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The Romanian Parliament

Law No. 500
of 11 July 2002
on public finances

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The Romanian Parliament hereby adopts this Act.

CHAPTER I
General Provisions

Purpose of the Act

Art. 1. – (1) This Law establishes the principles, general framework and procedures relating to the formation, administration, commitment and use of public funds, as well as the responsibilities of public institutions involved in the budgetary process.

(2) The provisions of this Act shall apply to the drafting, approval, implementation and reporting of:

a) the state budget;

b) the state social security budget;

c) the budgets of special funds;

d) the State Treasury budget;

e) the budgets of autonomous public institutions;

f) the budgets of public institutions financed wholly or partly from the state budget, the state social security budget and the budgets of special funds, as applicable;

g) the budgets of public institutions financed entirely from their own revenue;

h) the budget of funds derived from external loans contracted or guaranteed by the state, the repayment, interest and other costs of which are covered by public funds;

i) the budget of non-repayable external funds.

Definitions

Article 2. – For the purposes of this Act, the terms and expressions set out below are defined as follows:

1. financial year – the financial year for which the budget is approved; the financial year is the calendar year beginning on 1 January and ending on 31 December;

2. budgetary commitment – any act by which a competent authority, in accordance with the law, allocates public funds to a specific purpose, within the limits of the approved budgetary appropriations;

3. legal commitment – the stage in the budget implementation process comprising any legal act from which an obligation arising from public funds results or may result;

4. budget item – a subdivision of the classification of budgetary expenditure, determined according to the economic nature of the operations in which it is incurred and which designates the nature of an expenditure, regardless of the action to which it relates;

5. budget authorisation – approval granted to authorising officers to commit and/or make payments, within a given period, within the limits of the approved budgetary appropriations;

6. budget – a document setting out and approving, each year, revenue and expenditure or, where applicable, expenditure only, depending on the system of financing public institutions;

7. consolidated general budget – the aggregate of all budgets, which are components of the budgetary system, aggregated and consolidated to form a whole;

8. budgetary expenditure – the amounts approved in the budgets referred to in Article 1(2), within the limits and in accordance with the purposes established by those budgets;

9. budget classification – the grouping of budgetary revenue and expenditure in a mandatory order and according to uniform criteria;

10. economic classification – the grouping of expenditure according to its nature and economic effect;

11. functional classification – the grouping of expenditure according to its purpose in order to assess the allocation of public funds to activities or objectives that define public needs;

12. accountant – a generic term for the person and/or persons working in the finance and accounts department, who verify supporting documents and draw up payment instruments for expenditure incurred from public funds;

13. financial and accounting department – the organisational structure within a public institution responsible for budget implementation (section, office, department);

14. appropriations for multi-annual actions – sums allocated to programmes, projects, sub-projects, objectives and the like, which are carried out over a period of more than one year and give rise to commitment appropriations and budget appropriations;

15. commitment appropriation – the maximum limit on expenditure that may be committed during the financial year, within the approved limits;

16. budgetary appropriation – the amount approved in the budget, representing the maximum limit up to which payments may be authorised and made during the financial year for commitments entered into during the financial year and/or in previous financial years for multi-annual actions, and up to which payments may be committed, authorised and made from the budget for other actions;

17. co-financing – the financing of a programme, project, sub-project, objective and the like, partly through budgetary appropriations and partly through funding from external sources;

18. consolidation – the process of eliminating transfers of funds between two component budgets of the consolidated general budget, in order to avoid their double counting;

19. contribution – the compulsory deduction of a portion of the income of natural and legal persons, with or without the possibility of receiving consideration in return;

20. budget deficit – the portion of budgetary expenditure that exceeds budgetary revenue in a financial year;

21. allocation of budgetary appropriations – approval communicated to the chief authorising officer by the Ministry of Public Finance via the State Treasury, within the limits of which budgetary appropriations may be allocated and payments made;

22. donation – funds or tangible assets received by a public institution from a legal or natural person on a non-repayable basis and without consideration;

23. budget surplus – the portion of budget revenue that exceeds budget expenditure in a financial year;

24. budget implementation – the process of collecting budgetary revenue and making payments for expenditure approved in the budget;

25. cash management of the budget – a set of operations relating to the collection of revenue and the payment of budgetary expenditure;

26. budget year – the period corresponding to the financial year for which the budget is drawn up, approved, implemented and reported on;

27. public funds – sums allocated from the budgets referred to in Article 1(2);

28. special funds – public revenue established by special laws which also determine their intended uses;

29. tax – a compulsory, non-refundable levy, without consideration, imposed by the public administration to meet needs of general interest;

30. public institutions – a generic term encompassing Parliament, the Presidential Administration, ministries, other specialised bodies of the public administration, other public authorities, autonomous public institutions, as well as their subordinate bodies, regardless of their method of funding;

31. annual budget law – a law which sets out and authorises, for each financial year, budgetary revenue and expenditure, as well as specific regulations for the financial year;

32. amending Act – an Act which amends the annual budget Act during the financial year;

33. settlement of expenditure – the stage in the budget implementation process during which the existence of commitments is verified, the validity of the amount due is determined or verified, and the conditions for the commitment becoming due are verified, on the basis of supporting documents attesting to the relevant transactions;

34. authorisation of expenditure – the stage in the budget implementation process in which it is confirmed that the supply of goods and services has taken place or that other claims have been verified, and that payment may be made;

35. payment of expenditure – the stage in the budget implementation process representing the final act by which the public institution settles its obligations to third parties;

36. budgetary process – the consecutive stages of drafting, approving, implementing, monitoring and reporting on the budget, culminating in the approval of the general implementation account;

37. programme – an action or a coherent set of actions relating to the same chief authorising officer, designed to achieve a defined objective or set of objectives, and for which programme indicators are established to assess the results to be achieved, within the approved funding limits;

38. budget system – a unified system of budgets comprising the budgets referred to in Article 1(2) and local budgets;

39. the head of the finance and accounts department - the person holding the managerial position within the finance and accounts department and who is responsible for the collection of revenue and the payment of expenditure or, where applicable, one of the persons performing these duties within a public institution which does not have a finance and accounts department within its structure, or the person performing these duties on a contractual basis, in accordance with the law;

40. fee – the sum paid by a natural or legal person, as a rule, for services provided to them by a business, a public institution or a public service;

41. payment – a method of discharging a legal obligation by transferring a sum of money, carried out by a business, a public institution or a financial institution;

42. budget revenue – the financial resources due to the budgets referred to in Article 1(2), in accordance with legal provisions, consisting of taxes, fees, contributions and other payments;

43. transfer of budgetary appropriations – an operation whereby the budgetary appropriation is reduced from a subdivision of the budgetary classification that has available funds and another subdivision where funds are insufficient is increased accordingly, in compliance with the legal provisions governing the performance of such operations.

Budgetary revenue and expenditure

Art. 3. – (1) The revenue and expenditure of the budgetary system, aggregated at national level, constitute total budgetary revenue and total budgetary expenditure respectively, which, after consolidation—by eliminating transfers between budgets—will reflect the scale of public financial expenditure for the year in question, and whether there is a balance or a deficit, as the case may be.

(2) Approved budgetary appropriations shall be used to finance the functions of public administration, programmes, actions, objectives and priority tasks, in accordance with the purposes set out in laws and other regulations, and shall be committed and utilised in strict accordance with the projected level of budgetary revenue collection.

Budgetary authorisation/Multi-annual commitments

Article 4. – (1) The annual Budget Act provides for and authorises, for the financial year, budgetary revenue and expenditure, as well as specific regulations governing the financial year.

(2) The amounts approved on the expenditure side, through the budgets referred to in Article 1(2), within the framework of which payments are committed, authorised and made, represent maximum limits which may not be exceeded.

(3) Expenditure from these budgets may be committed only within the limits of the approved budgetary appropriations.

(4) The commitment and use of budgetary appropriations for purposes other than those approved shall render those responsible liable under the law.

(5) For multi-annual actions, commitment appropriations and budget appropriations are entered separately in the budget.

(6) With a view to implementing multi-annual actions, authorising officers shall enter into legal commitments within the limits of the commitment appropriations approved in the budget for the relevant financial year.

Annual Budget Laws

Art. 5. – The following shall be included in the annual budget laws:

a) the State Budget Act, the State Budget Amendment Act;

b) the State Social Insurance Budget Act, the Act amending the State Social Insurance Budget;

stat.

Amending Acts

Article 6. – Annual budget laws may be amended during the financial year by amending laws, drawn up no later than 30 November. The same procedures shall apply to amending laws as to the initial annual budget laws, with the exception of the deadlines set out in the budgetary timetable.

Laws on the annual general implementation account

Article 7. – The results of each financial year shall be approved by:

a) the law on the annual general account of the state budget implementation;

b) the law on the annual general account of the implementation of the state social insurance budget.

CHAPTER II
Principles, rules and responsibilities

SECTION 1
Budgetary Principles and Rules

The principle of universality

Article 8. – (1) Revenue and expenditure shall be included in the budget in full, as gross amounts.

(2) Budgetary revenue may not be directly allocated to a specific budgetary expenditure, with the exception of donations and sponsorships, which have designated purposes.

The Principle of Publicity

Art. 9. – The budgetary system is open and transparent, which is achieved through:

a) public debate on draft budgets at the time of their approval;

b) public debate on the annual general accounts of budget implementation, at the time of their approval;

c) publication in the Official Gazette of Romania, Part I, of the legislative acts approving the budgets and the annual accounts of their implementation;

d) the mass media, for the dissemination of information on the content of the budget, with the exception of information and documents that may not be published, as provided for by law.

The principle of unity

Art. 10. – (1) Budgetary revenue and expenditure shall be recorded in a single document, in order to ensure the efficient use and monitoring of public funds.

(2) All revenue retained and utilised outside the budget, in various forms and under various names, shall be included in the State budget, in accordance with the rules and principles of that budget, with the exception of those provided for in Article 62(1) (1)(b) and (c) and in Article 68, as well as those relating to the establishment, in accordance with the law, of staff incentive funds.

(3) The revenue and expenditure of the Special Fund for the Development of the Energy System and of the Special Fund for Public Roads shall be included in the State budget as revenue and expenditure for specific purposes, in accordance with the rules and principles of that budget.

(4) With a view to complying with budgetary principles, within three years of the date of entry into force of this Act, the Government shall propose to Parliament amendments to the legislative acts for the abolition of earmarked revenue and expenditure included in the State budget.

The principle of annuality

Article 11. – (1) Budgetary revenue and expenditure shall be approved by law for a period of one year, corresponding to the financial year.

(2) All revenue and expenditure transactions carried out during a financial year in respect of a budget shall be attributed to the corresponding financial year for the implementation of that budget.

The principle of budgetary specialisation

Art. 12. - Budgetary revenue and expenditure shall be entered and approved in the budget by source of revenue and, respectively, by category of expenditure, grouped according to their economic nature and intended use, in accordance with the budgetary classification.

The principle of monetary unity

Art. 13. – All budgetary transactions shall be expressed in the national currency.

Rules concerning budgetary expenditure

Article 14. – (1) Budgetary expenditure shall have a specific and limited purpose and shall be determined by the authorisations contained in specific laws and in the annual budget laws.

(2) No expenditure may be included in the budgets referred to in Article 1(2), nor may it be committed or incurred from those budgets, unless there is a legal basis for such expenditure.

(3) No expenditure from public funds may be committed, authorised or paid unless it is approved in accordance with the law and is provided for in the budget.

Limits on the reduction of revenue and the increase in budgetary expenditure

Art. 15. – (1) Where proposals are made to draft legislative acts whose implementation would result in a reduction in revenue or an increase in expenditure approved by the budget, the proposers are obliged to provide for the necessary means to cover the shortfall in revenue or the increase in expenditure. To this end, the initiators must draw up, with the support of the Ministry of Public Finance or other relevant institutions, a financial statement accompanying the explanatory memorandum or the justification note, as appropriate, which shall be updated in line with any amendments made to the draft legislative act. This statement shall set out the financial implications for the consolidated general budget, which must take into account:

a) anticipated changes in budgetary revenue and expenditure over the next five years;

b) the annual phasing of budgetary appropriations, in the case of multi-annual measures;

c) realistic proposals to cover the increase in expenditure;

d) realistic proposals to cover the shortfall in revenue.

(2) Following the submission of the draft annual budget bill to Parliament, legislative acts may be approved only in accordance with the provisions of paragraph (1), but with a clear indication of the sources to cover the shortfall in revenue or the increase in budgetary expenditure relating to the financial year for which the budget was drawn up.

SECTION 2

Powers and responsibilities in the budgetary process

Approval of Budgets

Article 16. – (1) The State budget, the State social security budget, the budgets of special funds, the budgets of autonomous public institutions, the budgets for external loans contracted or guaranteed by the State, the budgets for non-repayable external funds, the State Treasury budget and the budgets of public institutions shall be approved as follows:

a) the State budget, the State social security budget, the budgets of special funds, the budgets for external loans contracted or guaranteed by the State, and the budgets for non-repayable external funds, by law;

b) the budgets of autonomous public institutions, by the bodies authorised for this purpose by special laws;

c) the budgets of public institutions partly financed from the budgets referred to in point (a), by law, as annexes to the budgets of the principal authorising officers;

d) the budgets of public institutions financed entirely from the budgets referred to in point (a), by their hierarchically superior authorising officer;

e) the budgets of public institutions which are funded entirely from their own revenue, by the governing body of the public institution and with the agreement of the higher-ranking authorising officer;

f) the State Treasury budget, by Government decision.

(2) The budgets referred to in paragraph (1)(d) and (e) shall be approved within 15 days of the date of publication of the annual budget law or the amending law in the Official Gazette of Romania, Part I.

The Role of Parliament

Art. 17. – (1) Parliament shall adopt the annual budget laws and amending laws, drawn up by the Government in the context of the macroeconomic strategy it has adopted.

(2) Where the annual budget laws, submitted within the statutory time limit, have not been adopted by Parliament by 15 December of the year preceding the year to which the draft budget relates, the Government shall request Parliament to apply the urgent procedure.

(3) During the debates, no amendments to the annual budget laws that would result in an increase in the budget deficit may be approved.

(4) Parliament adopts the annual general account laws.

The Role of the Government

Art. 18. – (1) The Government shall ensure the implementation of fiscal and budgetary policy, taking into account the economic outlook and the political priorities set out in the Government Programme approved by Parliament.

(2) The Government shall ensure:

a) the preparation of a report on the macroeconomic situation for the relevant financial year and its projection for the following three years;

b) the drafting of annual budget bills and their submission to Parliament for adoption, within the time limit laid down by this Act;

c) the exercise of general oversight of executive activities in the field of public finance, for which purpose it shall periodically review budget implementation and establish measures to maintain or improve the budgetary balance, as appropriate;

d) submitting draft amending laws and the annual general account of budget implementation to Parliament for adoption;

e) the use of the budget reserve fund and the intervention fund at its disposal, on the basis of decisions.

The Role of the Ministry of Public Finance

Art. 19. – In the field of public finance, the Ministry of Public Finance has, principally, the following responsibilities:

a) to coordinate the actions falling within the Government's remit in relation to the budgetary system, namely: the preparation of draft annual budget laws, draft amending laws, and draft laws on the approval of the annual general account of expenditure;

b) taking the necessary measures to implement fiscal and budgetary policy;

c) issues methodological guidelines on the preparation of budgets and the format in which they are to be presented;

d) issues methodological guidelines, clarifications and instructions establishing the practices and procedures for the collection of revenue, the commitment, settlement, authorisation and payment of expenditure, the control of such expenditure, the closure of the annual budgetary year, accounting and reporting;

e) request reports and information from any institutions managing public funds;

f) approve budget classifications and any amendments thereto;

g) examine budget proposals during the budget preparation stages;

h) provide Parliament, at its request and with the support of the chief authorising officers, with the documents on which the draft annual budget laws were based;

i) ensures the monitoring of budget implementation and, should any deviations in revenue and expenditure from the authorised levels be identified, proposes measures to the Government to rectify the situation;

j) endorses, at the draft stage, agreements, memoranda, protocols or other similar arrangements concluded with external partners, as well as draft legislative acts which have financial implications;

k) determines the content, format and structure of the programmes drawn up by the chief authorising officers;

l) suspends or reduces the use of budgetary appropriations found to lack a legal basis or justification in the budgets of authorising officers;

m) orders the necessary measures for the administration and monitoring of the use of public funds earmarked for cash co-financing, resulting from the external financial contribution granted to the Romanian Government;

n) co-operates with the National Bank of Romania in drawing up the balance of payments, the balance of external claims and liabilities, and regulations in the monetary and foreign exchange fields;

o) submits, on a half-yearly basis, to the Government and to the Parliament's committees on the budget, finance and banking, together with the National Bank of Romania, reports on the implementation of the balance of payments and the balance of external claims and liabilities, and proposes solutions for covering the deficit or utilising the surplus in the current account of the balance of payments;

p) participates, on behalf of the State, both at home and abroad, as appropriate, in external negotiations concerning bilateral and multilateral agreements on the promotion and protection of investments and conventions for the avoidance of double taxation and the combating of tax evasion and, together with the National Bank of Romania, in matters relating to finance, foreign exchange and payments;

r) carries out other duties as provided for by law.

Categories of authorising officers

Art. 20. – (1) The principal authorising officers are ministers, the heads of other specialist bodies of the central public administration, the heads of other public authorities and the heads of autonomous public institutions.

(2) Chief authorising officers may delegate this function to their statutory deputies, secretaries-general or other persons authorised for this purpose. In the instrument of delegation, the chief authorising officers shall specify the limits and conditions of the delegation.

(3) In the cases provided for by special laws, the chief authorising officers shall be the secretaries-general or the persons designated by those laws.

(4) The heads of public institutions with legal personality subordinate to the chief authorising officers are secondary or tertiary authorising officers, as the case may be.

The role of authorising officers

Article 21. – (1) Chief authorising officers shall allocate the approved budgetary appropriations for their own budget and for the budgets of subordinate public institutions, the heads of which are secondary or tertiary authorising officers, as the case may be, in accordance with their respective responsibilities, as provided for by law.

(2) Secondary authorising officers shall allocate the approved budgetary appropriations, in accordance with paragraph (1), for their own budget and for the budgets of subordinate public institutions, whose heads are tertiary authorising officers, in accordance with their respective tasks, in accordance with the law.

(3) Tertiary authorising officers shall use the budgetary appropriations allocated to them solely for the performance of the tasks of the institutions they head, in accordance with the provisions of the approved budgets and under the conditions laid down by law.

(4) Principal authorising officers shall allocate, in accordance with paragraph (1), the budgetary appropriations after withholding 10 per cent of their approved allocations, to ensure prudent budget implementation, with the exception of staff costs and expenditure arising from international obligations, which shall be allocated in full. The allocation of the 10 per cent withheld shall take place in the second half of the year, following the Government’s review of budget implementation for the first half of the year.

(5) All public institutions must have their budgets approved in accordance with the provisions of this Act.

Responsibilities of authorising officers

Art. 22. – (1) Authorising officers are obliged to commit and utilise budgetary appropriations only within the limits of the approved provisions and allocations, for expenditure strictly related to the activities of the respective public institutions and in compliance with the legal provisions.

(2) Authorising officers shall be liable, in accordance with the law, for:

a) the commitment, settlement and authorisation of expenditure within the limits of the budgetary appropriations allocated and approved in accordance with the provisions of Article 21;

b) the collection of revenue;

c) committing and utilising budgetary appropriations on the basis of sound financial management;

d) the integrity of the assets entrusted to the institution they head;

e) organising and maintaining up-to-date accounts and submitting, within the prescribed time limits, financial statements on the assets under management and the implementation of the budget;

f) organising the system for monitoring the public procurement programme and the public investment works programme;

g) organising the record-keeping for programmes, including their associated indicators;

h) organising and maintaining up-to-date records of assets, in accordance with legal provisions.

Preventive financial control and internal audit

Art. 23. – Preventive financial control and internal audit shall be carried out in respect of all operations affecting public funds and/or public assets and shall be conducted in accordance with the relevant legal regulations.

Internal preventive financial control

Art. 24. – (1) The commitment, settlement and authorisation of expenditure from public funds shall be approved by the authorising officer, and payment thereof shall be made by the accountant.

(2) The commitment and authorisation of expenditure shall be carried out only with the prior approval of the internal preventive financial control, in accordance with the legal provisions.

Delegated preventive financial control

Article 25. – Delegated preventive financial control is exercised by the Ministry of Public Finance, in accordance with the relevant legislation.

CHAPTER III
The budgetary process

SECTION 1
Procedures for the preparation of budgets

Contents of annual budget laws **Art. 26.**
– Budget laws shall include:

a) on revenue, the estimates for the budget year;

b) on expenditure, the budgetary appropriations determined by the authorisations contained in specific laws, in their functional and economic structure;

c) the budget deficit or surplus, as the case may be;

d) specific regulations for the budget year.

Annexes to budget laws

Article 27. – The annexes to budget laws shall comprise:

a) the summaries of the budgets referred to in Article 16(1)(a);

b) the budgets of the chief authorising officers and the annexes thereto;

c) the amounts allocated from certain state budget revenues and the criteria for their distribution;

d) other specific annexes.

Drawing up budgets

Article 28. – Draft annual budget laws and budgets shall be drawn up by the Government, through the Ministry of Public Finance, on the basis of:

a) forecasts of macroeconomic and social indicators for the financial year for which the draft budget is being drawn up, as well as for the following three years;

b) fiscal and budgetary policies;

c) the provisions of financing memoranda, memoranda of understanding or other international agreements with international financial organisations and institutions, which have been signed and/or ratified;

d) sectoral policies and strategies, and the priorities set out in the budget proposals submitted by the chief authorising officers;

e) detailed expenditure proposals from the chief authorising officers;

f) programmes drawn up by the chief authorising officers for the purpose of financing actions or sets of actions, to which specific objectives and indicators of results and efficiency are attached; the programmes are accompanied by an annual performance estimate for each programme, which must specify: the actions, the associated costs, the objectives pursued, the results achieved and those estimated for subsequent years, measured by precise indicators, the choice of which is justified;

g) proposals for amounts allocated from certain state budget revenues, as well as from consolidable transfers to local public administration authorities;

h) options for financing the budget deficit.

Structure of budgets

Art. 29. – (1) Revenue and expenditure are grouped in the budget on the basis of the budgetary classification.

(2) Revenue is structured by chapters and sub-chapters, and expenditure by parts, chapters, sub-chapters, titles, articles and, where applicable, paragraphs.

(3) Expenditure provided for in chapters and articles has a specific and limited purpose.

(4) The number of permanent and temporary staff, and the basic salary fund, shall be approved separately, by way of an annex to the budget of each chief authorising officer. The number of staff approved for each public institution may not be exceeded.

(5) Capital expenditure shall be included in each budget chapter, in accordance with the commitment appropriations and the timeframes for the completion of the investments.

(6) Programmes are approved as annexes to the budgets of the chief authorising officers.

(7) Non-repayable external funds are included in the annexes to the budgets of the chief authorising officers and are approved at the same time as those budgets.

Funds at the Government's disposal

Article 30. – (1) The State Budget shall include the Budget Reserve Fund at the Government's disposal and the Intervention Fund at the Government's disposal.

(2) The Budget Reserve Fund at the Government's disposal is allocated to certain chief authorising officers of the State budget and local budgets, on the basis of Government decisions, to finance urgent or unforeseen expenditure arising during the financial year.

(3) The allocation of sums from the Budget Reserve Fund at the Government's disposal to local budgets is made by increasing the amounts allocated from certain state budget revenues or from transfers from the state budget to local budgets for investments partly financed by external loans, as appropriate.

(4) The Intervention Fund at the Government's disposal is allocated to principal authorising officers of the state budget and local budgets, on the basis of Government decisions, to finance urgent measures aimed at mitigating the effects of natural disasters and supporting affected individuals.

(5) During the financial year, the Intervention Fund at the Government's disposal may be increased by the Government from the Budget Reserve Fund at the Government's disposal, depending on the requirements for securing the funds needed to mitigate the effects of natural disasters.

SECTION 2

Budgetary Timetable

Preparation of macroeconomic indicators

Article 31. – The macroeconomic and social indicators referred to in Article 28(a), for the financial year for which the draft budget is being drawn up, as well as for the following three years, shall be drawn up by the competent bodies by 31 March of the current year. These indicators shall be updated throughout the budgetary process.

Expenditure limits

Article 32. – The Ministry of Public Finance shall submit to the Government, by 1 May, the fiscal and budgetary policy objectives for the financial year for which the draft budget is being drawn up and for the following three years, together with the expenditure limits set for the main authorising officers, which the Government shall then approve by 15 May and inform the Parliament's committees on the budget, finance and banking of the main guidelines of its macroeconomic and public finance policy.

Framework Letter

Article 33. – (1) The Minister of Public Finance shall send to the principal authorising officers, by 1 June of each year, a framework letter specifying the macroeconomic context on the basis of which the draft budgets are to be drawn up, the methodologies for their preparation, and the expenditure limits approved by the Government.

(2) Where changes in the macroeconomic framework necessitate adjustments to the expenditure limits, these shall be adapted by the Government, on the proposal of the Ministry of Public Finance.

By 15 June, the Ministry of Public Finance shall notify the principal authorising officers of the expenditure limits, as thus adjusted, with a view to finalising the draft budgets.

Budget proposals from the principal authorising officers

Article 34. – (1) The principal authorising officers are required, by 15 July of each year, to submit to the Ministry of Public Finance their proposals for the draft budget and its annexes for the following financial year, within the expenditure limits, and the estimates for the following three years, as communicated in accordance with Article 33, accompanied by detailed documentation and justifications.

(2) The Chamber of Deputies and the Senate, in consultation with the Government, shall approve their own budgets and submit them to the Government for inclusion in the draft state budget.

(3) Local public administration authorities have the same obligation in respect of proposals for consolidated transfers and amounts allocated from certain state budget revenues.

(4) The Ministry of Public Finance examines the draft budgets and discusses them with the chief authorising officers. In the event of a disagreement, the Government shall decide.

(5) The draft budgets and their annexes, finalised in accordance with the provisions of paragraph (4), shall be submitted to the Ministry of Public Finance by 1 August of each year.

Submission of the draft budget to the Government and Parliament / Annual budget report

Article 35. – (1) The Ministry of Public Finance, on the basis of the draft budgets of the principal authorising officers and its own budget, shall draw up the draft budget laws and draft budgets, which it shall submit to the Government by 30 September of each year.

(2) The draft State Budget Act shall be accompanied by a report on the macroeconomic situation for the financial year for which the draft budget is drawn up and a projection thereof for the following three years. This report shall include a summary of the macroeconomic policies within the context of which the draft budgets were drawn up, as well as the Government's strategy in the field of public investment.

(3) The report and the draft annual budget laws shall set out the Government's fiscal and budgetary policy, as well as other relevant information in this field.

(4) Once the Government has adopted the draft budget laws and the draft budget referred to in paragraph (1), it shall submit them to Parliament for adoption by 15 October of each year at the latest.

Approval of the budget by Parliament

Article 36. – (1) Budgets shall be approved by Parliament as a whole, by parts, chapters, sub-chapters, titles, articles and, where applicable, paragraphs, and by principal authorising officers, for the financial year, as well as commitment appropriations for multiannual actions.

(2) The estimates for the following three years provide information on medium-term funding requirements and shall not be subject to authorisation for the respective financial years.

The budgetary process in the event of the budget not being approved by Parliament

Article 37. – (1) If the budget laws have not been adopted at least three days before the end of the financial year, the Government shall carry out the tasks provided for in the previous year's budget, with monthly expenditure limits not generally exceeding one twelfth of the provisions of the previous year's budget, except in special cases, duly justified by the chief authorising officers, or, where applicable, 1/12 of the amounts proposed in the draft budget, where these are lower than those of the previous year.

(2) Public institutions and new initiatives approved in the current year but commencing on 1 January of the following financial year shall be funded, pending the approval of the Budget Act, up to a limit of 1/12 of their provisions as set out in the draft budget.

SECTION 3

Provisions relating to public investment

Presentation of public investment in the draft budget

Article 38. – Expenditure on public investment and other investment expenditure financed from public funds shall be included in the draft budgets on the basis of public investment programmes, which shall be presented as an annex to the budget of each chief authorising officer.

Information on public investment programmes

Article 39. – (1) Chief authorising officers shall submit the public investment programme annually, classified by function.

(2) Chief authorising officers shall provide financial and non-financial information for each investment objective included in the public investment programme.

(3) The financial information shall include:

a) the total value of the project;

b) commitment appropriations;

c) budgetary appropriations;

d) the funding schedule, by source and year, linked to the implementation schedule;

e) a cost-benefit analysis, which will also be carried out for ongoing projects;

f) operating and maintenance costs following commissioning.

(4) Non-financial information shall include:

a) the investment strategy, which must include investment priorities and the links between different projects, as well as the criteria for determining whether new projects should be included in the investment programme at the expense of ongoing ones;

b) a description of the project;

c) the physical progress of the projects.

Information determined at Government level

Article 40. – The Government, through the Ministry of Public Finance, shall draw up the public investment strategy on the basis of the proposed investment programmes prepared by the principal authorising officers.

The methodological role and powers of the Ministry of Public Finance

Art. 41. – (1) The Ministry of Public Finance is authorised to determine the content, form and information relating to the investment programmes required for the budget preparation process.

(2) The Ministry of Public Finance shall lay down, by means of methodological guidelines, the criteria for the evaluation and selection of public investment objectives.

(3) The Ministry of Public Finance, in accordance with the provisions of this Act, shall analyse the investment programme in terms of its compliance with the established expenditure limits, adherence to the selection and prioritisation criteria, and the phasing of budgetary appropriations in line with the duration of the projects' implementation.

(4) The Ministry of Public Finance shall coordinate the monitoring of the entire investment programme, for which purpose it shall request all necessary information from the principal authorising officers.

Approval of public investment projects

Art. 42. – (1) The technical and economic documentation relating to new investment projects which are financed, in accordance with the law, from public funds shall be approved by:

a) the Government, for amounts exceeding 130 billion lei;

b) the chief authorising officers, for amounts between 18 billion lei and 130 billion lei;

c) other authorising officers, for amounts up to 18 billion lei, subject to the prior approval of the chief authorising officer.

(2) The technical and economic documentation relating to public investments carried out on the basis of external loans contracted or guaranteed by the State, regardless of their value, is subject to the approval of the Government.

(3) The value limits governing the powers to approve the technical and economic documentation for new investment projects may be amended by Government decision, depending on changes in price indices.

Conditions for the inclusion of investment projects in the draft budget

Art. 43. – (1) Investment projects and other expenditure treated as investments shall be included in the annual investment programmes, annexed to the budget, only if, beforehand, the technical and economic documentation, and the explanatory notes regarding the necessity and appropriateness of incurring expenditure treated as investments, have been drawn up and approved in accordance with the legal provisions.

(2) Chief authorising officers, on their own responsibility, shall update and approve the value of each new or ongoing investment objective, in line with changes in price indices.

This operation is subject to preventive financial control in accordance with the provisions of Articles 23 and 25.

Monitoring of investment projects by chief authorising officers

Article 44. – (1) During the implementation of the budget, the chief authorising officers shall monitor the progress of the investment process, in accordance with the provisions of this Act, and shall draw up quarterly monitoring reports, which they shall submit to the Ministry of Public Finance.

(2) Should problems arise during the course of the investment process in relation to the implementation of an objective, the chief authorising officer shall record in the monitoring report the cause and the measures required to remedy the situation.

(3) Where, for objective reasons, the implementation of an investment project cannot be carried out in accordance with the budget forecast, the chief authorising officers may request the Ministry of Public Finance, by 31 October, to reallocate funds amongst the projects included in the investment programme annexed to the budget.

(4) Chief authorising officers are responsible for achieving the investment objectives set out in the investment programmes.

International agreements relating to public investment

Article 45. – All legal commitments giving rise to expenditure on public investment and other expenditure treated as investment, co-financed by an international institution, shall be carried out in accordance with the provisions of the financing agreement.

Structure of public investment programmes

Article 46. – (1) Investment programmes shall specify investment objectives grouped into: ongoing investments and new investments, and “other investment expenditure” by investment category.

(2) The item ‘other investment expenditure’ comprises the following categories of investment:

a) purchases of immovable property;

b) stand-alone equipment;

c) expenditure on the preparation of pre-feasibility studies, feasibility studies and other studies relating to investment objectives;

d) expenses for expert assessments, design and execution relating to reinforcement works and interventions to prevent or mitigate the effects of accidental events and natural disasters – earthquakes, floods, landslides, collapses and ground subsidence, fires, technical accidents – as well as expenses related to the implementation of these investments;

e) drilling works, land surveying, photogrammetry, seismological assessments, consultancy, technical assistance and other expenditure treated as investment expenditure in accordance with the law.

(3) The investment expenditure referred to in points (a) to (e) of paragraph (2) shall be itemised and approved in separate lists by the chief authorising officer.

SECTION 4
Budget Implementation

Principles of budget implementation

Art. 47. – (1) The annual budget laws shall provide for and approve the budgetary appropriations for the expenditure of each financial year, as well as their functional and economic structure.

(2) Approved budgetary appropriations are authorised for the duration of the financial year.

(3) Allocations for staff costs, approved by principal authorising officers and, within these, by chapter, may not be increased, nor may they be transferred and used for other expenditure items.

(4) Approved budgetary appropriations for a principal authorising officer may not be transferred and used to finance another principal authorising officer. Furthermore, budgetary appropriations approved for a chapter may not be used to finance another chapter.

(5) Transfers of budgetary appropriations between the other subdivisions of the budgetary classification, which do not contravene the provisions of this Article or the annual budget law, fall within the competence of each chief authorising officer, for their own budget and the budgets of subordinate institutions, and may be carried out within the limit of 10 per cent of the budgetary chapter’s provisions at the level of the chief authorising officer, which is to be supplemented at least one month before the expenditure is committed.

(6) On the basis of appropriate justifications, transfers of appropriations from one chapter to another within the budget classification, as well as between programmes, may be made, within the limit of 10 per cent of the provisions of the budget chapter, at the level of the chief authorising officer and, respectively, 5 per cent of the programme’s provisions, which must be supplemented at least one month before the expenditure is committed, with the agreement of the Ministry of Public Finance.

(7) Transfers of budgetary appropriations, subject to the provisions of paragraphs (5) and (6), may be made from the third quarter of the financial year onwards. Such transfers shall be made provided they do not contravene the provisions of this Article, the budgetary laws or the amending laws.

(8) Transfers of budgetary appropriations from chapters that have been increased from the budgetary reserve and intervention funds at the Government’s disposal are prohibited.

(9) Proposals for transfers of budgetary appropriations shall be accompanied by justifications, details and information on the requirements for the implementation, by the end of the financial year, of the chapter and subdivision of the budgetary classification from which the appropriations are being released and, respectively, of the chapter and subdivision of the budgetary classification to which the budgetary provisions are being supplemented.

(10) The chief authorising officers shall submit monthly to the Ministry of Public Finance, within 5 days of the end of the month, a statement of the transfers of budgetary appropriations approved in accordance with paragraph (5), in accordance with the instructions approved by the Ministry of Public Finance.

Quarterly allocation of budgetary revenue and expenditure

Article 48. – (1) Revenue and expenditure approved under the State budget, the State social insurance budget, the budgets of special funds, the budgets for external loans contracted or guaranteed by the State, the budgets for non-repayable external funds and the budgets of autonomous public institutions shall be allocated on a quarterly basis, depending on the statutory deadlines for the collection of revenue, the deadlines and possibilities for securing sources of funding for the budget deficit, and the period during which expenditure is required.

(2) The quarterly allocation of revenue and expenditure approved in the budgets referred to in paragraph (1) shall be approved by:

a) the Ministry of Public Finance: by expenditure chapters and, within these, by expenditure titles, on the proposal of the chief authorising officers; by revenue chapters and sub-chapters, and by expenditure chapters and, within these, by expenditure titles, for the state social insurance budget and the budgets of special funds, on the proposal of the chief authorising officers; for amounts allocated from certain revenue items of the State budget and for transfers from the State budget to local budgets, on the proposal of the chief authorising officers of the local budgets, as forwarded by the Directorates-General for Public Finance of the Ministry of Public Finance;

b) the chief authorising officers, for the other subdivisions of the budgetary classification, for their own budgets and for the budgets of secondary authorising officers or tertiary authorising officers, as the case may be;

c) secondary authorising officers, for their own budgets and for the budgets of tertiary authorising officers.

Allocation of budgetary appropriations

Article 49. – (1) Budgetary appropriations approved under the State budget, the State social insurance budget and the budgets of special funds may be used, at the request of the principal authorising officers, only after the appropriations have been released, allocated and/or the accounts opened in their name have been credited with funds.

(2) Approval for the opening of appropriations shall be granted within the limits of the budgetary appropriations and in accordance with the approved allocations by chapters, sub-chapters, expenditure titles or other subdivisions of the budgetary classification, where applicable, in relation to the extent to which previously made-available funds have been utilised, in compliance with the legal provisions governing the incurring of the relevant expenditure, as well as depending on the extent to which budgetary revenue has been collected and the possibilities for financing the budget deficit.

(3) The allocation of appropriations for transfers to local budgets, within the limits set out in the State Budget, shall be carried out by the Ministry of Public Finance through the Directorates-General of Public Finance, at the request of the chief authorising officers of the local budgets and in accordance with the requirements of budget implementation, whilst ensuring that the funds are used for their intended purpose.

(4) With a view to maintaining budgetary balance, the Government may approve, on a monthly basis and by the end of the current month for the following month, monthly expenditure limits, based on the estimated collection of budgetary revenue, within which the chief authorising officers shall allocate and distribute budgetary appropriations for their own budgets and for subordinate public institutions.

(5) Chief authorising officers may order the withdrawal of allocated but unused budgetary appropriations from their own accounts or those of subordinate institutions only in duly justified cases, with the approval of the Ministry of Public Finance, prior to the 25th of each month.

Transfers between chief authorising officers

Article 50. – In situations where, during the financial year, on the basis of legal provisions, there are transfers of units, actions or responsibilities are transferred from one chief authorising officer to another or within the same chief authorising officer, the Ministry of Public Finance is authorised to make the corresponding amendments to their budgets and to the structure of the State budget, without affecting the budgetary balance or the Budget Reserve Fund at the Government's disposal.

Non-repayable external funds

Article 51. – (1) Budgetary appropriations relating to non-repayable external funds are of a provisional nature and shall be implemented in accordance with the agreements concluded with external partners.

(2) Non-repayable external funds shall be held in a separate account and shall be spent only within the limits of the funds available in that account and for the purpose for which they were granted.

Budget implementation

Article 52. – (1) In the budget implementation process, budgetary expenditure goes through the following stages: commitment, settlement, authorisation, and payment.

(2) Budget implementation is based on the principle of separating the duties of authorising officers from those of accounting officers.

(3) Operations relating specifically to the commitment, settlement and authorisation of expenditure fall within the remit of authorising officers and are carried out on the basis of opinions from the relevant specialist departments of the public institution.

(4) Payment of expenditure is ensured by the head of the finance and accounts department within the limits of available funds.

(5) Payment instruments must be accompanied by supporting documents. These documents must certify the accuracy of the amounts payable, the receipt of goods and the performance of services, and other such matters, in accordance with the legal commitments entered into. Payment instruments are signed by the accountant and the head of the finance and accounting department.

(6) Payments, within the limits of the approved budgetary appropriations, shall be made solely on the basis of supporting documents, drawn up in accordance with the legal provisions, and only after these have been settled and authorised in accordance with the provisions of Articles 24 and 25, as applicable.

(7) The Government may, by decree, on the proposal of the Minister of Public Finance, determine the actions and categories of expenditure for which advance payments of up to 30 per cent of public funds may be made, as well as the criteria, procedures and limits to be applied for this purpose.

(8) Amounts representing advance payments made in accordance with paragraph (7) and not justified by goods delivered, works carried out and services provided by the end of the year, in accordance with the contractual provisions, shall be recovered by the public institution that granted the advances and shall be returned to the budget from which they were advanced. In the event of failure to deliver the goods, carry out the works or provide the services for which advances were paid, the public institution shall recover the sums by charging the late-payment surcharges applicable to budgetary revenue, calculated for the period from when the advances were granted until they were recovered.

Payment of salaries in the budgetary system

Art. 53. – (1) Salaries in the budgetary system shall be paid once a month, between the 5th and 15th of each month, for the preceding month.

(2) The staggering of payments by day, for chief authorising officers and subordinate public institutions, shall be carried out by order of the Minister of Public Finance.

(3) For chief authorising officers and the public institutions under their authority, where salaries are paid twice a month, the provisions of paragraphs (1) and (2) shall apply from January 2005.

Regime governing unused budgetary appropriations held by authorising officers

Article 54. – (1) Chief authorising officers are required to review on a monthly basis the need to retain budgetary appropriations for which, on the basis of statutory provisions or other grounds, the tasks have been abolished or postponed, and to propose to the Ministry of Public Finance the cancellation of the relevant appropriations.

(2) For the last month of the financial year, the deadline for the submission of proposals by the chief authorising officers, as provided for in paragraph (1), is 10 December.

(3) The budgetary appropriations cancelled at the level of the chief authorising officers, funded from the State Budget in accordance with paragraph (1), shall be added to the Budget Reserve Fund at the Government's disposal, as provided for in the State Budget.

Periodic monitoring by the Ministry of Public Finance

Article 55. – The Ministry of Public Finance shall request from the chief authorising officers, during the course of the year, periodic reports on the extent to which public funds have been utilised, with a view to monitoring budget implementation.

Annual general account of budget implementation

Article 56. – (1) On the basis of the financial statements submitted by the chief authorising officers, the accounts relating to the cash execution of the state budget, the state social insurance budget and the budgets of special funds, submitted by the bodies which, in accordance with the law, are responsible for this task, and following their verification and analysis, the Ministry of Public Finance shall draw up the annual general account of the execution of the state budget and, respectively, the account of the execution of the state social insurance budget, to which are annexed the annual accounts of the execution of the budgets of the special funds and the budgets of the chief authorising officers, including the annexes thereto, which it shall submit to the Government.

(2) Chief authorising officers are required to draw up and attach to the annual financial statements annual performance reports, setting out, for each programme, the objectives, the expected and actual results, the associated indicators and costs, as well as statements regarding legal commitments.

(3) The annual general account of the implementation of the state budget, the state social insurance budget, and the annual accounts of the implementation of the budgets of special funds shall be drawn up in accordance with the structure of the approved budgets and shall have as annexes the annual accounts of the implementation of the budgets of the chief authorising officers, including their annexes.

(4) The Government shall examine and submit for adoption by Parliament the annual general account of the implementation of the State budget, the State social insurance budget and the other annual implementation accounts by 1 July of the year following the year of implementation.

(5) The annual general account of the implementation of the state budget, the state social security budget and the other annual implementation accounts shall be approved by law following their audit by the Court of Auditors.

Structure of the annual budget implementation accounts

Art. 57. – The annual budget implementation accounts for the State budget, the State social security budget, the special funds' budgets and those of the authorising officers, including their annexes, shall comprise:

a) on revenue: initial budget estimates; final budget estimates; revenue collected;

b) on expenditure: initial budgetary appropriations; final budgetary appropriations; payments made.

General Account of Public Debt Execution

Article 58. – (1) The Ministry of Public Finance shall draw up the general account of the State's public debt annually. The general account of the State's public debt shall be annexed to the annual general account of the implementation of the State budget, which is submitted to Parliament in accordance with the provisions of this Law.

(2) The general account of the State's public debt comprises the accounts of the State's domestic public debt and direct external public debt, and the statement of government guarantees for domestic loans and for external loans received by other legal persons.

Budget surplus/deficit

Article 59. – (1) The surplus or deficit of the State budget, the State social insurance budget and the budgets of special funds shall be determined as the difference between revenue collected and payments made by the end of the financial year.

(2) The final surpluses arising after the close of the financial year, together with other sources provided for by law, shall be used to reduce the deficits from previous years and, in the case of the state budget, the public debt.

Budgetary Cash Management

Article 60. – (1) The cash management of the budgets comprising the budgetary system shall be carried out by the State Treasury on the basis of methodological guidelines issued by the Ministry of Public Finance, which shall ensure:

a) the collection of budgetary revenue;

b) the making of payments ordered by authorised persons within public institutions, within the limits of budgetary appropriations and approved allocations in accordance with legal provisions;

c) the carrying out of collection and payment operations relating to domestic and external public debt arising from loans contracted directly or guaranteed by the State, including those relating to the repayment of instalments on the due date and the payment of interest, commissions, fees and other related costs;

d) carrying out other financial operations on behalf of central and local public administration authorities.

(2) The following operations may also be carried out through the State Treasury:

a) holding cash balances representing non-repayable external funds or their equivalent in lei, received on the basis of government agreements and arrangements and from international organisations, and utilising them in accordance with approved budgets or on the basis of Government decisions, in accordance with the purposes specified by donors or for capital expenditure in the public and economic sectors, as appropriate;

b) making financial investments from the funds held in the general account of the State Treasury through the National Bank of Romania;

c) other financial operations provided for by law.

Principles governing the closure of the budget year

Art. 61. – (1) The budget year ends on 31 December of each year.

(2) Any uncollected revenue and any expenditure committed, settled and authorised within the budgetary provisions, and unpaid by 31 December, shall be collected or paid, as appropriate, to the budget for the following year.

(3) Budgetary appropriations not utilised by the end of the year shall be automatically cancelled.

(4) Balances from non-repayable external funds and from public funds earmarked for co-financing the European Community's financial contribution, remaining at the end of the financial year in the accounts of the implementing bodies, shall be carried forward to the following year.

(5) The funds referred to in paragraph (4) shall be used in accordance with the provisions of this Act and in accordance with the agreements concluded with external partners.

(6) In the case of the state social insurance budget and the budgets of special funds balanced by subsidies from the state budget, in the form of consolidatable transfers, any surpluses arising from their implementation shall be settled at the end of the financial year with the state budget, within the limit of the subsidies received.

(7) The provisions of the annual budget laws and amending laws apply only to the relevant financial year.

CHAPTER IV
The finances of public institutions

Funding of public institutions

Article 62. – (1) The financing of the current and capital expenditure of public institutions shall be provided as follows:

case **a)** entirely from the state budget, the state social insurance budget and the budgets of special funds, depending on
;

b) from their own revenue and grants from the state budget, the state social insurance budget,
the budgets of special funds, as appropriate;

c) entirely from their own revenue.

(2) Public institutions financed in full from the state budget, the state social insurance budget or the budgets of special funds, as the case may be, shall transfer all revenue generated to the budget from which they are financed.

Tangible assets and funds received by public institutions

Art. 63. – (1) Public institutions may use, for the purposes of carrying out their activities, tangible assets and funds received from legal and natural persons in the form of donations and sponsorships, in accordance with the relevant legal provisions.

(2) Monetary funds granted by legal and natural persons, received under the conditions set out in paragraph (1), in the case of public institutions funded entirely from the budget, shall be paid directly into the budget from which they are funded. These sums shall be added to the budgetary appropriations of the relevant budget and shall be used in accordance with the provisions of Article 49(1) and in compliance with the purposes specified by the donor.

(3) On a monthly basis, within 10 days of the end of the month, the chief authorising officers shall submit to the Ministry of Public Finance a statement of the sums transferred to the budget and used in accordance with paragraph (2), with a view to introducing the corresponding amendments to the volume and structure of the State budget, the State social insurance budget and the budgets of special funds, as appropriate.

(4) The revenue and expenditure budgets of public institutions funded in accordance with the provisions of Article 62(1)(b) and (c) shall be increased by the funds provided by legal and natural persons under the conditions set out in paragraph (1). These institutions are required to present, in an annex to their quarterly and annual budget implementation accounts, a statement of the sums received and utilised under these conditions, and by which the revenue and expenditure budget has been increased.

(5) Tangible assets received by public institutions under the conditions set out in paragraph (1) shall be recorded in their accounts.

Funding of certain public institutions

Article 64. – The funding of the expenditure of certain public institutions, regardless of their administrative status, shall be provided from both the State budget and local budgets only in cases where the annual budget law or special laws specify the categories of expenditure to be funded by each budget.

Own revenue of public institutions

Article 65. – (1) The own revenue of public institutions, funded in accordance with Article 62(1)(b) and (c), shall be collected, managed, utilised and accounted for by those institutions, in accordance with the relevant legal provisions.

(2) The own revenue of public institutions, funded in accordance with Article 62(1)(b) and (c), derives from rents, the organisation of cultural and sporting events, artistic competitions, publications, editorial services, studies, projects, the sale of products arising from their own or ancillary activities, the provision of services and similar sources.

Budget surpluses of public institutions

Article 66. – (1) Surpluses arising from the implementation of the budgets of public institutions, funded under the conditions set out in Article 62(1)(b), shall be settled at the end of the year against the budget from which they are funded, within the limit of the amounts received from that budget.

(2) Annual surpluses arising from the implementation of the budgets of public institutions, which are financed entirely from their own revenue, shall be carried forward to the following year.

The funding regime for certain public activities or institutions

Article 67. – The Government may approve the establishment of activities funded entirely from own revenue within certain public institutions, or the change in the funding system for certain public institutions, from being funded in accordance with the provisions of Article 62(1)(a) and (b) to being funded in accordance with the provisions of Article 62(1)

(1) (b) and (c), as appropriate, whilst also establishing the scope of activity, the organisational and operational framework of these activities, the categories of revenue and the nature of expenditure.

Revenue and expenditure budgets for certain activities

Article 68. – (1) The revenue and expenditure budgets for activities funded entirely from own revenue shall be drawn up at the same time as the budget of the public institution to which they belong and shall be approved at the same time as that institution's budget, subject to the conditions set out in Article 16.

(2) Revenue and expenditure for activities financed entirely from own revenue shall be grouped in accordance with the budgetary classification approved by the Ministry of Public Finance.

(3) In the event that the revenue forecast in the budgets of activities financed entirely from own revenue is not realised, expenditure shall be incurred within the limits of the revenue actually received.

(4) Any annual surpluses resulting from the implementation of the revenue and expenditure budgets for activities financed entirely from own revenue shall be carried forward to the following year.

Temporary borrowing for certain public activities or institutions

Article 69. – (1) Where, upon the establishment of public institutions or activities financed entirely from own revenue under the authority of principal authorising officers, such institutions or activities do not have sufficient funds, the principal authorising officers may, on the basis of well-founded documentation, grant interest-free loans from their own budget, by agreement.

(2) Loans granted under the terms of paragraph (1) shall be repaid in full within 6 months of the date on which they were granted.

Implementation of the budgets of public institutions

Article 70. – (1) Public institutions, regardless of their funding system and administrative structure, including activities attached to certain public institutions and funded entirely from their own revenue, shall carry out their collection and payment operations through the local offices of the State Treasury within whose jurisdiction they are based and with which they have opened accounts for revenue, expenditure and cash balances.

(2) Public institutions are prohibited from carrying out the above transactions through commercial banks.

(3) Public institutions are required to submit their approved budget, in accordance with the provisions of this Act, to the relevant regional office of the State Treasury.

CHAPTER V
Penalties

Offences and penalties

Article 71. – Failure to comply with the provisions of Article 4(2) and (3) constitutes an offence and is punishable by imprisonment for a term of one to three months or by a fine of between 50 million and 100 million lei.

Misdemeanours and penalties

Article 72. – (1) The following acts constitute administrative offences:

a) failure to comply with the provisions of Article 14(2) and (3), Article 16(2), Article 43, Article 47(10) and Article 63(2)–(5);

b) failure to comply with the provisions of Article 24(2), Article 47(3), (5)–(8), Article 52(2)–(6) and (8), Article 53 (1), Article 54(1), Article 56(2), Article 66(1) and Article 69(2);

c) failure to comply with the provisions of Article 4(4) and (6), Article 15(1), Article 21, Article 22(2), Article 39 (2), Article 61(6), Article 62(2), Article 68(3), Article 70(2) and (3) and Article 77.

(2) The administrative offences referred to in paragraph (1)(a) shall be punishable by a fine of between 5 million lei and 10 million lei; those referred to in (b), by a fine of between 10 million lei and 20 million lei; and those referred to in (c), by a fine of between 20 million lei and 30 million lei.

(3) The establishment of offences and the imposition of fines shall be carried out by the Court of Auditors, the Ministry of Public Finance and other persons authorised for this purpose, in accordance with the law.

Legislation applicable to the administrative offence

Art. 73. – The provisions of Government Ordinance No. 2/2001 on the legal regime governing administrative offences, approved with amendments and additions by Law No. 180/2002, shall apply to the administrative offences provided for in Art. 72, with the exception of Articles 28 and 29.

CHAPTER VI
Final provisions

Public Accounting

Article 74. – (1) Public accounts shall comprise:

a) the accounting of budgetary revenue and expenditure, reflecting the collection of revenue and the payment of expenditure relating to the financial year;

b) the State Treasury accounts;

c) general accounts based on the accrual principle, reflecting changes in the financial and asset position, as well as the surplus or deficit;

d) accounting designed to analyse the costs of approved programmes.

(2) The Ministry of Public Finance shall lay down, by means of methodological guidelines, the accounting procedures and the reporting system concerning the information provided by public accounts.

Amounts due to the State

Article 75. – Any sum due to the State shall be recorded as revenue in the State budget, unless otherwise provided by law.

Revenue regime

Art. 76. – The preparation and submission of returns, the settlement of budgetary obligations, the resolution of appeals, tax audits, the enforcement of budgetary claims, as well as matters relating to tax evasion, shall be governed by the relevant legislation.

Regime governing sums arising from the realisation of fixed assets and certain tangible assets

Article 77. – (1) Sums received from the sale as such or from the realisation of materials resulting from the demolition, dismantling or decommissioning, under the conditions laid down by law, of fixed assets or from the sale of tangible assets belonging to public institutions funded under the conditions of Article 62(1) (1)(a), shall constitute revenue for the State budget, the State social insurance budget or the budgets of special funds, as the case may be, and shall be paid into those budgets.

(2) The sums obtained in accordance with paragraph (1) by other public institutions shall be retained by them for the purpose of making investments.

Special Funds

Article 78. – (1) The budgets of special funds approved by special laws, which are established and administered outside the state budget and the state social insurance budget, are: the budget of the Health Social Insurance Fund and the unemployment insurance budget. These budgets shall be approved as an annex to the State Budget Act and, respectively, to the State Social Insurance Budget Act.

(2) Drafts of these budgets are drawn up by the Ministry of Public Finance on the basis of proposals from the chief authorising officers responsible for managing the respective budgets.

(3) The preparation, approval and implementation of these budgets shall be carried out in accordance with the laws establishing them and the provisions of this Act.

Methodological rules and instructions

Article 79. – In implementing the provisions of this Act, the Ministry of Public Finance is authorised to issue methodological guidelines and instructions.

Entry into force

Article 80. – (1) This Act shall enter into force on 1 January 2003.

(2) On the date of entry into force of this Act, Act No. 72/1996 on public finances, published in the Official Gazette of Romania, Part I, No. 152 of 17 July 1996, as subsequently amended and supplemented, and State Council Decree No. 151/1975 on the self-financing of certain activities of state institutions, published in the Official Gazette, Part I, No. 130 of 12 December 1975, as well as any other provisions to the contrary.

This Act was adopted by the Chamber of Deputies at its sitting on 13 June 2002, in accordance with the provisions of Article 74(1) of the Constitution of Romania.

THE PRESIDENT OF THE CHAMBER OF DEPUTIES
VALER DORNEANU

This Act was adopted by the Senate at its sitting on 27 June 2002, in accordance with the provisions of Article 74(1) of the Constitution of Romania.

Signed: THE PRESIDENT OF THE
SENATE, DORU IOAN TARACILA

Bucharest, 11 July 2002.
No. 500.

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