

Budget Committee Internal Rules of Procedure amended on 16 December 2014

I. GENERAL

1. The Budget Committee established under Article 22(1) of the Energy Community Procedures for the Establishment and Implementation of Budget, Auditing and Inspection (2006/03/MC-EnC; “the Budget Procedures”) adopts these internal Rules of Procedure as provided by Article 23(5) of the Budget Procedures.
2. The tasks and duties of the Budget Committee follow from the Budget Procedures. In case of contradiction between the present rules and the Budget Procedures, the latter shall prevail.
3. The Budget Committee shall perform its duties solely in the interest of the Energy Community with the objective to supervise the sound administration of the Energy Community budget.

II. INSTITUTIONAL PROVISIONS

1. Members

- a. The Budget Committee shall consist of members representing the Parties to the Treaty establishing the Energy Community (“the Treaty”). Each Contracting Party to the Treaty shall nominate one member. The European Community, represented by the European Commission, shall nominate two members.
- b. The members of the Budget Committee shall be chosen from among persons who are fully qualified for the performance of the duties assigned to the Budget Committee by the Budget Procedures. They shall have adequate experience in the areas of financial management and budget administration.

2. Nomination of members of the Budget Committee

- a. The Parties to the Treaty shall nominate their respective representatives to the Secretariat.
- b. Each Party shall further nominate an additional representative to serve as ad-hoc member where the member representing the Party in the Budget Committee is prevented from attending or his/her position is vacant.
- c. The nominations shall be accompanied by details of the representative’s nationality, address, university degrees, knowledge of any languages, present and past occupations and experience, if any, in the area of budget management.
- d. The Secretariat shall compile the list of nominations and submit it to the members of the Permanent High Level Group.

3. Term of Office

- a. The term of office of a member is two years and shall be renewable.
- b. The term of office shall start on the date of submission of the list of nominees by the Secretariat to the members of the Permanent High Level Group.
- c. Other than by time lapse, the term of office shall end by replacement, death or resignation. Any such event shall immediately be reported to the Chairperson and to the Secretariat by the Party represented by the member in question.
- d. A member may be replaced by the Party who nominated it at any time. A representative who is to replace a member of the Budget Committee whose term of office has not expired shall be nominated for the remainder of his/her predecessor's term.

4. Chairperson

- a. The European Community shall designate one of its two representatives as Chairperson of the Budget Committee.
- b. The Chairperson shall direct the business of the Budget Committee and preside its meetings.
- c. The Chairperson shall appoint another member of the Budget Committee as Co-Chairperson. The Co-Chairperson shall assume the Chairperson's functions where the latter is absent or prevented from attending, or his position is vacant.

III. TASKS AND PROCEDURES

1. Implementation of the Budget

- a. In accordance with Article 75 of the Treaty and Article 31 of the Budget Procedures, the primary responsibility for implementing the budget lies with the Director of the Secretariat ("the Director").
- b. The Budget Committee supervises and advises the Director in the financial management of the operations of the Energy Community. The supervisory function shall be based on an ex post examination of actions with budgetary relevance. The advisory function shall be based on an ex ante examination of actions with budgetary relevance. The Budget Committee shall elaborate a structured approach to carrying out these functions and submit it to the Permanent High Level Group and the Secretariat.
- c. Besides its supervisory and advisory functions, the Budget Committee carries out the tasks specifically assigned to in Articles 2(4), 15(1), 18(3), and 33(3) as well as in the rules on Audit and Discharge in the Budget Procedures.
- d. In carrying out its functions, the Budget Committee shall respect the independence of the Secretariat as an institution under the Treaty.
- e. In order to facilitate the Budget Committee's supervisory function, the Director shall inform the Chairperson on all matters relating to financial management on a monthly basis. He/she shall submit to the Budget Committee for information copies of documents of general relevance, such as annual accounts, internal financial management rules, work programmes, property inventories etc. The Di-

rector shall further inform the Budget Committee on the performance of his/her duties in the form of the annual activity report provided for in Article 38 of the Budget Procedures, including the financial and management information mentioned therein. The Director shall comply with the specific information obligations towards the Chairperson mentioned in Articles 18(2) and 43(1) of the Budget Procedures.

- f. In order to facilitate the Budget Committee's advisory function, the Director shall inform the Chairperson on all intended measures of budgetary relevance raising doubts as to their compatibility with the Budget Procedures. The Director may approach the Budget Committee for advice on general matters of budgetary relevance.
- g. The Budget Committee, on the initiative of its Chairperson, may request from the Director any necessary information or explanation on budget matters at any time. Each member of the Budget Committee may ask for access to the accounts and records of the Secretariat.
- h. Individual staff members of the Secretariat may approach the Chairperson under the conditions laid down in Article 39 of the Budget Procedures.

2. Audit and Discharge

- a. The Budget Committee shall approve the designation of an independent external Auditor made by the Director and approve the Terms of Reference as provided for in Article 80 of the Budget Procedures. For this purpose, the draft Terms of Reference, the invitation to tender, the bids received and a short reasoning for the intended designation shall be submitted to the Chairperson by the Director well in advance.
- b. The Budget Committee shall receive copies of the correspondence between the Secretariat and the Auditor. The Budget Committee may ask the incumbent Auditor for additional information and explanation and invite representatives of the Auditor to its meetings.
- c. The Budget Committee shall make to the Ministerial Council observations on the documents submitted by the Auditor as stipulated by Article 81(5) of the Budget Procedures.
- d. As provided for by Article 84(2) of the Budget Procedures, the Budget Committee may request the Director to report on the measures taken in the light of observations and comments made by the Ministerial Council in connection with a discharge decision.

3. Report

The Budget Committee shall issue an annual report on its activities including conclusions, and submit it to the Permanent High Level Group.

IV. MEETINGS

1. Preparation of the Meetings

- a. The Budget Committee shall normally meet once every three months. Additional meetings may be convened on the initiative of the Chairperson or at the request of at least one third of the members.
- b. The dates of the meetings for every calendar year shall be fixed and announced in advance by the Chairperson in consultation with the Secretariat. An invitation together with a draft agenda and, as the case may be, additional documents required for the meeting, shall be sent out by the Chairper-

son to the members not later than two weeks ahead of the meeting. The draft agenda shall be consulted with the Secretariat in advance. Each member as well as the Secretariat may require that a subject is put on the draft agenda.

- c. The Secretariat shall be responsible for the preparation of the meetings.
- d. In cases of urgency, or where a majority of members so requires, the Chairperson may decide to replace a meeting in person by conference call or by circulation of letters or e-mail.

2. The Meetings

- a. The meetings of the Budget Committee shall take place at the premises of the Energy Community Secretariat.
- b. The meetings of the Budget Committee shall not be public.
- c. Each member may be accompanied by an assistant. The name and function of such assistants shall be notified in advance to the Secretariat.
- d. The Secretariat shall be present in the meetings by the Director, any other Authorising Officer, the Head of the Administration and Finance Unit, the Accounting Officer and an assistant taking the minutes. Further staff may be called in where necessary.
- e. The Chairperson may call in other persons to the meeting at any time.
- f. The meetings shall be presided by the Chairperson who shall conduct the discussions and the decision-making of the Budget Committee.
- g. The Chairperson shall circulate the minutes of the meetings prepared by the Secretariat not later than two weeks after each meeting.

3. Decision-making Procedure

- a. The Budget Committee shall take decisions either in its supervisory or its advisory capacity.
- b. A decision shall be taken upon the proposal of the Chairperson or any member present to the meeting in question.
- c. Each member of the Budget Committee shall have one vote.
- d. *The adoption of a decision shall require the presence of at least **half of members**¹, provided at least one representative from the Commission is present. When the Budget Committee lacks a quorum and action is imperative and urgent, the Chairperson shall be authorized to provide guidance to the Secretariat on behalf of the Budget Committee. In this case, the guidance provided shall replace a decision. The Chairperson shall circulate the guidance provided to all Budget Committee members as soon as practicable.*
- e. Decisions shall be taken by simple majority of the votes cast, including the positive vote of the European Community. Abstentions in a vote from the members present shall not count as a vote cast. In case of equal votes, the European Community shall have the deciding vote.

¹ See Minutes of the Meeting of the 23rd BC dated 16 December 2014, point 4.1.
Budget Committee - Internal Rules of Procedure, approved

- f. Decisions may also be taken by written procedure outside a meeting. In this case, the Chairperson, upon his/her own initiative or the initiative of a majority of the members, shall circulate a proposal to all members. The members shall cast their votes by e-mail.
- g. Decisions shall be made in writing and signed by the Chairperson.
- h. Decisions taken by the Budget Committee shall be submitted to the Permanent High Level Group for information and shall be attached to the yearly financial report to the Ministerial Council. Disagreement expressed by the Secretariat's Authorising Officer under Article 45(4) of the Budget Procedures shall be attached to the decision.

4. Language

The language of the Budget Committee is English.

5. Confidentiality

The deliberations of the Budget Committee shall be and remain confidential. All persons present in the meetings or partaking in the written procedure shall be bound to keep confidentiality during and beyond their terms of office.

V. FINAL PROVISIONS

- 1. The members of the Budget Committee shall not receive any remuneration by the Energy Community.
- 2. The members of the Budget Committee shall be reimbursed for costs of traveling incurred in connection with their attendance of the meetings according to the Energy Community Reimbursement Rules in their most recent version. Assistants to the members shall not be eligible for reimbursements of costs.
- 3. The Budget Committee may amend these rules at any time by unanimous decision.
- 4. These Rules shall be adopted by unanimous decision of its members and shall become effective on the same day.

Approved in Brussels on 30 January 2008