

European University Institute's Financial Rules¹

Established by High Council Decision no. 6/2015 of 4 December 2015

Amended by High Council Decision no. 4/2016 of 3 June 2016

Amended by High Council Decision no. 8/2018 of 7 December 2018

Amended by High Council Decision no. 7/2019 of 6 December 2019

Amended by High Council Decision no. 9/2021 of 23 June 2021

¹ This is a consolidated version of the Financial Rules of the EUI. The Financial Rules were adopted and amended by a decision of the High Council. This text is meant purely as a documentation tool and has no legal effect. The EUI does not assume any liability for its contents. For the official text, please refer to the authentic versions of the relevant acts.

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DEFINITIONS FOR THE PURPOSES OF THIS DECISION

- (a) **'the Institute'** means the European University Institute having the status of an international organisation;
- (b) **'Financial Rules'** means basic regulatory acts that are adopted by the Institute's High Council and govern the financial management of the European University Institute;
- (c) **'Rules of Application'** means the regulatory acts adopted by the President pursuant to High Council empowerment in order to implement the Financial Rules and which detail further their respective terms and modalities;
- (d) **'budget'** means the officially adopted instrument which, for each financial year, forecasts and authorises all revenue and expenditure considered necessary for the functioning of the Institute;
- (e) **'beneficiary'** means a natural or legal person with whom a grant agreement has been signed or to whom a grant decision has been notified; in a broader sense it can also mean a legal entity designated to receive funds paid from the Institute's budget;
- (f) **'Authorising Officers'**: means the President or, upon his delegation, the Secretary General and any other officer by subdelegation;
- (g) **'Authorising Officer Responsible'** means the authorising officer as well as the authorising officers by delegation or sub-delegation, hereinafter used indistinctly unless the text clearly indicates differently;
- (h) **'financial actors'** means the parties directly intervening in the implementation and the management of the Institute's budget. In the Institute are considered financial actors: the accounting officer, the authorising officer responsible, the imprest administrators and the internal auditor;
- (i) **'revenue'** means the amounts collected during a financial year included in the Institute's budget;
- (j) **'expenditure'** means the amounts disbursed during a financial year;
- (k) **'recovery'** means the act by which the accounting officer, on instruction by the authorising officer responsible, collects a debt due to the Institute;
- (l) **'commitment'** means the act whereby the authorising officer responsible, after having secured and reserved the necessary appropriations in the budget, enters into a legal obligation with a third party which results in a charge to the Institute's budget;
- (m) **'validation of expenditure'** means the act whereby the authorising officer responsible, or a competent member of staff, after having checked all the supporting documents and after having verified the existence of the beneficiary's entitlement, gives his formal approval of a payment transaction;
- (n) **'staff member'** means any permanent staff member, temporary or contract staff subject to the Staff Regulations and Conditions of Employment of other Servants of the European University Institute;

- (o) **'competent member of staff'** means a staff member as defined above as well as a member of the Teaching Staff subject to the Conditions of Employment of the Teaching Staff. His due empowerment by the authorising officer and inherent responsibility on the validation process will be notified through publication on the EUI's Financial Intranet page;
- (p) **'authorisation of a recovery'** means the act by which the authorising officer responsible instructs the accounting officer, by issuing a recovery order, to recover an amount receivable which that authorising officer responsible has established;
- (q) **'authorisation of expenditure'** means the act by which the authorising officer responsible instructs the accounting officer, by issuing a payment order, to pay an amount of expenditure which the authorising officer responsible has validated;
- (r) **'contracting states'** means the Member States of the European Union which jointly set up the European University Institute or adhered to it afterwards;
- (s) **'EUI-Core activities annual accounts'**² means the financial statements established by the accounting officer at the end of the financial year: they comprise the balance sheet, the economic outturn account, the cash flow statement, the statement of changes in net assets and explanatory notes and the reconciliation of the accrual based result with the budgetary result. The Institute's annual accounts comprise also the budgetary statements and separate explanatory statements concerning some of the Institute's specific activities. The EUI will also prepare and present the EUI-Pension Reserve Fund and the EUI-Consolidated annual accounts;
- (t) **'assets'** means resources controlled by the Institute as a result of past events and from which future economic benefits or service potential are expected to flow to the Institute;
- (u) **'liabilities'** means present obligations of the Institute arising from past events, the settlement of which is expected to result in an outflow from the Institute of resources representing economic benefits or service potential;
- (v) **'accrual basis'** means a basis of accounting under which transactions and other events are recognised as soon as they occur (and not only when cash or its equivalent is received or paid). Therefore the transactions and events are recorded in the accounting records and recognised in the financial statements of the periods to which they relate;
- (w) **'liable'** means legally responsible;
- (x) **'property inventory'** means the goods and materials (assets) that the Institute holds for the ultimate purpose of providing both administrative and academic services;
- (y) **'assigned revenue'** means revenue that, by way of derogation to the budget principle of universality, is earmarked to finance specific items of expenditure;
- (z) **'delegation of budget implementation powers'** means the formal act/instrument by which the President, the Secretary General or the accounting officer grants to staff members of the Institute the power to execute, within the limits laid down in the instrument of delegation, transactions in the context of budget implementation;
- (aa) **'legal entity'** means any natural or legal person in his capacity of third party with whom the Institute enters in a contractual or financial relationship. These entities can be

² As amended by Article 1 of High Council Decision no. 9/2021 of 23 June 2021

individual persons (amongst which members of staff or other agents), private law bodies (private companies) or public law bodies (amongst which States);

- (bb) **'discharge'** means the definite approval of the Institute's budget for a given year (following the finalisation of the annual accounts and the external audit). It is granted by the High Council on recommendation of the Institute's Budget and Finance Committee. It equates to approval of how the Institute implemented the budget in that financial year and of the closure of the accounts;
- (cc) **'external auditors'**³ means the auditors appointed by the High Council or the auditors carrying out an audit on behalf of an audit firm appointed by the High Council for the audit of the accounts. They ensure that all revenue has been received, all expenditure incurred in lawful and regular manner and respecting principles of sound financial management, regarding the budget implementation. They are responsible for carry out the audits according to the terms defined in these financial rules;
- (dd) **'procurement'**⁴ means the acquisition by means of a contract of works, supplies or services by the Institute from economic operators chosen by it;
- (ee) **'public contracts'** means contracts for pecuniary interest concluded in writing between one or more economic operators and the Institute as contracting authority and having as their object to obtain against payment of a price, the execution of works, the supply of products, or the provision of services within the meaning of this Regulation and of any implementing rules laid down by the President pursuant to Article 95 of these Financial Rules and mainly the Public Procurement Regulation;
- (ff) **'concession contract'**⁵ means a contract for pecuniary interest concluded in writing between one or more economic operators and the Institute as contracting authority and having as their object to entrust the execution of works or the provision and management of services to an economic operator. The remuneration shall consist either solely in the right to exploit the works or services or in that right together with payment. The award of a works or services concession contract shall involve the transfer to the concessionaire of an operating risk in exploiting those works or services encompassing demand risk or supply risk or both. The concessionaire shall be deemed to assume an operating risk where, under normal operating conditions, there is no guarantee of recouping the investments made or the costs incurred in operating works or the services at stake;
- (ff) **'Supervisory Board'**⁶ means the Board responsible for the supervision and oversight the management of the Pension Reserve Fund under the conditions laid down in these Financial Rules and in compliance with the other Decisions regarding the Pension Reserve Fund management approved by the High Council;
- (gg) **'contract'**⁷ means a public contract or a concession contract;
- (hh) **'framework contract'**⁸ means a public contract concluded between one or more economic operators and the Institute as contracting authority, the purpose of which is to

³ As amended by Article 1 of High Council Decision no. 9/2021 of 23 June 2021

⁴ As amended by Article 1 of High Council Decision no. 4/2016 of 3 June 2016

⁵ Definition added by Article 1 of High Council Decision no. 4/2016 of 3 June 2016

⁶ Definition added by Article 1 of High Council Decision no. 9/2021 of 23 June 2021. Please note that this High Council Decision did not take into consideration the amendments issued by the of High Council Decision no. 4/2016 of 3 June 2016, resulting in two provisions with the same numbering (ff).

⁷ Definition added by Article 1 of High Council Decision no. 4/2016 of 3 June 2016

establish the terms governing specific contracts under it to be awarded during a given period, in particular with regard to price, and, where appropriate, the quantity envisaged;

- (ii) **'procurement/tender document'**⁹ means any document produced or referred to by the Institute in its capacity of contracting authority to describe or determine elements of the procurement procedure, including *i.a.*:
- (i) the publicity measures set out in Article 63;
 - (ii) the invitation to tender;
 - (iii) the tender specifications, which shall include the technical specifications and the relevant criteria;
 - (iv) the draft contract.

⁸ Definition added by Article 1 of High Council Decision no. 4/2016 of 3 June 2016

⁹ Definition added by Article 1 of High Council Decision no. 4/2016 of 3 June 2016

Title I – General provisions

Article 1

Responsibility for financial management of the Institute

Subject to the limits and conditions provided for in these Financial Rules, responsibility for the financial management of the Institute shall be vested in:

- a) the High Council,
- b) the President of the Institute.

Article 2

Budget and Finance Committee

1. A Budget and Finance Committee is hereby established.
The Committee shall be made up of representatives of the Governments of the States parties to the Convention, hereafter referred to as the "Contracting States".
2. Save as otherwise provided, Article 6 of the Convention relating to the functioning of the High Council shall apply mutatis mutandis to the Budget and Finance Committee.
3. The President of the Institute shall attend meetings of the Committee. He¹⁰ may be represented by the Institute's Secretary or if necessary by any other authority of the Institute.
The Institute shall provide secretarial services to the Committee.

Article 3

Responsibilities and powers of the Budget and Finance Committee

1. The Budget and Finance Committee shall be responsible for:
 - a) delivering opinions and recommendations to the High Council on all matters with financial implications that are submitted to the High Council. To that end, the Committee shall monitor and examine all aspects of the Institute's financial management;
 - b) taking decisions, on behalf of the High Council, on the financial matters set out in these Financial Rules, as authorised by the High Council in this connection.
2. The Committee is empowered to access such information and supporting documents regarding financial matters as it deems necessary.

¹⁰ Any reference in this Decision to a person of the male sex shall be deemed also to constitute a reference to a person of the female sex, and vice-versa, unless the context clearly indicates otherwise.

TITLE II - Budgetary Principles

Article 4

Respect for budgetary principles

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

Chapter 1 – Principles of unity and of budget accuracy

Article 5

Scope of the budget

The budget is an instrument for planning and managing the Institute's activities; it is the document that, for each financial year, forecasts and authorises all revenue and expenditure considered necessary for the Institute.

Article 6

Specific rules on the principles of unity and budgetary accuracy

1. No revenue shall be collected and no expenditure effected unless booked to a line in the budget.
2. No expenditure may be committed or authorised in excess of the authorised appropriations.
3. An appropriation may not be entered in the budget unless it is for an item of expenditure considered necessary.
4. Subject to the specific earmarking provided for in Article 19, interest yielded by the funds which are the property of the Institute shall be entered in the budget as miscellaneous revenue.

Chapter 2 – Principle of annuality

Article 7

Definition

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

Article 8

Accounting for revenue and appropriations

The revenue of a financial year shall be entered in the accounts for the financial year on the basis of the amounts collected during that financial year up to value date at 31 December. Financial contributions from Contracting States shall be entered in the accounts on the basis of the collection entitlements established.

Revenue deriving from research services or from donations, subsidies, gifts and bequests shall be entered on the basis of established entitlements.

Article 9

Commitment of appropriations

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 by the accounting officer by 31 December of that year at the latest.

Article 10
Cancellation and carry-over of appropriations

In accordance with the provisions of Article 20(2) of the Convention:

1. Appropriations for remuneration and allowances for members of the Institute's staff that have not been used at the close of the financial year shall be cancelled.
2. Appropriations other than those provided for in paragraph 1 corresponding to obligations duly contracted at the close of the financial year shall be carried over automatically to the following financial year.
3. Appropriations other than those provided for in paragraph 1 that are unused at the close of the financial year shall be carried over to the following financial year only.
4. Appropriations available at the close of the budget year from revenue corresponding to donations referred to in Article 16 shall be carried over automatically to the following financial years.

Article 11
Carry-over rules for assigned revenue

Carry-over assigned revenue referred to in Article 19, and of appropriations not used and available at 31 December arising from such revenue, shall comply with the following rules:

- a) External assigned revenue not used at the end of the financial year shall be carried over automatically and shall be fully used by the time all the operations related to the program or action to which it is assigned have been carried out.
- b) Internal assigned revenue not used at the end of the financial year shall be carried over for one year only.

Article 12
Cancellation of appropriations

Where amounts under Titles 1 and 9 of the budget are carried over and de-committed in the following financial year as a result of total or partial non-implementation of the actions for which they were earmarked, the appropriations concerned shall be cancelled.

Article 13
Commitments

As from 15 November of each year, routine administrative expenditure chargeable to the following financial year and which by its nature takes effect at the start of that year may be committed in advance against the appropriations provided for in the budget for the following financial year. Such commitments may not, however, exceed one quarter of the appropriations authorised on the corresponding budget line for the current financial year. They may not apply to new expenditure of a kind not yet approved in principle in the budget for the current financial year.

Article 14

Rules applicable in the event of late adoption of the budget

If the budget has not been definitely adopted at the beginning of the financial year, Article 22 of the Convention shall apply to commitment and payment of expenditure which has been approved in principle in the last budget duly adopted.

- Commitments may be made per chapter up to a maximum of one quarter of the total appropriations entered in the chapter in question for the preceding financial year, plus one twelfth for each elapsed month, although they may not exceed the limit on appropriations provided for in the draft budget or, in the absence thereof, in the preliminary draft budget.
- Payments may be made monthly per chapter up to a maximum of one twelfth of the allotted appropriations in the chapter in question for the preceding financial year, although this measure may not have the effect of making available to the Institute monthly appropriations exceeding one twelfth of those provided for in the draft budget or, in the absence thereof, in the preliminary draft budget.

At the request of the President of the Institute, and without prejudice to the second indent, the High Council, acting by a qualified majority, may simultaneously authorise two or more provisional twelfths.

Chapter 3 – Principle of equilibrium

Article 15

Definition and scope

Budget revenue and appropriations must be in balance.

Article 16

Donations

The President may accept any donation made to the Institute, such as foundations, subsidies, gifts and bequests.

Acceptance of donations which may involve some charge for the Institute shall be subject to prior authorisation by the High Council after consulting the Budget and Finance Committee.

Chapter 4 – Principle of unit of account

Article 17

Use of euro

The budget shall be drawn up and implemented in euro and the accounts shall be presented in euro.

Chapter 5 – Principle of universality

Article 18

Definition and scope

Total revenue shall cover total payment appropriations.

All revenue and expenditure shall be entered in full without any adjustment against each other, subject to the procedures laid down by the President in application of Article 95 of these Financial Rules.

Article 19 **Assigned revenue**

By way of derogation from the previous article, external assigned revenue and internal assigned revenue shall be used to finance specific items of expenditure:

External assigned revenue notably consists of:

- revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts, bequests and national grants;
- revenue from third parties in respect of goods, services or work supplied at their request;
- appropriations earmarked by the European Union and third parties for the administration of the Historical Archives;
- appropriations allocated to the pension reserve fund and severance grant fund;
- transfers to the Institute of pension rights acquired by its staff members in other pension schemes;
- revenue from lettings;

Internal assigned revenue notably consists of:

- recovery of undue payments;
- insurance payments received;
- proceeds from the sales of vehicles, equipment, installations, materials and scientific and technical apparatus which are replaced or scrapped when the book value is fully depreciated;
- proceeds from the sale of not fully depreciated assets, e.g. telephone and computing equipment;
- staff contributions for telephone equipment as established by the relevant policy;
- reimbursement of costs related to private telephone calls;
- tickets sold by the Institute for participation to official events;
- reproduction cost of EUI badges and similar materials;
- reimbursements by third parties of mission expenditure and of expenditure incurred by visiting professors;
- credit notes received concerning discounts, refunds and rebates on individual invoices and cost statements that could not be directly compensated;
- revenue arising from subsequent reimbursement of taxes;
- reimbursements by researchers of costs for missions not undertaken;
- printing costs for theses and photocopies charged to researchers and visitors.

The President shall be empowered to adjust the above-mentioned list of items in order to correspond to evolving needs of the Institute.

Chapter 6 – Principle of specification

Article 20 **General provisions**

Appropriations shall be earmarked for specific purposes by title, chapter, article, item and sub-item. They may be supplemented by appropriate comments which may contain mandatory clauses, in which case this shall be expressly stated.

Article 21
Transfers of appropriations

1. Except for transfers of appropriations relating to expenditure for staff of the academic units provided for in chapter 11 towards the articles and items of chapters 13 and 14 reserved for expenditure other than staff, which transfers shall remain the responsibility of the High Council, the President is empowered to make any transfers of appropriations between chapters, articles and items but solely within the same title.
By derogation the President is empowered to make any transfers of appropriations concerning pension expenses from and to Title 4.
Appropriations relating to staff expenditure must nevertheless be broken down in accordance with the limits of the organisation chart authorised by the High Council.
In the annual accounts, the President shall inform the High Council of all the transfers he has authorised.
2. Appropriations may be transferred only to chapters, articles or items for which the High Council has authorised appropriations in the budget or which carry a token entry (p.m.).
3. Appropriations earmarked to endow the severance grant in favour of teaching staff may not be diminished by way of transfer of appropriations.

Chapter 7 – Principle of sound financial management

Article 22
Principles of economy, efficiency and effectiveness

1. 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.
2. The principle of economy requires that the resources used by the Institute for the pursuit of its activities be made available in due time, in appropriate quantity and quality and at the best price.
The principle of efficiency aims to achieve the optimum ratio between resources employed and results achieved.
The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

Chapter 8 – Principle of transparency

Article 23
Publication of accounts, budgets and reports

The budget shall be established and implemented and the accounts presented in compliance with the principle of transparency.
The President shall make available, to the members of the High Council, the Budget and Finance Committee and the auditors referred to in Article 87, the budget and amending budgets, as definitively adopted, as well as the annual accounts.

TITLE III – Establishment and structure of the budget

Chapter 1 – Establishment of the budget and three-yearly forecasts

Article 24

Scope of the three-yearly forecasts

The three-yearly financial forecasts shall show the financial consequences for the Institute of the decisions taken by the High Council and the proposals presented by the President of the Institute to the High Council.

These forecasts shall be broken down by category of expenditure.

Article 25

Presentation of the three-yearly forecasts

The three-yearly forecasts shall be presented by 31 March to the Academic Council and, accompanied by the opinion of the Budget and Finance Committee, to the High Council in due time.

Article 26

Establishment of the budget

The following provisions shall apply to the establishment of the budget:

1. At the first meeting of each academic year, the President shall submit the draft budget to the Academic Council for an opinion.
2. The President shall then send the draft budget, accompanied by any observations of the Academic Council and the opinion of the Budget and Finance Committee, to the High Council.
3. The High Council shall approve the budget before the start of the financial year in accordance with Article 6(6)(b) of the Convention.

Article 27

Supplementing or amending draft budgets

If necessary, the President may present, in the same form and using the same procedures as the draft budget, supplementary or amending draft budgets. These draft budgets must be substantiated by reference to the budget whose estimates they are amending.

Any supplementary or amending draft shall be submitted to the High Council no later than the date laid down for submitting the draft budget for the following financial year.

Supplementary or amending budgets shall be approved by the High Council acting in accordance with Article 6(6)(b) of the Convention.

Chapter 2 – Structure and presentation of the budget

Article 28

Layout and structure

The budget shall be laid out according to a decimal classification system by title, chapter, article, item and sub-item, grouping revenue and expenditure according to their purpose and financial

type, and according to the nomenclature adopted by the High Council. This nomenclature may be altered if necessary in the context of the budgetary procedure.

It shall include:

- a general statement of revenue and expenditure;
- a general overview of the Contracting States' and European Commission's contributions to the budget, the pension scheme and the social security system of teaching staff.

Article 29 **Contents of the budget**

1. To substantiate any increases in appropriations requested, the draft budget shall show:
 - a) the amount of appropriations registered in the budget of the previous year and the total of the appropriations committed in the last financial year closed;
 - b) the amount of appropriations requested in the budget for the current financial year.

2. To substantiate any increases in revenue, the draft budget shall show:
 - a) the amount of revenue registered in the budget of the previous year and the total of the entitlements established in the last financial year closed;
 - b) the amount of revenue requested in the budget for the current financial year.

3. The following shall be annexed to the draft budget:
 - a) An establishment plan for the Institute setting out the number of permanent or temporary posts for each grade and category authorised within the limits of the budget appropriations. The establishment plan shall constitute an absolute limit for the relevant financial year. No appointment or promotion may be made in excess of the limit set.
 - b) One organisational chart per administrative unit of the posts authorised and the actual staff numbers at least at 1st July, broken down by category and grade.
 - c) All necessary information regarding the required numbers of staff assigned to non-permanent posts.
 - d) Where the staff numbers vary as compared to the previous budget, a substantiation of the new posts requested.

TITLE IV – Implementation of the budget

Chapter 1 – General Provisions

Article 30

Budget implementation in accordance with the principle of sound financial management

1. The President shall implement the budget in accordance with these Financial Rules, on his own responsibility and within the limits of the appropriations authorised.
2. The President may delegate his powers of budget implementation in accordance with the conditions laid down by these Financial Rules and by the internal rules and within the limits which are laid down in the instrument of delegation

All delegations and sub-delegations of power shall be recorded, in the accounting software.

Chapter 2 – Financial actors

Section 1 – General principles

Article 31

Principles

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 Institute. 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 an actor in the implementation of the budget or an internal auditor is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with the beneficiary.

Article 32

Segregation of duties

The duties of authorising officer, internal auditor and accounting officer shall be segregated and mutually incompatible.

Section 2 – Authorising officers

Article 33

The Authorising Officer

The President shall perform the duties of authorising officer. He shall lay down in the internal administrative rules the appropriate level of staff to whom he delegates the duties of authorising officer, the scope of the powers delegated and the possibility for the persons to whom these powers are delegated to sub-delegate them.

Article 33 bis

Authorising officers by delegation

The authorising officers may be assisted in their duties by staff entrusted, under their responsibility, with certain operations required for the implementation of the budget and production of the financial and management information.

In order to prevent any conflict of interests, staff assisting authorising officers by delegation or sub-delegation shall be subject to the obligations referred to in Article 31 of these Financial Rules.

Authorising officers by delegation shall act only within the limits set by the instrument of delegation.

Article 34

Powers and duties of the authorising officers

1. Authorising officers shall be responsible for implementing revenue and expenditure in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with.
2. To implement expenditure, the authorising officer and authorising officers by delegation shall establish budgetary commitments and legal commitments, shall validate expenditure and authorise payments.
3. Implementation of revenue shall comprise drawing up estimates of amounts receivable, establishing entitlements to be recovered and issuing recovery orders. It shall involve waiving established entitlements where appropriate.
4. Each authorising officer by delegation shall put in place, in compliance with the minimum standards to be laid down by the President and having due regard to the risks associated with the management environment and the nature of the actions financed, the organisational structure and the internal management and control procedures suited to the performance of his duties.
5. The authorising officers and authorising officers by delegation shall report on the performance of his duties in the form of reports drafted in accordance with the rules laid down by the President pursuant to Article 95 of these Financial Rules.

Article 35

Annual Activity Report of the authorising officers by delegation

The authorising officers by delegation (namely the Secretary General and the Directors of Service) shall report on the performance of their duties in the form of an annual activity report containing financial and management information.

This report shall include information on:

- the results of the programmes, operations or actions by reference to the management objectives set;
- the risks associated with those programmes, operations or actions;
- the use of the resources provided;
- the efficiency and effectiveness of the internal control system along with the difficulties met.

This report shall also contain a signed declaration in which, on the basis of the facts known to the authorising officer by delegation, he has reasonable assurance that:

- a) The information contained in the report presents a complete, true and fair view;
- b) The resources assigned to the activities described in the report have been used for their intended purpose in accordance with the Financial Rules and the principle of sound financial management;

- c) The procedures of internal control and the organisational structure put in place provide the necessary guarantees concerning the legality and regularity of the management of underlying transactions/operations;
- d) He is not aware of any fact which has not been reported and which could compromise the interests of the Institute.

Section 3 – Accounting officer

Article 36

Powers and duties of the accounting officer

1. The Institute shall appoint an accounting officer responsible for:
 - a) proper implementation of payments, collection of revenue and recovery of amounts established as being receivable;
 - b) preparing and presenting the accounts in accordance with Title VIII;
 - c) keeping the accounts in accordance with Title VIII;
 - d) laying down, in accordance with Title VIII, the accounting rules and methods and the chart of accounts;
 - e) treasury management;
 - f) laying down and validating the accounting systems and where appropriate validating systems laying down by the authorising officer to supply or justify accounting information; in this respect, the accounting officer shall be empowered to verify at any time compliance with validation criteria.
2. The accounting officer shall obtain from authorising officers, who shall guarantee its reliability, all information necessary for the production of accounts which give a true and fair view of the Institute's financial situation and of its budget implementation.
3. Before their adoption by the President, the accounting officer shall sign off the accounts, thereby certifying that he has a reasonable assurance that they present a true and fair view of the financial situation of the Institute.

The authorising officers (and authorising officers by delegation) shall forward any information that the accounting officer needs in order to fulfil his duties.

The authorising officers shall remain fully responsible for the proper use of the funds they manage as well as for the legality of the expenditure effected under their control.

4. The accounting officer shall be empowered to check the information received as well as to carry out any further checks he deems necessary in order to enable him to sign off the accounts.

If necessary the accounting officer shall make reservations, explaining exactly the nature and scope of such reservations.
5. Save as otherwise provided for in these Rules, only the accounting officer shall be empowered to manage cash and cash equivalents. He shall be responsible for their safekeeping.

Article 37

Powers which may be delegated by the accounting officer

The accounting officer may, in the performance of his duties, delegate certain tasks to his hierarchical subordinates.

The instrument of delegation shall lay down the tasks entrusted to the delegates.

Such instruments of delegation shall be submitted for information to the President, the internal auditor and the auditors referred to in Article 82.

Article 38

Termination of the duties of the accounting officer

1. A trial balance shall be drawn up without delay in the event of termination of the duties of the accounting officer.
2. The trial balance accompanied by a handing over report shall be transmitted by the accounting officer who is terminating his duties or, if it is not possible, by an official in his department to the new accounting officer.
3. The new accounting officer shall sign the trial balance in acceptance within one month from the date of transmission and he may make reservations.

Article 39

Method of payments

1. Payments shall be made by bank transfer, cheque or cash equivalent.
2. Cheques and transfers require the signature of two empowered officers, one of which must be the accounting officer. These signatures can be ensured electronically through the accounting system.

Section 4 – Imprest administrator

Article 40

Imprest accounts

Imprest accounts may be set up for the collection of revenue other than own resources and for the payment of small sums.

The imprest account shall be endowed by the Institute's accounting officer and shall be placed under the responsibility of the imprest administrator designated by the Institute's accounting officer.

Chapter 3 – Liability of the financial actors

Article 41

Withdrawal of delegation and suspension of duties given to financial actors

1. , Authorising officers responsible may at any time have their delegation or sub-delegation withdrawn temporarily or definitively by the authority which appointed them.
2. The accounting officer and imprest administrators may at any time be suspended temporarily or definitely from their duties by the authority that appointed them.

3. This Article shall be without prejudice to any disciplinary action taken in respect of the financial actors referred to in paragraphs 1 and 2.

Article 42

Liability of the financial actors for illegal activity, fraud or corruption

This Chapter is without prejudice to any liability under criminal-law which the financial actors referred to in Article 41 may incur in the event of illegal activity, fraud or corruption as provided for in applicable national law and in relevant provisions in force concerning the protection of the Institute's financial interests.

Without prejudice to Articles 43 and 44 of these Financial Rules, each authorising officer responsible, accounting officer or imprest administrator shall be liable to disciplinary action and payment of compensation as laid down in the Staff Regulations.

Article 43

Rules applicable to authorising officers responsible

1. The authorising officer responsible shall be liable for payment compensation as laid down in the Staff Regulations.

The obligation to pay compensation shall apply in particular if the authorising officer responsible, whether intentionally or through gross negligence on his part:

- a) determines entitlements to be recovered or issues recovery orders, commits expenditure or signs a payment order without complying with these Financial Rules or the implementing rules adopted pursuant to Article 95
 - b) omits to draw up a document establishing an amount receivable, neglects to issue a recovery order or is late in issuing it or is late in issuing a payment order, thereby rendering the Institute liable to civil action by third parties.
2. An authorising officer by delegation or sub-delegation who considers that a decision which is his responsibility to take is irregular or contrary to the principle of sound financial management shall inform the delegating authority in writing. If the delegating authority then gives a reasoned instruction in writing to the authorising officer by delegation or sub-delegation to take that decision that authorising officer shall not be held liable.
 3. In the event of subdelegation within his or her service, 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 by subdelegation.

Article 44

1. An accounting officer shall be liable to disciplinary action and payment of compensation, as laid down in, and in accordance with, the procedures in the Staff Regulations. He may in particular become liable as a result of any of the following forms of misconduct:
 - a) loss of or damage to monies, assets and documents in his keeping;
 - b) wrongful alteration of bank accounts or postal giro accounts on payment instructions;
 - c) recovery or payment of amounts which are not in conformity with the corresponding recovery or payment orders;
 - d) failure to collect revenue due;
2. The imprest administrator shall be liable to disciplinary action and payment of compensation, notably in the cases provided for in the previous paragraph as well as, as a result of misconduct on his part arising from

- a) not providing proper supporting documents for the payments he has made;
- b) making payments to persons other than those entitled to such payments.

Article 45

Any member of staff involved in financial management and in the control of transactions who considers that a decision they are required by their superior to apply or to agree to is irregular or contrary to the principles of sound financial management shall inform their hierarchical superior and the President of the Institute in writing.

Article 46

The risks incurred by the accounting officer or imprest administrator as specified under this chapter may be covered by an insurance policy entered into by the Institute.

Chapter 4 – Revenue operations

Section 1 – Establishment of amounts receivable

Article 47

1. Establishment of an amount receivable is the act by which the authorising officer:
 - a) verifies that the debt exists;
 - b) determines or verifies the reality and the amount of the debt;
 - c) verifies the conditions in which the debt is due.
2. Any amount receivable that is identified as being certain, of a fixed amount and due must be established by a recovery order to the accounting officer followed by a debit note sent to the debtor, both drawn up by the authorising officer responsible.
3. Amounts wrongly paid shall be recovered.

The President shall be empowered to adopt implementing rules in accordance with Article 95 of these Financial Rules on the establishment of amounts receivable, including procedures and supporting documents, and of default interest.

Section 2 – Authorisation of recovery

Article 48

The authorisation of recovery is the act whereby the responsible authorising officer instructs the accounting officer, by issuing a recovery order, to recover an amount receivable which the authorising officer responsible has established.

Section 3 – Recovery

Article 49

Rules on recovery

1. The accounting officer shall act on recovery orders for amounts receivable duly established by the authorising officer responsible. He shall exercise due diligence to ensure that the Institute receives its revenue and shall ensure that its rights are safeguarded.
The accounting officer may recover amounts by offsetting them against equivalent claims that the Institute has on any debtor who himself has a claim on the Institute that is certain, of a fixed amount and due.
2. In cases where the authorising officer by delegation is planning to waive or to partially waive recovery of an established amount receivable he shall ensure that the waiver is in order and complies with the principle of sound financial management and proportionality and does not exceed the scope of powers delegated to him.
3. The authorising officer by delegation may cancel or adjust an established amount receivable when the amount had not been correctly established and provided that the amount cancelled does not exceed the scope of powers delegated to him.
4. The decisions taken by the authorising officer by delegation referred to in paragraphs 2 and 3 shall be duly substantiated and state the points of law and fact on which they are based.

Chapter 5 – Expenditure operations

Article 50

Every item of expenditure shall be committed, validated, authorised and paid.

Section 1 – Commitment of expenditure

Article 51

Types of commitments

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 enters into or establishes an obligation which results in a charge.
The budgetary commitment and the legal commitment shall be adopted by the same authorising officer.
2. Budgetary commitments shall fall into one of the following categories:
 - (a) individual: the budgetary commitment is individual when the beneficiary and the amount of the expenditure are known;
 - (b) provisional: the budgetary commitment is global when at least one of the elements necessary to identify the individual commitment is still not known or is related to routine administrative expenditure;

Article 52

Rule applicable to commitments

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.

Article 53
Checks applicable to commitments

1. When adopting a budgetary commitment, the authorising officer responsible shall 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 the provisions of the Convention, of the budget, of these Rules and their implementing rules;
 - d) the principle of sound financial management is complied with.

Section 2 – Validation of expenditure

Article 54

1. Validation of expenditure is the act whereby the authorising officer responsible:
 - 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 payment is due.
2. Any validation of expenditure is subject to the presentation of supporting documents substantiating the rights of the creditor. The validation should be expressed by the signing of a “passed for payment”, either by the authorising officer responsible or by a technically competent staff member, duly empowered by the authorising officer responsible.
3. The authorising officer empowered to validate the expenditure in question carries out the checks referred to in paragraph 1 or has them carried out under his responsibility.
4. Salaries, wages and emoluments plus allowances are validated in accordance with the collective statements drawn up by the service responsible for personnel, except where an individual validation is required.

Section 3 – Authorisation of expenditure

Article 55

1. Authorisation of expenditure is the act whereby the authorising officer responsible, having verified that the appropriations are available and by issuing a payment order, instructs the accounting officer to pay an amount of expenditure which the authorising officer has validated.
2. Payment orders shall be accompanied by the original supporting documents or, in exceptional cases, by certified copies sent by regular mail or in an electronic format within the meaning of Article 54 and in accordance with the procedures to be laid down by the President, pursuant to Article 95 of these Financial Regulations.

Copies of supporting documents other than invoices and contracts may be accepted according to the rules to be laid down by the President, pursuant to Article 95 of these Financial Regulations.

They shall refer to the relevant commitment numbers.

Section 4 – Payment of expenditure

Article 56

Payment of expenditure shall be made by the accounting officer within the limits of the funds available.

Article 57

In addition to the advances foreseen by the statutory provisions the President is empowered to grant advances in favour of researchers and Fellows of the Institute.

In certain specific cases; defined by the President pursuant to art. 95 of these Financial Rules, advance payments may also be made prior to the delivery of goods or services by the supplier.

Chapter 6 – IT systems

Article 58

Electronic management of operations

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

Chapter 7 – Internal auditor

Article 59

Appointment of the internal auditor

The internal auditor appointed by the Institute shall be answerable to the latter for verifying the proper operation of budgetary implementation systems and procedures. The internal auditor may be neither authorising officer or accounting officer.

The internal auditor shall perform his function in compliance with the relevant International Standards.

Article 60

Powers and duties of the internal auditor

1. The internal auditor shall advise the Institute on dealing with risks, by issuing independent opinions on the quality of management and control systems and by issuing recommendations for improving the conditions of implementation of operations and promoting sound financial management.

He shall be responsible in particular for:

- a) assessing the suitability and effectiveness of internal management systems and the performance of the services in implementing policies, programmes and actions by reference to the risks associated with them;
 - b) assessing the efficiency and effectiveness of the internal control and audit systems applicable to each budgetary implementation operation.
2. The internal auditor shall perform his duties on all the Institute's activities and departments. He shall enjoy full and unlimited access to all information required to perform his duties, if necessary on the spot.
3. The internal auditor shall report to the Institute on his findings and recommendations. The Institute shall ensure that action is taken on recommendations resulting from audits. The internal auditor shall also submit to the Institute an annual internal audit report indicating the

number and type of internal audits carried out, the recommendations made and the action taken on those recommendations.

4. Each year the Institute shall forward the annual internal audit report to the discharge authority.

Article 61

Independence of the internal auditor

Special rules applicable to the internal auditor shall be laid down by the Institute and shall be such as to guarantee that he is totally independent in the performance of his duties and to establish his accountability.

If the internal auditor is a member of staff, he shall assume responsibility as laid down in the Staff Regulations.

TITLE V – Public Procurement and Concessions¹¹

Article 62¹²

Procurement Procedures

1. All procurement procedures and subsequent public and concession contracts shall respect the principles of transparency, proportionality, equal treatment and non-discrimination and shall be subject to open competition, except when the negotiated procedure is used.
2. Concession contracts or public contracts, including framework contracts, shall be awarded following an open or restricted procurement procedure. They may also be awarded following the negotiated procedure but only in the cases provided for in Article 65 of these Financial Rules. The Institute may also use a competitive procedure with negotiation for concession contracts regardless of the estimated value of the contract.

A mixed contract covering two or more types of procurement (works, supplies or services) or concessions (works or services) or both, shall be awarded in accordance with the provisions applicable to the type of procurement that characterises the main subject matter of the contract in question.

The applicable procurement and concessions procedures are further detailed in the EUI's Public Procurement and Concessions Regulation.

3. Procurement procedures for awarding concession contracts or public contracts, including framework contracts, shall take one of the following forms:
 - i. Open procedures where any interested economic operator may submit a tender in response to a call for tender.
 - ii. Restricted procedures or competitive procedures with negotiation (the latter applicable only to concession contracts), where any economic operator may submit a request to participate in call for tender in response to a contract notice. Only those economic operators that satisfy the selection criteria and that are not in any of the pre-announced exclusion situations shall be invited by the contracting authority to submit a tender.
 - iii. Tenders for contracts with value below the lowest threshold for open and restricted procedures indicated in the EUI's Public Procurement Regulation are normally done by a negotiated procedure.
4. In all procedures involving negotiation, the Institute may negotiate with tenderers the initial and any subsequent tenders in terms of either the quality of the tender or the offered price, or both, if it deems that they can be improved to obtain better quality or a lower price.

The Institute may award a contract on the basis of the initial tender without negotiation where it has indicated in the procurement documents that it reserves the possibility to do so.

5. Purchases with value below the lowest threshold for negotiated procedure may be made against a simple bill or invoice as defined in the Public Procurement Regulation and any implementing rules laid down by the President pursuant to Article 95 of these Financial Rules.

¹¹ As amended by Article 1 of High Council Decision no. 4/2016 of 3 June 2016

¹² As amended by Article 1 of High Council Decision no. 4/2016 of 3 June 2016

Article 63

Publication of calls for tender and award notice

Calls for tender and contract notice in the context of open and restricted procedures shall be published on the Institute's website. For values above the amount/threshold defined in the Public Procurement Regulation, notification shall also be sent to the High Council representatives.

A contract award notice on the results of the open or restricted procedures shall be published on the Institute's website.

Publication of certain information on contract award may be withheld where its release would impede law enforcement, or otherwise be contrary to the public interest or would harm the legitimate commercial interests of economic operators or might prejudice fair competition between them.

Article 64

Contract Award

In the open and restricted procedure, the award of contracts shall always follow an invitation to tender or a contract notice as described in these Financial Rules and in the Public Procurement Regulation.

Contracts are awarded to the tender submitting the most economically advantageous offer ("best value for money").

The responsibility for the final award of the contract lies upon the authorising officer responsible after having taken into consideration the report of the evaluation committee.

The contract notice and the tender specifications will explicitly refer to the procedure used.

Article 65

Use of Negotiated Procedure

A negotiated procedure may be used:

- where the amount of the contract does not exceed the limits to be laid down by the Public Procurement Regulation or any other specialised acts adopted by the President pursuant to Article 95 of these Financial Rules;
- where the amount of the contract exceeds the previously-mentioned limits but one of the exceptional cases indicated in the Public Procurement Regulation applies; in this case, this shall be reported as quickly as possible to the Budget and Finance Committee.

Article 66

Advisory Role of the Internal Auditor

As part of the consulting and advisory services provided on specific request by the Internal Audit Office (IAO), the Internal Auditor shall have a general advisory role concerning the application of the EUI's Public Procurement Regulation.

In particular, the Internal Auditor shall be consulted by the responsible officer before the launching of the call for tender in case of open and restricted procedure.

Competence, tasks and operating rules of the Internal Auditor regarding his role in the procurement procedure are specified in the EUI's Public Procurement Regulation.

TITLE VI - Contracting States' financial contributions to the Institute

Article 67

Financial contributions

1. The Contracting States' financial contributions set in the budget shall be expressed in euro.
2. The Contracting States shall make their financial contributions available to the Institute, in accordance with the scale set out in the Convention and within the deadlines laid down in paragraphs 3 and 4.
3. Each Contracting State shall pay the annual contributions as follows:
 - 7/12 no later than 15 January;
 - the balance no later than 15 July.
4. As an alternative to the terms of payment set out in paragraph 3, Contracting States may pay the annual contribution in full by 20 March of the year concerned.
However, where the budget is adopted after 20 February, the contribution shall be paid within 30 days of the adoption date.
Contracting States may change from one payment method to another. In this case, the Institute must be notified no later than 30 November of the preceding financial year.
5. The Institute is entitled to charge interest, on any portion of a Contracting State's contribution that is unpaid on the deadlines laid down in paragraphs 3 and 4 with a 15-day grace period
The interest rate for late payments on Contracting States contributions not paid on the deadlines referred to in paragraphs 3 and 4 shall be the rates applied by the European Central Bank to its principal refinancing operations as, published in the C series of the *Official Journal of the European Union* in force during the period of delay, increased by three and a half percentage points.
However, when the interest so calculated is lower than or equal to 200 euro, this rule will not be applied by the Institute.
6. The accounting officer may invest any funds that exceed the Institute's immediate requirements in short term deposit accounts. He shall report and comment the results on the annual accounts. The accounting officer shall draw up a quarterly statement of finances and a statement of Contracting States' payments of their financial contributions and make these available to the members of the Budget and Financial Committee.

Article 68

Advance of contributions

Article 67 shall apply for the advance of contributions pursuant to the third indent of Article 22 of the Convention.

These advances shall be paid before the 1st of the month to which they apply, except in the case of January, where the payment shall be made by the 20 January.

Article 69

Allocation of surplus to funds

If the closure of the budget accounts for a financial year shows a surplus of revenue over expenditure, taking account of the appropriations carried forward to the new financial year, the surplus shall be allocated to the Pension Reserve Fund and the severance funds up to the amount of the Institute's liabilities for pensions and severance allowances.

Article 70
Additional contribution

If a supplementary budget is adopted during the financial year, the Contracting States shall make any additional contribution available to the Institute, within 30 days of adoption. Where applicable, Article 67 shall apply.

TITLE VII - Provisions applicable to the pension reserve fund and severance grant fund

Article 71

Annexes concerning the funds

The Institute's budget shall be accompanied by two annexes concerning:

- the pension reserve fund, for the administrative staff,
- the severance grant fund, for the academic staff.

Each of these annexes forecasts revenue and expenditure for the year concerned.

Article 72

Endowing

1. The pension reserve fund shall be endowed by:

- the balance between the total of the annual revenue coming from:
 - employee contributions
 - institutional contributions
 - contributions charged to externally financed subventions and activities
 - the surplus as defined in Art 69and
- the annual pensions charges
- any other revenue recorded in Title 4 of the budget
- interest, dividends and any other return on investment of the capital of the Fund

2. The severance grant fund in favour of teaching staff is endowed by:

- individual contributions of staff opting for the Institute's scheme, as entered in the budget;
- employer's contributions;
- any other revenue allocated by High Council decision, taking account of the provisions of Article 46(1) of the Regulations for the academic staff;
- interest on the bank account where the funds are kept;
- transfers decided by the President on available budget appropriations.
- the surplus as defined in Art 69

Article 73

Coverage

1. The pension reserve fund shall cover the part of expenses not financed by the annual employee and employer contributions concerning:

- pension charges;
- the equivalent actuarial transfers referred to in Article 11(1) of Annex VIII of the Regulations for administrative staff;
- payment of severance allowances referred to in Article 12 a) of Annex VIII of the Regulations for administrative staff;
- the direct costs of managing the fund.

2. The severance grant fund in favour of teaching staff shall cover:

- expenditure incurred pursuant to the provisions of Articles 38 to 45a and Article 47(3) of the scheme for academic staff;
- any direct costs of managing the fund.

TITLE VIII – Presentation of the accounts and accounting

Chapter 1 – Presentation of the accounts

Article 74¹³

The EUI Annual accounts

The EUI will prepare and present three annual accounts:

- 1) The EUI-Core activities report on the implementation of the annual budget approved by the High Council, are prepared in accordance with an accrual accounting and financial reporting framework and are the basis for the discharge to the President;
- 2) The EUI-Pension Reserve Fund report on the financial and economic position of the Pension Reserve Fund as well on the management of the Fund, that follows the relevant High Council Decisions. The EUI-Pension Reserve Fund are prepared in accordance with an accrual accounting and financial reporting framework, are adopted by the Supervisory Board and presented to the High Council;
- 3) The EUI-Consolidated report on the consolidated financial and economic position of the EUI as a single entity, according to rules and methods of consolidation to be established by the Accounting Officer. The EUI-Consolidated are adopted by the President and presented to the High Council.

Article 74 (bis)¹⁴

EUI-Core Activities provisional and final accounts

The Accounting Officer of the Institute shall, by 31 March of financial year (n+1), send the EUI-Core activities provisional accounts for the financial year (n) to the President of the Institute and to the external auditors.

The external auditors shall, by 1 July (n+1), submit their preliminary report on the EUI-Core activities provisional accounts of the Institute to the President of the Institute.

The Accounting Officer of the Institute shall sign by 31 July (n+1) the EUI-Core activities final accounts and send them to the President of the Institute and to the external auditors.

The EUI-Core activities final accounts shall be accompanied by a note drawn up by the Accounting Officer of the Institute, in which the latter certifies that the final accounts were prepared in accordance with this Title and with the applicable accounting principles, rules and methods set out in the notes to the financial statements.

The EUI-Core activities final accounts shall be presented by the President of the Institute to the Budget and Finance Committee and to the High Council by 15 September (n+1).

They shall comprise:

- a) The financial statements of the Institute;
- b) The report on the implementation of the budget of the Institute.

¹³ As amended by Article 1 of High Council Decision no. 9/2021 of 23 June 2021

¹⁴ As added by Article 1 of High Council Decision no. 9/2021 of 23 June 2021

The report on the implementation of the budget of the Institute shall provide details inter alia, of the rate of implementation of the appropriations, together with summary information on the transfers of appropriations among various budget items.

Article 74 (ter)¹⁵

**EUI-Pension Reserve Fund and EUI-Consolidated:
provisional and final accounts**

1. The EUI-Pension Reserve Fund and the EUI-Consolidated shall comply with the accounting rules and methods and the chart of accounts to be adopted by the Accounting Officer.
2. The calendar for the preparation and presentation of the provisional and final EUI-Pension Reserve Fund will be the same of the calendar established for the preparation and presentation of the provisional and final EUI-Core activities.
3. The Accounting Officer of the Institute shall, by 30 April of financial year (n+1), send the provisional EUI-Consolidated to the President of the Institute and to the external auditors. The calendar for preparation and presentation of the final EUI-Consolidated will be same of the calendar for preparation and presentation of the final EUI-Core activities.

Article 75¹⁶

Rules governing the accounts

1. The EUI-Core activities accounts shall comply with these Financial Rules, 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 as assets or liabilities and cash flow;
 - b) as regards the report on budgetary implementation, of revenue and expenditure operations.

Article 76

Accounting principles

The financial statements shall be drawn up in accordance with the generally accepted accounting principles namely:

- a) going concern basis;
- b) prudence;
- c) consistent accounting methods;
- d) comparability of information;
- e) materiality;
- f) no netting;
- g) reality over appearance;
- h) accrual-based accounting.

¹⁵ As added by Article 1 of High Council Decision no. 9/2021 of 23 June 2021

¹⁶ As amended by Article 1 of High Council Decision no. 9/2021 of 23 June 2021

Article 77

1. In accordance with the principle of accrual-based accounting, the financial statements shall show the charges and income of the financial year, regardless of the date of payment of expenditure or collection of revenue.
2. The value of assets and liabilities shall be determined in accordance with the valuation rules laid down by the accounting methods provided for in Article 81.

Article 78

Financial statements

1. The financial statements shall be presented in euro and shall comprise:
 - a) the balance sheet and the economic outturn account, which represent the assets and liabilities and financial situation and the economic outturn at 31 December of the previous financial year;
 - b) the cash-flow table showing amounts collected and paid during the financial year and the opening and closing treasury position;
 - c) the statement of changes in capital presenting in detail the increases and decreases during the financial year in each item of the capital accounts.
2. The notes to the financial statements shall supplement and comment on the information presented in the statements referred to in paragraph 1 and shall supply all the additional information prescribed by internationally accepted accounting practice where such information is relevant to the Institute's activities.
3. The supporting documents regarding the financial statements shall be kept for 10 years from the date of the discharge decision for the implementation of the budget.

However, any documents relating to operations not definitively closed shall be kept beyond that period until the end of the year following that in which the operations are closed.

Article 79

Budgetary implementation report

The budgetary implementation report shall be presented in Euro. It shall comprise:

- a) the budgetary outturn account, which sets out all budget operations for the financial year in terms of revenue and expenditure; the structure in which it is presented shall be the same as that of the budget itself;
- b) the annex to the budgetary outturn account, which shall supplement and comment on the information given in that account.

The budgetary implementation report shall contain:

- a) information on revenue comprising:
 - changes in the revenue estimates in the budget;
 - entitlements established and remaining to be collected

- the revenue outturn including a statement of donations accepted and a breakdown of the amounts still to be recovered from Member states at the end of the financial year.
- b) information showing changes in the appropriations available including a statement on transfers of appropriations between budget items.;
- c) information showing the use made of the appropriations available;
- d) information showing outstanding commitments,, those carried over from the previous year and those made during the year.

Chapter 2 – Accounting

Section 1- Common provisions

Article 80

The accounting system

1. The Institute's accounting system is the system serving to organise the budgetary and financial information in such a way that figures can be input, filed and registered.
2. The accounts shall consist of general accounts and budgetary accounts. These accounts shall be kept in euro on the basis of the calendar year.
3. The amounts in the general accounts and the budgetary accounts shall be finalised at the close of the budgetary year so that the accounts referred to in Article 74 of these Financial Rules can be drawn up.

Article 81

Requirements for the accounting system

The accounting officer shall adopt the accounting rules and methods and the chart of accounts to be applied by the Institute in accordance with the applicable provisions of these Financial Rules

Section 2 – General accounts

Article 82

The general accounts

The general accounts shall record, in chronological order using the double entry method, in accordance with the chart of accounts referred to in Article 81 of these Financial Rules, all events and operations which affect the economic and financial situation and the assets and liabilities of the Institute.

Article 83

Entries in the general accounts

1. Movements on the accounts and the balances shall be entered in the accounting ledgers.
2. All accounting entries, including adjustments to the accounts, shall be based on supporting documents, to which they shall refer.
3. The accounting system must be such as to leave a trail for all accounting entries.

Article 84
Accounting adjustments

The accounting officer shall, after the close of the budgetary year and up to the date of presentation of the accounts, make any adjustments which, without involving disbursement or collection in respect of that year, are necessary for a true and fair presentation of the accounts which complies with the rules.

Section 3 – Budgetary accounts

Article 85
Budgetary accounting

1. The budgetary accounts provide a detailed record of budgetary implementation.
2. For the purposes of applying paragraph 1, the budgetary accounts shall record all budgetary revenue and expenditure operations.
3. Entries relating to budgetary accounting and to commitments and established entitlements accounts shall be made on the basis of a chart of accounts comprising a nomenclature of items which makes a clear distinction between the balance sheet accounts and the budgetary expenditure and revenue accounts. These entries shall be recorded in books or on cards. These shall make it possible to draw up a general monthly statement of accounts, and a statement by title, chapter, article, item and sub-item of budgetary revenue and expenditure.

Chapter 3 – Property inventories

Article 86
The inventory

The Institute shall keep inventories showing the quantity and value of all the tangible, intangible and financial assets constituting the Institute's property. Any such moveable property purchased shall be entered, before payment, in the inventory. The entry shall be mentioned on the invoice drawn-up for payment of the expenditure.

The sale of movable property shall be suitably advertised to ensure that it can be sold under optimum conditions.

TITLE IX – External audit and discharge

Chapter 1 – External audit

Article 87¹⁷

Rules and procedure on the audit

1. The High Council shall appoint under the conditions provided for in Article 23 (1) of the Convention either two natural persons of different nationalities or an audit firm for the annual audit.
2. In case there is an intention to appoint an audit firm a procurement procedure is necessary.
3. In case an audit firm shall be appointed the audit firm has to nominate two natural persons of different nationalities as auditors who shall carry out the audit. These persons must enjoy equal rights within the audit firm. The audit firm may nominate alternate auditors. These auditors can be supported by a team in the carry out of the audit.
4. The auditors shall take part in the meetings of the Budget and Finance Committee dealing with the examination of their report.
5. The audit of the accounts provided for in Article 23(1) of the Convention shall be carried out by the auditors under the conditions laid down in these Financial Rules.
6. The external auditors shall exercise exclusive audit functions in full independence and in compliance with the relevant international and EU standards.
7. The external auditors or audit firms may be dismissed only where there are proper grounds such as modernisation of the external audit system of the EUI. Divergence of opinions on accounting treatments or audit procedures shall not be proper grounds for dismissal.
8. The external auditors will prepare an audit report and issue audit opinions for each annual account foreseen in Article 74.

Article 88¹⁸

Information and documents provided to the auditors

1. The EUI annual accounts as indicated in Article 74 (bis) and Article 74(ter).
2. The auditors shall also be informed of the following
 - a) all decisions and all acts adopted in implementation of Articles 10, 14, 16 and 21;
 - b) internal audit measures, systems and procedures, the appointment of the accounting officer and the powers delegated under these Financial Rules;
 - c) the implementing rules adopted pursuant to Article 95 of these Financial Rules.

Article 89

On-site examination

The on-site examination by the auditors shall aim to ensure that all revenue has been received and all expenditure incurred in a lawful and proper manner in accordance with the Convention, the budget and these Financial Rules, and with sound financial management.

¹⁷ As amended by Article 1 of High Council Decision no. 9/2021 of 23 June 2021

¹⁸ As amended by Article 1 of High Council Decision no. 9/2021 of 23 June 2021

Article 90
Auditors' right of access

The President shall afford the auditors all the facilities they consider necessary for the performance of their duties. In particular, he shall place at their disposal all accounts of cash or materials, all accounting records or supporting documents, and all inventories that the auditors consider necessary for auditing the revenue and expenditure account. The auditors shall have personal access to all the Institute's premises and shall have the power to make enquiries of the President or any head of service and their subordinates responsible for a revenue or expenditure operation.

Article 91
Observations of the auditors

1. In addition to auditing the accounts for which they are responsible, the auditors shall make any appropriate observations on the accounting methods applied and, in general, on the financial consequences of the administrative practices in use. They shall draw attention to any operation of questionable regularity or advisability.
2. Any observations which, in the view of the auditors, must appear in the report provided for in Article 23(1) of the Convention shall be communicated to the President. He shall reply to the auditors' observations.

Article 92¹⁹
Annual report of the external auditors

The external auditors shall submit to the President of the Institute the preliminary report on the EUI-Core activities provisional accounts for the financial year (n), no later than 1 July (n+1) and their definitive audit report on the EUI-Core activities final accounts no later than 31 August (n+1).

Those reports shall mention the extent and nature of their checks, their observations on the the EUI-Core activities final accounts, and a summary assessment of the Institute's financial management for the financial year (n).

The EUI-Core activities final accounts and the external auditors' definitive audit report on the EUI-Core activities final accounts, to which the President of the Institute's replies shall be annexed, shall be submitted to the Budget and Finance Committee and to the High Council by the President of the Institute, no later than 15 September (n+1).

Article 92 (bis)²⁰
Annual report of the external auditors on the EUI-Pension Reserve Fund and the EUI-Consolidated accounts

1. The external auditors shall submit to the Supervisory Board the preliminary report on the EUI-Pension Reserve Fund provisional accounts for the financial year (n), no later than 1 July (n+1) and their definitive audit report on the EUI-Pension Reserve Fund final accounts no later than 31 August (n+1).

The EUI-Pension Reserve Fund final accounts and the external auditors' definitive audit report on the EUI-Pension Reserve Fund final accounts, to which the Supervisory Board's replies shall be annexed, shall be submitted to the Budget and Finance Committee and to the High Council by the Supervisory Board, no later than 15 September (n+1).

¹⁹ As amended by Article 1 of High Council Decision no. 9/2021 of 23 June 2021

²⁰ As added by Article 1 of High Council Decision no. 9/2021 of 23 June 2021

2. The external auditors shall submit to the President of the Institute the preliminary report on the EUI-Consolidated provisional accounts for the financial year (n), no later than 1 July (n+1) and their definitive audit report on the EUI-Consolidated final accounts no later than 31 August (n+1).

The EUI-Consolidated final accounts and the external auditors' definitive audit report on the EUI-Consolidated final accounts, to which the President of the Institute's replies shall be annexed, shall be submitted to the Budget and Finance Committee and to the High Council by the President of the Institute, no later than 15 September (n+1).

Chapter 2 – Discharge

Article 93²¹

The discharge procedure

On the basis of the opinion delivered by the Budget and Finance Committee, the High Council shall take a decision discharging the President for the implementation of the budget in the terms foreseen in Article 23 of the Convention, that is, that all revenue has been received and all expenditure incurred in a lawful and regular manner and that the financial management has been sound.

The President shall take all appropriate steps to act on the observations in the discharge decision.

TITLE X - Final provisions

Article 94

1. Each Contracting State shall bear the travel and subsistence expenses incurred by its representatives when taking part in the work of the Institute's bodies and committees.
2. Travel and subsistence expenses incurred by Contracting States' representatives for special duties assigned to them by the Institute shall be refunded to them on the basis of the regulations governing the reimbursement of travel and per diem costs for visiting professors; travel expenses shall not be refunded by the Institute if the mission immediately precedes or follows a meeting held by one of the bodies of committees of the Institute at the same location, which the persons concerned are attending as representatives of their Contracting States.

Article 95

The President shall be responsible for implementing these Financial Rules; he shall adopt their implementing rules and communicate them to the High Council for information.

²¹ As amended by the Sole Article of High Council Decision no. 7/2019 of 6 December 2019