain and not subject to any condition;
- (b) the receivable is of fixed amount, expressed precisely in cash terms;
- (c) the receivable is due and is not subject to any payment time;
- (d) the particulars of the debtor are correct;
- (e) the amount to be recovered is booked to the correct budget item;
- (f) the supporting documents are in order; and
- (g) the principle of sound financial management is complied with.

Article 39

1. The establishment of an amount receivable shall be based on supporting documents certifying the IOC's entitlement.

2. Before establishing an amount receivable the Authorising Officer responsible shall personally check the supporting documents or, on his/her own responsibility, shall ascertain that this has been done.

3. The Authorising Officer by delegation shall be responsible for safeguarding all supporting documents.

Establishment and authorisation of the recovery order

Article 40

1. The recovery order shall specify:

- (a) the financial year to which the revenue is to be booked;
- (b) the references of the act or legal commitment which is the source of the debt and gives rise to the entitlement to recovery;
- (c) the budget article and any other subdivision that may apply, including, where appropriate, the references of the corresponding budget commitment;
- (d) the amount to be recovered, expressed in euro;
- (e) the name and address of the debtor;
- (f) the due date; and
- (g) the method of recovery.

2. The recovery order shall be dated and signed by the authorising officer responsible, then sent to the Accounting Officer.

Status of the amounts receivable

Article 41

The Accounting Officer shall regularly inform the Deputy Executive Directors, the Executive Director and the Internal Comptroller on the status of the amounts receivable in order to enable the latter to take appropriate decisions to safeguard the interests of the IOC.

Recovery

Article 42

1. The Accounting Officer shall act on recovery orders for amounts receivable duly established by the Authorising Officer responsible. He or she shall exercise due diligence to ensure that the Council of Members receives its revenue and shall see that its rights are safeguarded. Wherever possible, the Accounting Officer shall recover amounts by offsetting them against equivalent claims that the IOC has on any debtor who himself or herself has a claim on the IOC that is certain, of a fixed amount and due.

2. Where the Authorising Officer responsible is planning to waive recovery of an established amount receivable, he/she shall ensure that the waiver is in order and complies with the principle of sound financial management and proportionality in accordance with the procedures and the criteria laid down in the present Financial Regulation. The waiver decision must be substantiated. It must be validated by the Administrative and Financial Affairs Committee and approved by the Council of Members.

Article 43

1. Upon the recovery of an amount receivable, 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 any cash payments made to the Accounting Officer.

EXPENDITURE OPERATIONS

Article 44

Every item of expenditure shall be the object of a prior budgetary and legal commitment and shall be validated, authorised and paid. All expenditures under the Operational Section of the budget must be included in the relevant work programme approved by the Council of Members.

Commitment of expenditure

Article 45

1. The budgetary commitment is the operation reserving the appropriation necessary to cover subsequent payments to honour a legal commitment.

The legal commitment is the act whereby the Authorising Officer responsible enters into or establishes an obligation which results in a charge.

The Authorising Officer responsible shall approve both the legal commitment and the budgetary commitment.

2. The budgetary commitment is individual when the beneficiary and the amount of the expenditure are known.

The budgetary commitment is provisional when it is intended to cover routine and administrative expenditure for which either the beneficiary/ies or the amount is/are not known at that stage of the commitment.

3. Items regarded as routine administrative expenditure which may give rise to provisional commitments shall include the following:

- (a) Expenditure relating to the staff or other human resources, including trainees.
- (b) Current expenditure on goods and services (repairs, maintenance, consumables, supplies, communications, meeting expenses, technical assistance, miscellaneous expenses).
- (c) Travel and allowances for IOC activities.
- (d) Expenditure on investment.

4. In respect of any measure which may give rise to expenditure chargeable to the budget, the Authorising Officer responsible must first make a budgetary commitment before entering into a legal obligation with third parties.

5. Legal commitments for actions extending over more than one financial year shall be broken down over several years into annual budgetary commitments only where the corresponding legal commitment so provides.

6. The legal commitments entered into for actions extending over more than one financial year shall, except in the case of staff expenditure, have a final date for implementation set in compliance with the principle of sound financial management.

Article 46

1. To enable the Authorising Officer responsible to approve a budgetary commitment the Internal Comptroller must approve the proposal of the Verifying Officer who must have informed the Internal Comptroller beforehand, *inter alia*, that sufficient appropriations are available. The Authorising Officer responsible shall then 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 this Regulation and to the rest of the IOC rules;
- (d) the principle of sound financial management is respected.

2. When registering a legal commitment, the Authorising Officer responsible shall ensure that:

- (a) the commitment is covered by the corresponding budgetary commitment;
- (b) the expenditure is regular and conforms to this Regulation and to the rest of the IOC rules;
- (c) the principle of sound financial management is respected.

Validation of expenditure

Article 47

Validation of expenditure is the act whereby the Authorising Officer responsible, after verification by the competent Verifying Officer and subsequent *ex ante* control by the Internal Comptroller:

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

Authorisation of expenditure

Article 48

Authorisation of expenditure is the act whereby, having verified that the appropriations are available, the Authorising Officer responsible instructs the Accounting Officer, by issuing a payment order, to pay an item of expenditure. In his/her capacity as Authorising Officer by delegation the Executive Director shall validate and authorise expenditure.

Payment of expenditure

Article 49

Payment shall be supported by the corresponding payment order and shall be implemented by means of the corresponding payment document. Such documents shall be signed by two persons empowered therefor in compliance with article 53.

Payment orders signed by the Authorising Officer responsible shall be dated and shall bear a sequential number per financial year, which shall coincide with that of the budgetary commitment. If there are several payment orders for the same budgetary commitment, the computer system shall assign them a consecutive number which shall be preceded by the number of the budgetary commitment followed by a dash. They shall specify the line and financial year to which the item is to be charged, the account out of which the amount is to be paid, the exact name of the creditor, the amount of the expenditure, the reference of the document justifying the commitment and the method of payment.

Article 50

1. For the requirements of treasury management, the Executive Director and the Accounting Officer may open accounts in the name of the institution with financial institutions or national central banks or cause such accounts to be opened. In duly warranted circumstances, they may open accounts in currencies other than the euro.

2. At least every five years the Executive Director shall initiate new competitive tendering with the main financial institutions to renew the operating terms of these current accounts, in accordance with the principles of sound financial management, efficiency and competitive tendering.

3. The Accounting Officer shall ensure strict compliance with the operating terms for accounts opened with financial institutions.

Article 51

The Executive Director and the Accounting Officer shall, for the purpose of budgetary management, open the following in the name of the IOC:

- An account into which shall be paid the contributions of the Members intended to finance the budget and to meet authorised payments. Revenue in respect of any interest yielded by such funds until they are used shall be handled in compliance with the provisions of article 4(4) of this Regulation.
- An additional account in the event of voluntary contributions being provided for specific activities. In such cases only, the interest yielded by the account shall be handled differently to the manner laid down in article 4(4) and shall be considered miscellaneous revenue of the budget for voluntary contributions.
- An account for the management of petty cash.
- Such additional accounts as may be necessary to keep clearly separate the funds managed by the IOC that do not belong to it.

The amounts transferred by the Members shall first be allocated to settle their preceding debts.

Article 52

In addition to the budgetary management account, the Executive Director and the Accounting Officer shall open other accounts for the investment of any temporary surplus liquid funds of the IOC. As a precaution, the accounts for investing temporary surplus liquid funds shall not be held with the same financial institution as those where the accounts mentioned in article 51 of this Financial Regulation are held.

Such temporary investment of surplus liquid funds may only be effected after examining the terms offered by at least five leading financial establishments operating in Spain. In no circumstances may it be effected at variable or fixed rates with establishments that do not offer the utmost solvency.

At least every three years the Executive Director shall initiate new competitive tendering with the main financial institutions to renew the operating terms of these investments and the related current accounts, in accordance with the principles of sound financial management, efficiency and competitive tendering.

Article 53

All the payments referred to in article 49 and any other financial transactions carried out by the IOC must be signed by two persons duly empowered by the Council of Members. Except when absent, such persons shall be the Executive Director and the Accounting Officer.

Article 54

The Accounting Officer shall keep an up-to-date register of the accounts held by the IOC and of the persons empowered for each of those accounts. A copy of this register shall be forwarded each year to the Administrative and Financial Affairs Committee provided for in article 9 of the Rules of Procedure of the IOC, for examination and subsequent reporting to the Council of Members.

Article 55

The IOC shall make payments by bank transfer or, within the limits laid down in the procedures, by cheque. Only payments of petty cash amounts referred to in article 56 may be made exceptionally in cash.

Third-party funds

Article 55(a)

Under article 15 of the Agreement, the Council of Members may authorise the Executive Secretariat to manage third-party funds. Such authorisation shall be given in writing and shall assign the necessary powers to the persons in charge of collecting and implementing these funds.

The management of these funds, including the role of the Internal Comptroller, shall be defined in an agreement between the Executive Secretariat and these third parties, which shall be authorised by the Council of Members and shall comply with this Financial Regulation. However, the Council of Members may insert derogations from the Financial Regulation in the agreement on a case-by-case basis to allow for specific peculiarities.

Articles 34 and 35 of this Financial Regulation shall be applied to all the financial actors who deal with these funds.

The Accounting Officer shall clearly identify in the IOC accounting system the debt owed to such third parties and the funds managed by the IOC.

In compliance with article 51, the IOC shall open as many current accounts as necessary to manage these funds and shall record any interest earned on these accounts as income of the third parties concerned.

Petty cash amounts

Article 56

For the purpose of implementing certain expenditures, the Executive Secretariat shall provide for cash in hand amounting to €1 500 for paying expenditure up to a maximum of €150 per payment, in compliance with the conditions specified in the financial procedure for petty cash management.

Payments in excess of this figure must receive prior, exceptional authorisation from the Authorising Officer, provided they are for less than €600.

Before expenditures have reached 80% of the amount mentioned in the first paragraph, a list of all the payments made, specifying the items to which they have been charged and the incoming and outgoing movements of the cash in hand shall be presented to the Authorising Officer for signature. After the list is signed by the Authorising Officer, the resources released shall be replenished.

Provisions

Article 56(a)

The IOC may establish two kinds of provisions:

- Long-term provisions: These shall be authorised by the Council of Members in the budget when they are considered necessary after analysis of the pertinent report presented by the Executive Secretariat. Such provisions shall be both book and budgetary provisions.
- Short-term provisions: When such provisions are necessary under international accounting rules, the Accounting Officer shall present a report to the Authorising Officer by delegation who shall have to give prior authorisation for their creation.

Provisions of this type shall be solely book provisions on which the Administrative and Financial Affairs Committee and the Council of Members shall be informed in the annual accounts.

Detailed rules for the management of these provisions, including criteria for their cancellation, shall be specified in the pertinent financial management procedure.

IT systems

Article 57

Where revenue and expenditure operations are managed by means of computer systems, documents may be signed by a computerised or electronic procedure.

The Authorising Officer by delegation shall guarantee that the computer system is safe and complies with the financial procedures in force.

The Executive Secretariat shall put in place a procedure covering the responsibilities, duties and other aspects of electronic budget management and security.

Keeping of supporting documents by the Accounting Officer

Article 58

The supporting documents relating to the accounting and to the establishment of the accounts shall be kept for a period of five years from the date on which the Council of Members grants discharge for the financial year to which the documents relate.

Documents relating to operations not definitively closed shall, however, be kept longer until the end of the year following that in which the operations are closed.

The Accounting Officer shall be responsible for keeping such originals.

Article 59

1. The Internal Comptroller shall advise the Executive Director, the College of Senior Officials, the Administrative and Financial Affairs Committee and the Council of Members on any transactions of a financial nature.

2. The Internal Comptroller shall train staff/arrange training for staff in the implementation of the Financial Regulation and Management Procedures.

3. The Internal Comptroller shall carry out systematic checks for the *ex ante* control of any financial transactions prior to their authorisation. In particular, the Internal Comptroller shall check:

- The procedure followed and the draft award decision, prior to the award of all the contracts issued by the IOC. He or she must give prior approval to the draft

award before it is submitted to the Executive Director by the Tenders Committee. The Internal Comptroller shall attend the meetings of the committees for the opening and evaluation of tenders, without being a member of such committees, in order to ensure smooth compliance with the procedures applicable. He or she shall receive the information and documents for such meetings at the same time as the members of these committees.

- Legal commitments, notably:
 - Contracts/order vouchers of all kinds;
 - Decisions regarding the recruitment, retirement and dismissal of staff;
 - Agreements to be drawn up by the IOC with third parties if they have an impact on its financial position.
- Budgetary commitments:

The Internal Comptroller shall give prior approval for the validation/signature of budgetary commitments. Such approval shall attest to the availability of appropriations and to the regularity and conformity of transactions with the rules and regulations, budgetary provisions or any other document approved by the IOC.

- Proposed payments. He or she shall give prior approval for the implementation of payments. Such approval shall attest that all payments are made to the actual creditors on the basis of the available appropriations and upon presentation of supporting evidence of the service provided and the real nature of the creditor's claim.

- The regularity of the stated debts owed to the IOC by third parties. The Internal Comptroller shall give prior approval to recovery orders and shall control the collection of the recovery orders issued by the Authorising Officer.

4. The Internal Comptroller shall be empowered to verify the manner in which the funds and assets and all the cash of the IOC are managed. He or she shall check that exchange rates and conversions into euro from other currencies received or paid are correctly applied and shall carry out reconciliations with the banks where the accounts are held.

5. The Authorising Officer by delegation may, on his or her own responsibility, overrule a refusal of approval by the Internal Comptroller. The Authorising Officer by delegation shall inform the Administrative and Financial Affairs Committee and the Council of Members beforehand in writing of each overruling and the grounds therefor. The implementation of the document concerned shall be suspended for 5 working days from the date of notification of the overruling to the Administrative and Financial Affairs Committee and the Council of Members unless the Council, advised by the Administrative and Financial Affairs Committee, agrees with the proposal of the Authorising Officer by delegation.

6. The Internal Comptroller shall propose benchmarks to measure the performance of the Executive Secretariat as well as systems to analyse any deviations from what is planned and shall report to the Executive Director on the performance of the IOC on the basis of the benchmarks. The Executive Director shall present this report to the College of Senior Officials, where appropriate.

7. The Internal Controller shall put forward recommendations to the Authorising Officer by delegation for changes in the rules and regulations and work flow with the aim of mitigating risks and simplifying or optimising processes or adapting them to the real situation.

8. The Internal Comptroller shall attend the meetings of the Administrative and Financial Affairs Committee and the sessions of the Council of Members.

9. The Internal Comptroller shall prepare and present his /her activity report at each regular session, in compliance with article 7(4), fourth indent of the IOC Rules of Procedure. This report shall be submitted beforehand to the Council of Members and the College of Senior Officials simultaneously and shall include, in particular, the analysis of the benchmarks referred in 6 and 7 above, and their follow up.

10. In addition to the report mentioned in 9 above, the Internal Comptroller shall forward specific reports to the Administrative and Financial Affairs Committee and the Council of Members detailing any anomalies detected in the course of his or her activities that are or might be detrimental to the IOC and the mitigating measures taken by the Authorising Officer by delegation.

Financial management procedures

Article 60

The IOC shall have financial management procedures laying down the necessary authorisations, controls and responsibilities and the procedures to be implemented for each of the significant processes linked to financial/accounting activity.

Such procedures shall be for compulsory application to all the staff of the Executive Secretariat. Any change or updating of such procedures must be approved by the Council of Members on a proposal from the Administrative and Financial Affairs Committee.

TITLE V. PROCUREMENT

Scope and award principles

Article 61 – Definitions and field of application

1. Public contracts are contracts for pecuniary interest concluded in writing by the Executive Secretariat of the IOC in order to obtain, against payment of a price paid in whole or in part from the budget, the supply of movable or immovable assets, the execution of works or the provision of services.

The Executive Director shall act as the contracting authority. He or she may delegate such duties, provided compliance is ensured with the provisions laid down in this Regulation and in accordance with the provisions of article 17 of the IOC Rules of Procedure.

2. Contracts comprise:

- (a) supply contracts;

- (b) works contracts;
- (c) service contracts.

Supply contracts cover the purchase, leasing, rental or hire purchase, with or without option to buy, of products. The delivery of products may in addition include siting, installation and maintenance.

Works contracts cover either the execution, or both the execution and design, of works or the realisation, by whatever means, of a work corresponding to the requirements specified by the contracting authority. A 'work' means the outcome of building or civil engineering works taken as a whole that is sufficient of itself to fulfil an economic or technical function.

Service contracts cover all intellectual and non-intellectual services other than those covered by supply contracts, works contracts.

A contract covering both products and services shall be considered a service contract where the value of the services in question exceeds that of the products included in the contract.

3. The terms "supplier", "contractor" and "service provider" refer to three categories of economic operator, natural or legal persons, who supply products, execute works and provide services respectively. Economic operators who have submitted a tender are referred to as "tenderers".

Article 62 – Framework contracts

1. A framework contract is a contract concluded between the Executive Secretariat and an economic operator for the purpose of laying down the essential terms governing a series of specific contracts to be awarded during a given period, in particular as regards the duration, subject, prices, conditions of performance and the quantities envisaged.

The duration of framework contracts may not exceed four years, save in exceptional cases duly justified in particular by the subject of the framework contract.

The Executive Secretariat may not make undue use of framework contracts or use them in such a way that the purpose or effect is to prevent, restrict or distort competition.

2. Specific contracts based on the framework contracts referred to in paragraph 1 shall be awarded in accordance with the terms laid down in the framework contract.

3. Only specific contracts concluded under framework contracts shall be preceded by a budget commitment.

Article 63 – Guidelines

1. All public contracts financed in whole or in part by the IOC budget shall comply with the principles of competition, best-value for money, transparency, proportionality, equal treatment and non-discrimination.

2. All procurement contracts shall be put out to tender on the broadest possible base, except when use is made of the negotiated procedure.

Publication

Article 64 - Advertising

1. Publication shall consist of a pre-information notice, a contract notice and an award notice.

2. The pre-information notice shall be the notice by which the contracting authorities make known, by way of indication, the estimated total value of contracts, by category of service or groups of products, and the essential characteristics of works contracts which they intend to award during a budgetary year, where the estimated total value is equal to or greater than the thresholds laid down in article 65(a).

The pre-information notice shall be posted on the IOC website as soon as possible and by no later than 31 March of each budgetary year in the case of supply and service contracts and, in the case of works contracts, as soon as possible after the decision approving the programme for those contracts.

3. The contract notice shall be the means by which all interested operators are informed of the effective launching of a procurement procedure and are provided with its essential characteristics and all the necessary information to take part. It shall be compulsory for contracts of an estimated value equal to or greater than the thresholds laid down in article 65(a). The contract notice shall be published in at least two appropriate newspapers.

4. Contracting authorities wishing to organise a contest shall issue a notice announcing their intention.

5. The award notice shall give the outcome of the procurement procedure. In the case of contracts the value of which is equal to or greater than the thresholds laid down in article 65(a), the award notice shall be compulsory. It shall not be compulsory for specific contracts awarded under a framework contract.

The award notice shall be posted on the IOC website no later than twenty calendar days after the procedure is closed, that is to say, from the date on which the contract is signed.

Publication of certain information after the contract has been awarded may be dropped where it would hinder application of the law, would be contrary to the public interest or would harm the legitimate business interests of public or private undertakings or could distort fair competition between them.

6. A list of all the contracts awarded between €15 000 and €60 000 shall be published each year on the IOC web site, before 31 March, after the financial year in question.

Types of procurement procedure

Article 65– Types of procurement procedure

Procurement procedures shall take one of the following forms:

- (a) Open procedure: for contracts where the estimated value is equal to or greater than €60 000. The publication of a contract notice shall be required. All interested economic operators may submit a tender.
- (b) Restricted procedure: for contracts where the estimated value is equal to or greater than €15 000 and below €60 000. The publication of a contract notice shall not be required. The contracting authorities shall, simultaneously and in writing, invite at least five economic operators of their choice whom the Executive Secretariat considers to satisfy the selection criteria.
- (c) Negotiated procedure: for contracts where the estimated value is equal to or greater than €6 000 and below €15 000. The contracting authorities shall, simultaneously and in writing, invite three economic operators of their choice whom the Executive Secretariat considers to satisfy the selection criteria, and shall negotiate the terms and conditions of the contract with one or more of them.
- (d) Direct award for low-value contracts: for contracts where the value is below €6 000. Such contracts may be awarded on the basis of a single tender. Negotiation with the economic operator shall be allowed.
- (e) Payments of invoices not exceeding €1 000 may, in the cases regulated in the financial management procedures, merely entail payment upon presentation of the invoice without requiring prior acceptance of a tender.
- (f) Contest: procedures which enable the contracting authority to acquire, in the fields of architecture and civil engineering, a plan or design proposed by a selection board after being put out to competitive tender with or without the award of prizes.

Article 66 – Number of candidates in restricted or negotiated procedures

1. In a restricted procedure, the number of economic operators invited to submit a tender may not be less than five, provided that a sufficient number of such operators satisfies the selection criteria.

In any event, the number of economic operators invited to tender must be sufficient to ensure genuine competition.

2. In negotiated procedures the number of economic operators invited to negotiate may not be less than three, provided that a sufficient number of such operators satisfies the selection criteria.

In any event, the number of economic operators invited to tender must be sufficient to ensure genuine competition.

3. The second subparagraph shall not apply to contracts for amounts of less than €6 000.

4. Where the number of candidates meeting the selection criteria is below the minimum number specified in paragraphs 1 and 2, the contracting authority may continue the procedure by inviting the candidates with the required capacities.

The contracting authority may not include other economic operators that it did not initially invite.

Article 67 – Arrangements for negotiated procedures

Contracting authorities shall negotiate with tenderers the tenders they have submitted in order to adapt them to the requirements set out in the contract notice or in the specifications and in any additional documents and in order to find the tender offering the best value for money.

During the negotiation, the contracting authorities shall ensure equal treatment for all tenderers.

Article 68 – Contests

1. The rules for the organisation of a contest shall be communicated to those interested in taking part.

The number of candidates invited to take part must be sufficient to ensure genuine competition.

2. The selection board shall be appointed by the Authorising Officer responsible. It shall be made up exclusively of natural persons who are independent of participants in the contest. Where a particular professional qualification is required for participation in a contest, at least one-third of the members of the selection board must have the same or an equivalent qualification.

The selection board shall be autonomous in its opinions. Its opinions shall be adopted on the basis of projects submitted to it anonymously by the candidates and solely in the light of the criteria set out in the contest notice.

3. The proposals of the selection board, based on the merits of each project, and its observations, shall be recorded in a report signed by its members.

Candidates shall remain anonymous until the selection board has given its opinion.

4. The contracting authority shall then take a decision giving the name and address of the candidate selected and the reasons for the choice by reference to the criteria announced in the contest notice, especially if it departs from the proposals made in the selection board's opinion.

Article 69 – Use of exceptional negotiated procedures

Contracting authorities may use the exceptional negotiated procedure, with only one economic operator, in the following cases:

1. Without prior publication of a contract notice:

(a) where no tenders or no suitable tenders have been submitted in response to an open procedure or restricted procedure after the initial procedure has been completed, provided that the original terms of the contract as specified in the documents relating to the invitation to tender are not substantially altered;

(b) where, for technical or artistic reasons, or for reasons connected with the protection of exclusive rights, the contract can be awarded only to a particular economic operator;

(c) in so far as is strictly necessary where, for reasons of extreme urgency brought about by unforeseeable events not attributable to the contracting authorities and likely to jeopardise the interests of the IOC, it is impossible to comply with the time-limits set for the other procedures;

(d) where a service contract follows a contest and must, under the rules applying, be awarded to the successful candidate or to one of the successful candidates; in the latter case, all successful candidates shall be invited to participate in the negotiations;

(e) for additional services and works not included in the project initially considered nor in the contract first concluded but which, through unforeseen circumstances independent of the contracting authority, have become necessary for the performance of the services or works, the contracting authorities may use the negotiated procedure without prior publication of a contract notice, provided that the award is made to the contractor performing the contract:

(i) where such additional contracts cannot be technically or economically separated from the main contract without serious inconvenience for the contracting authority; or

(ii) where such services or works, although separable from the performance of the original contract, are strictly necessary for its completion.

The aggregate value of additional contracts may not exceed 50% of the amount of the initial contract.

(f) for additional contracts consisting in the repetition of similar services or works entrusted to the contractor awarded an earlier contract by the same contracting authorities, provided that the subject of the contract conforms to a basic project and that the first contract was awarded under the open or restricted procedure. The option of using the negotiated procedure shall be pointed out as soon as the first contract is put out to competitive tender. This procedure may only be used during the three years following conclusion of the original contract.

(g) for supply contracts, in the case of additional deliveries which are intended either as a partial replacement of normal supplies or installations or as the extension of existing supplies or installations, where a change of supplier would oblige the contracting authority to acquire equipment having different technical characteristics which would result in incompatibility or disproportionate technical difficulties in operation and maintenance; the length of such contracts may not exceed three years;

2. After publication of a contract notice:

(a) in the event of the submission of tenders which are irregular or unacceptable, by reference in particular to the selection or award criteria, in response to an open or restricted procedure which has been completed, provided that the original terms of the contract as specified in the documents relating to the invitation to tender are not substantially altered;

(b) for service and works contracts, in exceptional cases where the nature of the services or works or the risks attaching thereto do not permit prior overall pricing by the tenderer;

(c) where the nature of the service to be procured, in particular in the case of financial services and intellectual services, is such that contract specifications cannot be established with sufficient precision to permit the award of the contract by selecting the best tender in accordance with the rules governing open or restricted procedures;

(d) for works contracts, where the works are performed solely for purposes of research, testing or development and not with the aim of ensuring profitability or recovering research and development costs;

(e) for service contracts.

3. The contracting authorities may refrain from publishing a contract notice if they include in the negotiated procedure all the tenderers who satisfy the selection criteria and who, during the previous procedure, submitted tenders in accordance with the formal requirements of the procurement procedure.

Subject and procedure

Article 70 – Subject of the contract

A full, clear and precise description of the subject of the contract must be given in the documents relating to the call for tenders.

Article 71 – Documents relating to the invitation to tender for restricted, negotiated or low-value procedures

In restricted, negotiated or low-value procedures, the Executive Secretariat shall require those documents described in the following articles which it considers necessary in each case and according to the nature and circumstances of each contract.

Article 72 – Tender documents

1. Tender documents shall include at least:

(a) the invitation to submit a tender or to negotiate;

- (b) the attached specifications, to which shall be annexed the general terms and conditions applicable to contracts;
 - (c) the draft model contract.
2. The invitation to tender or to negotiate shall at least:
- (a) specify the rules governing the lodging and presentation of tenders, including in particular the closing date and time for submission, any requirement as to the use of a standard reply form, the documents to be attached, including those in evidence of financial, economic, technical and professional capacity, and the address to which they must be sent;
 - (b) state that submission of the tender implies acceptance of the specifications and of the general terms and conditions to which it refers and that this submission binds the contractor to whom the contract is awarded during performance of the contract;
 - (c) specify the period during which a tender will remain valid and may not be varied in any respect;
 - (d) forbid any contact between the contracting authority and the tenderer during the procedure (except for negotiated procedures), save, exceptionally and when duly justified and, where provision is made for an on-the-spot visit, specify the arrangements for such a visit.
3. The specifications shall at least:
- (a) specify the exclusion and selection criteria applying to the contract;
 - (b) specify the award criteria and their relative weighting, if this is not specified in the contract notice;
 - (c) set out the technical specifications.
4. The draft model contract shall in particular:
- (a) specify the penalties for failure to comply with its clauses;
 - (b) specify the details which must be contained in invoices or in the relevant supporting documents;
 - (c) specify the law applicable to the contract and the competent court for hearing disputes.
5. The contracting authorities may demand information from the tenderer on any part of the contract that the tenderer may intend to subcontract to third parties and on the identity of any subcontractors.

In the case of calls for tenders with an estimated value of €60 000 or less, the contracting authorities may, in agreement with the Internal Comptroller and in the light of their risk assessment, decide not to require proof of the financial and economic capacity of candidates or tenderers. In addition, in the case of purchases of goods, they may also decide not to require proof of technical and professional capacity.

Article 73 – Technical specifications

1. Technical specifications must afford equal access for tenderers and not have the effect of creating unjustified obstacles to competitive tendering.

They shall define the characteristics required of a product, service or material or work with regard to the purpose for which they are intended by the contracting authority.

2. The characteristics referred to in paragraph 1 shall include:

- (a) the quality levels;
- (b) environmental performance;
- (c) design for all requirements (including accessibility for disabled people);
- (d) the levels and procedures of conformity assessment;
- (e) fitness for use;
- (f) safety or dimensions, including, for supplies, the sales name and user instructions, and, for all contracts, terminology, symbols, testing and test methods, packaging, marking and labelling, production procedures and methods;

3. The technical specifications shall be formulated as follows:

- (a) by reference to European standards, or to European technical approvals or common technical specifications, where such exist, to international standards or to other technical reference material produced by European standards bodies or, failing this, their national equivalents. Every reference shall be followed by the expression "or equivalent"; or
- (b) in terms of performance or of functional requirements they shall be sufficiently detailed to enable tenderers to determine the purpose of the contract and the contracting authorities to award the contract; or
- (c) by a mixture of those two formulation methods.

4. Where the contracting authorities make use of the possibility of referring to the specifications referred to in point (a) of paragraph 3, they may not reject a tender on the grounds that it does not comply with those specifications if the tenderer or candidate proves, to the satisfaction of the contracting authority, by any appropriate means, that the tender meets in equivalent manner the requirements set.

5. Where the contracting authorities make use of the possibility of prescribing specifications in terms of performance or of functional requirements, they may not reject a tender which complies with a national standard transposing a European standard, a European technical approval or common technical specifications, an international standard or technical reference material produced by a European standards body, if those specifications relate to the necessary performance or functional requirements.

6. Save in exceptional cases, duly warranted by the subject of the contract, those specifications may not refer to a specific make or source, or a particular process, or to trade marks, patents, types or a specific origin or production which would have the effect of favouring or eliminating certain products or economic operators.

Where it is not possible to provide a sufficiently detailed and intelligible description of the subject of the contract, the reference shall be followed by the expression "or equivalent".

Article 74 – Price revision

1. The tender documents relating to the invitation to tender shall clearly state whether a firm, non-revisable price must be quoted.
2. If that is not the case, the tender documents relating to the invitation to tender shall lay down the conditions and/or formulas for revision of prices during the lifetime of the contract. In such cases the contracting authority shall take particular account of:
 - (a) the object of the procurement procedure and the economic situation in which it is taking place;
 - (b) the type of tasks and contract and their duration;
 - (c) its financial interests.

Article 75 – Cases of exclusion

1. Tenderers shall be excluded from participation in a procurement procedure if:
 - (a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
 - (b) they have been convicted of an offence concerning their professional conduct by a judgment which has the force of *res judicata*;
 - (c) they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;
 - (d) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;
 - (e) they have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the financial interests of the IOC;
 - (f) following another procurement procedure, they have been declared to be in serious breach of contract for failure to comply with their contractual obligations.
2. Tenderers must certify that they are not in one of the situations listed in paragraph 1.

Contracts may not be awarded to tenderers who, during the procurement procedure:

- (a) are subject to a conflict of interest;

(b) are guilty of misrepresentation in supplying the information required by the contracting authority as a condition of participation in the contract procedure or fail to supply this information.

Article 76 – Administrative and financial penalties

Administrative or financial penalties may be imposed by the contracting authority on tenderers who are in one of the cases of exclusion, after they have been given the opportunity to present their observations.

These penalties may consist in the payment of financial penalties by the contractor, candidate or tenderer where the cases are really serious and without exceeding the value of the contract in question.

The penalties imposed shall be in proportion to the importance of the contract and the seriousness of the misconduct.

Article 77 – Exclusion from the contract and amount of penalties

1. Without prejudice to the application of penalties laid down in the contract, tenderers and contractors who have been guilty of making false declarations or have been found to have seriously failed to meet their contractual obligations in an earlier procurement procedure shall be excluded from all contracts for a maximum of two years from the time when the infringement is established, as confirmed after an adversarial procedure with the contractor.

That period may be extended to three years in the event of a repeat offence within five years of the first infringement.

Tenderers who have been guilty of making false declarations shall also receive financial penalties representing 2% to 10% of the total value of the contract being awarded.

Contractors who have been found to have seriously failed to meet their contractual obligations shall receive financial penalties representing 2% to 10% of the total value of the contract in question.

That rate may be increased from 4% to 20% in the event of a repeat offence within five years of the first infringement.

2. In the cases referred to in points (a), (c) and (d) of article 75(1) of this Regulation, the tenderers shall be excluded from all contracts for a maximum of two years from the time when the infringement is established, as confirmed after an adversarial procedure with the contractor.

In the cases referred to in points (b) and (e) of article 75(1) of this Regulation, the tenderers shall be excluded from all contracts for a minimum of one year and a maximum of four years from the date of notification of the judgment.

Those periods may be extended to five years in the event of a repeat offence within five years of the first infringement or the first judgment.

Article 78 – Evidence

1. The contracting authority shall accept, as satisfactory evidence that the tenderer is not in one of the situations described in point (a), (b) or (e) of article 75(1) of this Regulation, production of a recent extract from the judicial record or, failing that, a recent equivalent document issued by a judicial or administrative authority in the country of origin or provenance showing that those requirements are satisfied.
2. The contracting authority shall accept, as satisfactory evidence that the tenderer is not in the situation described in point (d) of article 75(1) of this Regulation, a recent certificate issued by the competent authority of the State concerned.

Where no such certificate is issued in the country concerned, it may be replaced by a sworn or, failing that, a solemn statement made by the interested party before a judicial or administrative authority, a notary or a qualified professional body in his country of origin or provenance.

3. Depending on the national legislation of the country in which the tenderer is established, the documents referred to in paragraphs 1 and 2 shall relate to legal persons and/or natural persons including, where considered necessary by the contracting authority, company directors or any person with powers of representation, decision-making or control in relation to the candidate or tenderer.

Article 79 – Selection

1. The selection criteria for evaluating the capability of tenderers and the award criteria for evaluating the content of the tenders shall be defined in advance and set out in the call for tender.
2. Contracts may be awarded by the automatic lowest price award procedure or by the best-value-for-money procedure.

Article 80 – Selection criteria

1. The contracting authorities shall draw up clear and non-discriminatory selection criteria.
2. The following selection criteria shall apply in every procurement procedure:
 - (a) the eligibility of the tenderer to take part in the procedure, checks having been carried out on the possible grounds for exclusion;
 - (b) criteria for assessing their financial, economic, technical and professional capacity.

The contracting authority may lay down minimum capacity levels below which it cannot select candidates.

3. Any tenderer may be asked to prove that they are authorised to perform the contract under national law, as evidenced by inclusion in a trade or professional register, or a sworn

declaration or certificate, membership of a specific organisation, express authorisation, or entry in the VAT register.

4. The contracting authorities shall, in the contract notice for an open procedure, specify the references chosen to test the status and the legal capacity of tenderers.

5. The information requested by the contracting authority as proof of the financial, economic, technical and professional capacity of the tenderer may not go beyond the subject of the contract and shall take account of the legitimate interests of the economic operators as regards in particular the protection of the firm's technical and business secrets.

Article 81 – Economic and financial capacity

1. Proof of economic and financial capacity may be furnished by one or more of the following documents:

(a) appropriate statements from banks or evidence of professional risk indemnity insurance;

(b) the presentation of balance sheets or extracts from balance sheets for at least the last two years for which accounts have been closed, where publication of the balance sheet is required under the company law of the country in which the economic operator is established;

(c) a statement of overall turnover and turnover concerning the works, supplies or services covered by the contract during a period which may be no more than the last three financial years.

2. If, for some exceptional reason which the contracting authority considers justified, the tenderer is unable to provide the references requested by the contracting authority, they may prove their economic and financial capacity by any other means which the contracting authority considers appropriate.

3. An economic operator may, where appropriate and for a particular contract, rely on the capacities of other entities, regardless of the legal nature of the links which it has with them. It must in that case prove to the contracting authority that it will have at its disposal the resources necessary for performance of the contract, for example by producing an undertaking on the part of those entities to place those resources at its disposal.

Article 82 – Technical and professional capacity

1. Technical and professional capacity of economic operators shall be evaluated and verified in accordance with paragraphs 2 and 3. In procurement procedures for supplies requiring siting or installation operations, services and/or works, such capacity shall be assessed with regard in particular to their know-how, efficiency, experience and reliability.

2. Evidence of the technical and professional capacity of economic operators may, depending on the nature, quantity or scale and purpose of the supplies, services or works to be provided, be furnished on the basis of the following documents:

(a) the educational and professional qualifications of the service provider or contractor and/or those of the firm's managerial staff and, in particular, those of the person or persons responsible for providing the services or carrying out the works;

(b) a list:

(i) of the principal services provided and supplies delivered in the past three years, with the sums, dates and recipients, public or private;

(ii) of the works carried out in the last five years, with the sums, dates and place. The list of the most important works shall be accompanied by certificates of satisfactory execution, specifying whether they have been carried out in a professional manner and have been fully completed;

(c) a description of the technical equipment, tools and plant to be employed by the firm for performing a service or works contract;

(d) a description of the measures employed to ensure the quality of supplies and services, and a description of the firm's study and research facilities;

(e) an indication of the technicians or technical bodies involved, whether or not belonging directly to the firm, especially those responsible for quality control;

(f) in respect of supplies: samples, descriptions and/or authentic photographs and/or certificates drawn up by official quality control institutes or agencies of recognised competence attesting the conformity of the products with the specifications or standards in force;

(g) a statement of the average annual manpower and the number of managerial staff of the service provider or contractor in the last three years;

(h) an indication of the proportion of the contract which the service provider may intend to subcontract.

Where the services or supplies referred to in point (b)(i) of the first subparagraph are provided to contracting authorities, evidence of performance shall be in the form of certificates issued or countersigned by the competent authority.

3. Where the services or products to be supplied are complex or, exceptionally, are required for a special purpose, evidence of technical and professional capacity may be secured by means of a check carried out by the contracting authority or on its behalf by a competent official body of the country in which the service provider or supplier is established, subject to that body's agreement. Such checks shall concern the supplier's technical capacity and production capacity and, if necessary, its study and research facilities and quality control measures.

4. An economic operator may, where appropriate and for a particular contract, rely on the capacities of other entities, regardless of the legal nature of the links which it has with them. It must in that case prove to the contracting authority that it will have at its disposal the

resources necessary for performance of the contract, for example by producing an undertaking on the part of those entities to place those resources at its disposal.

Article 83 – Award arrangements and criteria

1. Contracts shall be awarded in one of the following two ways:
 - (a) under the automatic award procedure, in which case the contract is awarded to the tender which, while being in order and satisfying the conditions laid down, quotes the lowest price;
 - (b) under the best-value-for-money procedure.
2. The tender offering the best value for money shall be the one with the best price-quality ratio, taking into account criteria justified by the subject of the contract such as the price quoted, technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, profitability, completion or delivery times, after-sales service and technical assistance.
3. The contracting authority shall specify, in the contract notice or in the specifications, the weighting it will apply to each of the criteria for determining best value for money.

The weighting applied to price in relation to the other criteria must not result in the neutralisation of price in the choice of contractor; for this reason, a weighting of 50% for quality and 50% for price is advised.

If, in exceptional cases, weighting is technically impossible, particularly on account of the subject of the contract, the contracting authority shall merely specify the decreasing order of importance in which the criteria are to be applied.

4. The Executive Secretariat shall specify the award arrangements for each case in the tender documents.

Article 84 – Abnormally low tenders

1. If, for a given contract, tenders appear to be abnormally low, the contracting authority shall, before rejecting such tenders on that ground alone, request in writing details of the constituent elements of the tender which it considers relevant and shall verify those constituent elements, after due hearing of the parties, taking account of the explanations received.

The contracting authority may, in particular, take into consideration explanations relating to:

- (a) the economics of the manufacturing process, of the provision of services or of the construction method;
- (b) the technical solutions chosen or the exceptionally favourable conditions available to the tenderer;
- (c) the originality of the tender.

Article 85 – Process guarantees

1. The arrangements for submitting tenders shall ensure that there is genuine competition and that the contents of tenders remain confidential until they are all opened simultaneously.
2. The contracting authority may require tenderers to lodge a security in advance as a guarantee that the bids made will not be withdrawn.
3. With the exception of the contracts referred to in article 65(d), applications and tenders shall be opened by an opening board appointed for this purpose. Any tender declared by the board not to satisfy the conditions laid down shall be rejected.
4. All tenders declared by the opening board to satisfy the conditions laid down shall be evaluated, on the basis of the selection and award criteria laid down in the documents relating to the call for tenders, by a committee appointed for this purpose with a view to proposing to whom the contract should be awarded.

Article 86 – Time limits for receipt of tenders

1. The time limits for the receipt of tenders, laid down in calendar days by the contracting authorities, shall be long enough to allow interested parties a reasonable and appropriate period to prepare and submit their tenders, taking particular account of the complexity of the contract or the need to visit the site or consult on the spot the documents annexed to the specifications.
2. In open procedures, the time limit for receipt of tenders shall be no less than thirty days from the date on which the contract notice is published.
3. In restricted and (exceptional) negotiated procedures, the time limit for receipt of requests to participate shall be no less than 21 days from the date on which the contract notice is dispatched.

Article 87 – Time allowed for access to invitation to tender documents

Provided that the request was made in good time before the deadline for submission of tenders, the specifications and additional documents shall be sent, within six calendar days of the receipt of the request, to all economic operators who have requested the specifications or expressed interest in submitting a tender.

Article 88 – Methods of communication

1. The Executive Secretariat shall issue invitations to tender in writing. In the case of restricted, negotiated or low-value procedures, the tender shall be transmitted by letter; however, in cases of emergency, it may be transmitted by fax.

2. Tenderers may submit tenders:

(a) by post or courier service, for which purposes the invitation to tender documents shall specify that the relevant date is to be the date of dispatch as evidenced by the postmark in the first case, and the date of receipt of the documents as evidenced by the receipt in the second case;

(b) by hand-delivery to the premises of the institution by the tenderer in person or by an agent; or

(c) in the case of negotiated or low-value procedures, and when circumstances to require, by fax.

3. In order to maintain secrecy and to avoid any difficulties where tenders are sent by letter, in the procedures described in article 65(a) and (b) the invitation to tender must include the following provision: "Tenders must be submitted in a sealed envelope itself enclosed within a second sealed envelope. The inner envelope must bear, in addition to the name of the department to which it is addressed, as indicated in the invitation to tender, the words Invitation to tender - Not to be opened by the mail service." If self-adhesive envelopes are used, they must be sealed with adhesive tape and the sender must sign across that tape.

Article 89 – Opening of tenders

1. Where the estimated value of a contract is equal to or greater than €6 000, the Authorising Officer shall appoint a committee to open the tenders.

The committee shall be made up of at least one person representing the Unit involved (and the Internal Comptroller, see article 59).

Where the contract is awarded under the automatic award procedure, the prices quoted in tenders satisfying the requirements shall be made public.

The members of the committee shall sign the written record of the opening of the tenders received, which shall identify those tenders which satisfy the requirements and those which do not, and which shall give the grounds on which tenders were rejected for non-compliance, by reference to the methods of submitting tenders.

Article 90 – Committee for the evaluation of tenders

1. All tenders declared as satisfying the requirements shall be evaluated and ranked by an evaluation committee on the basis of the exclusion, selection and award criteria announced in advance.

That committee shall be appointed by the Authorising Officer to give an advisory opinion for contracts with an estimated value equal to or greater than €6 000.

2. The evaluation committee shall be made up of at least two persons representing at least two Units of the institution with no hierarchical link between them (and the Internal Comptroller, see art.59).

The evaluation committee may be composed of the same members as the committee opening the tenders.

3. Tenders which do not satisfy all the essential requirements set out in the supporting documentation for invitations to tender or the specific requirements laid down therein shall be eliminated.

However, the evaluation committee may ask tenderers to supply additional material or to clarify the supporting documents submitted in connection with the exclusion and selection criteria, within a specified time-limit.

4. In the case of abnormally low tenders, the evaluation committee shall request any relevant information concerning the composition of the tender.

Article 91 – Results of the evaluation

1. A written record of the evaluation and tenders declared to satisfy the requirements shall be drawn up and dated. It shall be signed by all the members of the evaluation committee. It shall be kept for future reference.

2. That written record shall contain at least the following:

- (a) the name and address of the contracting authority, and the subject and value of the contract or of the framework contract;
- (b) the names of the tenderers rejected and the reasons for their rejection;
- (c) the names of the tenderers accepted and the reasons for their selection;
- (d) the reasons for the rejection of tenders found to be abnormally low;
- (e) the names of the contractor proposed and the reasons for that choice and, if known, the proportion of the contract or the framework contract which the contractor intends to subcontract to third parties.

3. The contracting authority shall then take its decision, giving at least the following:

- (a) the name and address of the contracting authority, and the subject and value of the contract or of the framework contract;
- (b) the names of the tenderers rejected and the reasons for their rejection;
- (c) the names of the tenderers accepted and the reasons for their selection;
- (d) the reasons for the rejection of tenders found to be abnormally low;
- (e) the names of the contractor selected (from those proposed by the evaluation committee) and the reasons for that choice by reference to the selection and award criteria announced in advance and, if known, the proportion of the contract or the framework contract which the contractor intends to subcontract to third parties;
- (f) in the case of negotiated procedures, the circumstances which justify their use;
- (g) where appropriate, the reasons why the contracting authority has decided not to award a contract.

Article 92 – Contacts between contracting authorities and tenderers

1. While the procurement procedure is under way, all contacts between the contracting authority and candidates or tenderers must satisfy conditions ensuring transparency and equal treatment. They may not lead to amendment of the conditions of the contract or the terms of the original tender (except for negotiated procedures). Such contacts during the contract award procedure may take place, by way of exception, under the conditions set out in paragraphs 2 and 3.
2. Before the closing date for the submission of tenders, in respect of the additional documents and information, the contracting authority may:
 - (a) at the instance of tenderers, communicate additional information solely for the purpose of clarifying the nature of the contract, such information to be communicated on the same date to all tenderers who have asked for the specifications;
 - (b) at its own instance, if it discovers an error, a lack of precision, an omission or any other type of clerical defect in the text of the contract notice, invitation to tender or specifications, inform the persons concerned on the same date and in a manner identical with that applicable in respect of the original invitation to tender.
3. If, after the tenders have been opened, some clarification is required in connection with a tender, or if obvious clerical errors in the tender must be corrected, the contracting authority may contact the tenderer, although such contact may not lead to any alteration of the terms of the tender.
4. In every case where contact has been made, a "note for the file" shall be drawn up.

Article 92a – Award decision and information for candidates and tenderers

1. The Authorising Officer responsible shall decide to whom the contract is to be awarded, in compliance with the selection and award criteria laid down in advance in the documents relating to the call for tenders and the procurement rules.
2. The contracting authority shall notify all candidates or tenderers whose applications or tenders are rejected of the grounds on which the decision is taken, as well as the duration of the standstill period. The contracting authority shall notify all tenderers who meet the exclusion and selection criteria, and who make a request in writing, of the characteristics and relative advantages of the successful tender and the name of the tenderer to whom the contract is awarded.

However, certain details do not need to be disclosed where disclosure would hinder application of the law, would be contrary to the public interest or would harm the legitimate business interests of public or private undertakings or could distort fair competition between those undertakings.

3. The contracting authority shall as soon as possible inform candidates and tenderers of decisions reached concerning the award of the contract or framework contract, including the

grounds for any decision not to award a contract or framework contract for which there has been competitive tendering or to recommence the procedure.

In each case, the contracting authority shall indicate the reasons why the tender or application has not been accepted and the available legal remedies.

Unsuccessful tenderers or candidates may request additional information about the reasons for their rejection in writing by mail or e-mail and all selected tenderers whose tenders are not eliminated may obtain information about the characteristics and relative merits of the tender accepted and the name of the successful tenderer. The contracting authority shall reply within not more than 15 calendar days of receipt of the request.

Guarantee and control

Article 93 – Guarantee

1. The contracting authority may require contractors to lodge a guarantee in advance in order to:
 - (a) ensure full performance of the contract,
 - (b) limit the financial risks connected with payment of pre-financing.
2. Where suppliers, contractors or service providers are required to lodge a guarantee in advance, it must be for an amount and a period that are sufficient for it to be activated.
3. The guarantee shall be supplied by a bank or an authorised financial institution. It may be replaced by a joint and several guarantee by a third party.

The guarantee shall be denominated in euro.

It shall have the effect of making the bank or financial institution or the third party stand as irrevocable collateral security, or first-call guarantor of the contractor's obligations.

4. The performance guarantee shall be lodged by the successful tenderer upon the signature of the contract and shall represent 10% of the total value of the contract when it is more than €200 000. It shall expire, at the earliest, upon the finalisation of the contract. In the event of poor contract performance, the guarantee in full shall be retained.
5. For amounts of less than €200 000, a performance guarantee may be required of not more than 5% of the total value of the contract.
6. The guarantee for advance funding shall be the amount of the advance funding when the contract exceeds €200 000.

Article 94 – Cancellation or renouncement

The contracting authority may, up to the signature of the contract, relinquish the contract or cancel the procurement procedure. In such cases, the candidates or tenderers may not claim any compensation whatsoever.

Such a decision shall be reasoned and shall be made known to the candidates or tenderers.

Article 95 – Suspension in the event of errors, irregularities or fraud

Where the award procedure or performance of the contract is vitiated by substantial errors or irregularities or by fraud, the Executive Secretariat shall suspend performance of the contract. Where such errors, irregularities or fraud are attributable to the contractor, the Executive Secretariat may, in addition, refuse to make payments or may recover amounts already paid, in proportion to the seriousness of the errors, irregularities or fraud.

TITLE VI. GRANTS

Article 96 - Scope of grants

Grants are direct financial contributions awarded from the IOC budget in order to finance actions intended to help achieve the objectives defined in the International Agreement on Olive Oil and Table Olives in force. They shall be covered by an agreement or by an IOC decision notified to the successful grant applicant.

Article 97- General principles applicable to grants

Grants shall be subject to the principles of transparency, and equal treatment. Grants shall not be cumulative nor awarded retroactively. Grants must involve co-financing. Grants shall not have the purpose or effect of producing a profit for the beneficiary.

The award of scholarships shall not be subject, as an exception, to the co-financing rule.

Article 98 - Work programme

Grants shall be subject to an annual work programme within the framework of the activities financed by the Operational Section of the IOC budget, which shall be published prior to its implementation. This annual work programme (see article 27) shall be implemented through the publication of calls for proposals.

The annual work programme shall be included among the documents provided for the preparation of the $n+1$ budget and shall specify:

- the calls for proposals to be launched in year $n+1$ and the estimated amount allocated for each call;
- the number of scholarship grants and the allocation for this purpose;
- the number of support grants for not more than €6 000 and the total allocation for this purpose.

Call for proposals

Grants shall be awarded on the basis of the publication of a call for proposals posted on the IOC website.

Calls for proposals shall specify:

- the objectives pursued;
- the eligibility, selection and award criteria;
- the financing arrangements;
- the arrangements and final date for the submission of proposals.

All grants awarded in the course of a year shall be posted annually on the IOC website.

Article 99

Grants may be awarded on the basis of a simplified call for proposals in the following cases:

- support of not more than €6 000 provided for legal persons whose headquarters are in the territory of the Members and which organise events to promote the consumption of olive oil and table olives in the producing countries (fairs, seminars, symposiums);
- scholarships awarded to natural persons originating from the member countries at the proposal of the latter.

The Executive Secretariat shall have in place a relevant procedure detailing the calendar, conditions, requirements and eligible costs for all grant award procedures. The procedure shall also detail the grant application process, the selection and award criteria and the evaluation procedure.

Award procedure***Submission of grant applications***

The arrangements for the submission of grant applications shall be determined by the Authorising Officer responsible; who may chose the method of submission. Grant applications may be submitted by letter or electronic means.

The means of communication chosen shall be non-discriminatory in nature and shall not have the effect of restricting the access of applicants to the award procedure.

The means of communication chosen shall be such as to ensure that the following conditions are satisfied:

- (a) each submission contains all the information required for its evaluation;
- (b) the integrity of data must be preserved;
- (c) the confidentiality of proposals must be preserved;
- (d) the protection of personal data is ensured.

Content of grant applications

1. Applications shall be made on the form established by the Executive Secretariat and made available by the Authorising Officer responsible, in accordance with the criteria laid down in the call for proposals.
2. The estimated budget for the action attached to the application shall have revenue and expenditure in balance and shall indicate the estimated budget costs of the actions.

Selection and award criteria

The selection criteria announced in advance in the call for proposals shall be such as to make it possible to assess:

- The applicant's ability to complete the proposed action or work programme;
- The quality of the proposals submitted in the light of the objectives and priorities set.

Evaluation procedure

1. Proposals shall be evaluated on the basis of pre-announced selection and award criteria, with a view to determining which proposals may be financed.
2. The Authorising Officer responsible shall appoint a committee to evaluate the proposals. The committee shall be made up of at least three persons representing at least two Units of the Organisation with no hierarchical link between them.
3. The evaluation committee or, where appropriate, the Authorising Officer responsible may ask an applicant to provide additional information or to clarify the supporting documents submitted in connection with the application, provided that such information or clarification does not substantially change the proposal. The Authorising Officer responsible shall keep appropriate records of contacts with applicants during the procedure.
4. Upon completion of its work, the members of the evaluation committee shall sign a record of all the proposals examined, containing the assessment of their quality and identifying those which may receive funding. Those records may be signed in an electronic system providing sufficient authentication of the signatory.
5. The Authorising Officer responsible may invite an applicant to adjust its proposal in light of the recommendations of the evaluation committee. The Authorising officer responsible shall keep records of contacts with applicants during the procedure.

After evaluation, the Authorising Officer responsible shall take his/her decision on the basis of the proposals shortlisted by the evaluation committee, stating at least:

- The subject and the overall amount of the grant awards accepted in his/her decision;
- The name of the successful applicants, the title of the actions, the amounts accepted and the reason for that choice, including where it is inconsistent with the opinion of the evaluation committee;
- The names of any applicants rejected and the reasons for that rejection.

6. The Authorising Officer responsible shall, on the basis of the evaluation provided for in paragraph 1, draw up the list of beneficiaries and amounts approved.

Rejected applicants shall be informed as soon as possible of the outcome of the evaluation of their application and in any case within 15 calendar days of notification of the successful applicants.

As a complement to the governing principles mentioned in this Regulation, the Executive Secretariat shall have in place a relevant financial management procedure detailing the above mentioned principles and each step of grant management.

Article 100

Beneficiaries

Grant applications submitted in writing by legal persons shall be eligible.

However, grant applications submitted in writing by legal persons whose headquarters are in the territory of a non-member country of the IOC shall be eligible within the framework of an annual budgetary allocation for specific activities. Such allocation and activities shall be adopted by the Council, upon a proposal from the Executive Secretariat, when adopting the annual budget. The attendant expenditure shall be covered by a specific nomenclature within the IOC budget.

Article 101

Grants awarded by the IOC shall in no case represent more than 50% of the cost of the co-financed activity.

Article 102 - Payment of grants and control

Payment of grants:

Eligible costs (costs covered by grants):

Eligible costs are costs actually incurred by the beneficiary of a grant which meet all of the following criteria:

- (a) they are incurred during the duration of the action or the work programme with the exception of costs relating to the technical report;
- (b) they are indicated in the overall estimated budget of the action or work programme;
- (c) they are necessary for the implementation of the action or of the work programme which is the subject of the grant;
- (d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting

standards of the country where the beneficiary is established and according to the usual cost accounting practices of the beneficiary;

(e) they comply with the requirements of applicable tax and social legislation;

(f) they are reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency.

Payment arrangements

Fifty percent of the amount of the grant shall be released after:

- signature of an agreement with the beneficiary stating, *inter alia*, the nature and objectives of the activity for which co-financing is requested and,
- the provision of a bank guarantee by the beneficiary for the corresponding amount.

The remaining 50% shall be released to the beneficiary after presentation of:

- definitive cost statements;
- a technical report, the contents of which shall be defined in the agreement.

The amount of the grant shall not become final until the Authorising Officer responsible has approved the final report and cost statement.

The terms of the grant agreement with the beneficiary and the conditions for the release of payments shall be detailed in the relevant financial management procedure which shall be adopted by the Council of Members, on a proposal from the Administrative and Financial Affairs Committee.

Control:

The Authorising Officer responsible shall determine the amounts to be reduced or recovered, wherever possible and practicable, on the basis of costs unduly declared as eligible for each grant concerned, following acceptance of the supporting documents submitted by the beneficiary.

The agreement shall make provision for the possibility of conducting on-the-spot controls prior to payment.

TITLE VII. PRESENTATION OF THE ACCOUNTS AND ACCOUNTING

Article 103

The financial statements of the IOC shall comprise:

- (a) The consolidated annual accounts defined in article 107;
- (b) The reports on the implementation of each budget.

Article 104

The accounts must comply with the rules 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 in assets or liabilities, and the cash flow;
- (b) as regards reports on budgetary implementation, of revenue and expenditure operations.

Article 105

The annual accounts shall be drawn up in accordance with the following accounting principles:

1. Going concern
2. Accrual
3. Consistency
4. Prudence
5. No netting
6. Materiality

In the event of conflict between accounting principles, the principle that best allows the annual accounts to present a fair and true view of the net worth, financial position and results of the IOC shall take precedence.

Article 106

In accordance with the principle of accrual-based accounting, the financial statements shall show the charges and income for the financial year, regardless of the date of payment or collection.

The value of assets and liabilities shall be determined in accordance with the valuation rules set by the accounting methods referred to in article 112.

Article 107

The annual accounts shall be presented in euro, to two decimal places, and shall comprise:

- (a) the balance sheet and profit and loss account, which shall show the assets and liabilities, financial situation and profit or loss at 31 December of the previous year and shall be presented in accordance with the structure laid down in the Spanish National Chart of Accounts;
- (b) the statement of changes in net worth as shown in the Spanish National Chart of Accounts;

- (c) the statement of changes in cash flow, as shown in the Spanish National Chart of Accounts;
- (d) the Notes to the annual accounts, which shall supplement and comment on the information presented in the points above and shall supply all the additional information prescribed by internationally accepted accounting practice where such information is relevant to the activities of the IOC.

Article 108

The annual accounts of the IOC shall include an individual item for a Fund for End-of-Service Grants. This investment shall be intended to cover the end-of-service grants for which provision is made in article 67 of the Staff Regulations.

Article 109

The budgetary implementation reports shall be presented in euro, to two decimal places, and shall comprise:

- (a) the budgetary outturn account, which sets out all budgetary operations for the year in terms of revenue and expenditure; it shall be structured in the same way as the budget;
- (b) the Annex to the outturn account of the budget, which shall supplement and comment on the information given in that account.

Article 110

The accounts shall be presented to the Administrative and Financial Affairs Committee which, after analysing them, shall submit them to the Council of Members at its first regular session for approval and publication, in compliance with the provisions of article 13 of the International Agreement on Olive Oil and Table Olives, 2015.

The Executive Secretariat shall send the Administrative and Financial Affairs Committee a report on the implementation of the budget in regard to the revenue and expenditure corresponding to all the appropriations, doing so at least every time the committee holds a regular or extraordinary meeting.

Article 111

The accounting system of the IOC shall be the system serving to organise the budgetary and financial information in such a way that figures can be input, filed and registered.

The accounts shall consist of general accounts and budgetary accounts. These accounts shall be kept in euro, to two decimal places, on the basis of the calendar year.

The figures in the general accounts and the budgetary accounts shall be adopted at the close of the financial year so that the accounts referred to in article 103 can be drawn up

Article 112

The accounting rules and methods shall be modelled on international accounting norms, in particular the Spanish National Chart of Accounts, and the principles laid down in the present regulation.

Article 113

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 institution.

Article 114

Movements on the accounts and the balances shall be entered in the accounting ledgers.

All accounting entries, including adjustments to the accounts, shall be based on supporting documents to which they shall refer.

The accounting system must be such as to leave a trail for all accounting entries.

After the close of the financial year and up to the date of the presentation of the accounts, any adjustments may be made which, without involving disbursement or collection in respect of that year, are necessary for a true and fair presentation of the accounts.

Article 115

The budgetary accounts shall provide a detailed record of budgetary implementation.

For this purpose, the budgetary accounts shall record all budgetary revenue and expenditure implementation operations.

Article 116

The Executive Secretariat shall keep appropriate inventories showing the quantity and value of all the tangible, intangible and financial assets of the institution.

TITLE VIII. EXTERNAL AUDIT AND APPROVAL OF BUDGETARY MANAGEMENT***Article 117***

The Administrative and Financial Affairs Committee shall be responsible for the financial control of the IOC in accordance with the provisions of articles 13 and 17 of the Agreement.

In the performance of its tasks the Administrative and Financial Affairs Committee may consult all documents and information relating to the financial management of the IOC.

The Administrative and Financial Affairs Committee shall ensure that the Internal Comptroller and the external auditors have verified that all securities and cash on deposit or in hand have been checked against vouchers signed by the depositories or against official memoranda of cash and securities held.

As stipulated in article 17(4) of the Agreement, *ex post* controls shall be performed by external auditors in accordance with the provisions specified under Title V (Procurement) of this Regulation.

In addition to the audit performed by the external auditors designated by the Council of Members, a minimum of three Members may, on the basis of a risk analysis, request the Council for authorisation to carry out controls of IOC activities to ensure compliance with the rules in force and the principles of sound financial management and transparency.

Article 118

The financial statements of the IOC for the previous calendar year shall be certified by an independent auditor designated by the Council of Members by holding a tender in which at least three specialised firms shall take part.

The independent auditor may not be designated for more than three years.

During the life of the current Agreement, no firm chosen to audit the accounts of the IOC may be reselected to act as auditor in the course of the following nine years.

Article 119

The auditor shall carry out the checks considered necessary to be able to certify that:

- the financial management procedures described or established in accordance with article 60 are fulfilled;
- the accounting operations are backed by the respective supporting documents and have been carried out within the limits of the budgetary appropriations opened for each chapter and article in accordance with the relevant rules and regulations;
- the bank and cash balances, as set out in the certificates issued by the banks and the cash balance certificates, agree with the accounting entries;
- the existing internal control mechanisms are functioning and are efficient;
- the cash-flow statements concur with the account books;
- the inventory of the equipment and furniture of the Executive Secretariat and the values recorded therefor in the inventory book reflect the true situation.

When carrying out their mission, the auditor shall have access to any information, system, person or organisation with which the Executive Director, the Executive Secretariat and/or its staff have, or have had, relations.

The auditor shall prepare a report of all the checks carried out and related comments, as well as of any matters on which the Council of Members may issue precise instructions by means of an appropriate Decision. The auditor shall present this report to the Executive Director and shall give a copy to the Deputy Executive Directors and the Internal Comptroller.

The audit report, and the opinion expressed on the financial statements of the Council of Members, shall be presented to the Administrative and Financial Affairs Committee, which shall submit them in turn to the Council of Members for adoption at its first regular session.

Article 120

In accordance with article 18 of the Agreement the Council of Members shall, at its first regular session, examine and adopt the report relating to:

- (a) the verification of the management of the funds, assets and cash of the IOC;
- (b) the regularity of financial operations and their conformity with the rules and regulations and budgetary provisions in force.

TITLE IX. TRANSITIONAL AND FINAL PROVISIONS

Article 121- Transitional provision

Those dossiers which, upon the entry into force of this Regulation, have passed the stages of expenditure authorisation or authorisation of the recovery of amounts receivable shall continue to be governed by the regulations existing at the time of the entry into force of this Regulation.

Article 122– Absence of regulatory provisions

In the absence of rules on specific cases in this Financial Regulation, the pertinent provisions of 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 (OJ L 298, 26.10.2012, p. 1) and 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 (OJ L 362, 31.12.2012, p. 1) and successive updates shall be applicable, *mutatis mutandis*.

Should the above mentioned Regulation be applied in the absence of rules on specific cases, the Administrative and Financial Affairs Committee shall be informed.

Article 123 – Entry into force

This amended Regulation shall enter into force from 1 April 2017.

Article 124 – Review

Every three years, and whenever it proves necessary to do so, this Regulation shall be the subject of a review in accordance with the procedure laid down in the IOC Rules of Procedure.

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