



**PRESIDENT'S DECISION n° 42/15**

**of 4 December 2015**

**Establishing the Rules of Application  
of the European University Institute's Financial Rules laid down in  
High Council Decision n° 6/2015 of 4 December 2015**

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**THE PRESIDENT OF THE EUROPEAN UNIVERSITY INSTITUTE,**

Having regard to the Convention setting up a European University Institute (hereinafter the "EUI" or the "Institute") and in particular Article 7,

Having regard to the amended Financial Rules, adopted by High Council Decision n° 6/15 of 4 December 2015, and in particular Article 95 thereof, which attributes to the President the responsibility for establishing appropriate implementing rules,

Whereas:

1. The delegated power to the President under Article 95 of the Financial Rules may extend only to acts intended to supplement or amend certain non-essential elements of the main regulatory act of the Financial Rules.
2. Implementing modalities of the Institute's Financial Rules have been enacted so far via distinct thematic President's Decisions. In the process of consolidation and rationalisation of the Institute's legal framework, these have now been consolidated and updated in the present synthetic Decision.
3. Further relevant implementing rules should be adopted in order to add more clarity and legal certainty on financial and accounting aspects and procedures provided for in the Financial Rules and in order to define the modalities of operations which have been introduced in the Institute's workflow in light of the recent modernised practise and as a response to the switch of the Institute towards an even more electronic environment.
4. In order to clarify responsibilities, a precise definition should be given of the tasks and responsibilities of the accounting officer in connection with the accounting systems, treasury management, the management of bank accounts and third-party files.
5. With a view to establishing a clear link between responsibilities and grade the appropriate level of staff delegated with budget implementation duties shall be precisely defined.

6. In order to facilitate the obligation of the authorising officers to timely submit their annual activity report, further modalities regarding the dates of submission and the format of such report should be clearly set out and relevant models should be made available.
7. The conditions for the use of imprest accounts, a system of management which constitutes an exception to normal budgetary procedures, should also be laid down, and the tasks and responsibilities of the imprest administrators, as well as those of the authorising officer and accounting officer in connection with the control of imprest accounts, should be set out.
8. It has proven necessary to introduce the possibility to use credit cards and pre-paid cards linked to imprest accounts in order to facilitate payments and avoid the risks associated with handling cash.
9. As regards revenue, it is necessary to specify the tasks and controls falling within the responsibility of the authorising officers at the different stages of the procedure: establishment of the estimate of amounts receivable, recovery order, dispatch of the debit note informing the debtor that the amount receivable has been established, calculation of any default interest due, and the decision, where necessary, to waive an entitlement subject to criteria guaranteeing compliance with sound financial management in order to ensure an efficient collection of revenues.
10. It is necessary to specify the role of the accounting officer in the collection of revenue and in allowing any additional time for the recovery of payments. It is necessary to clarify the relationship between validation, authorisation and payment operations and the controls to be carried out by the authorising officer when validating expenditure, with the endorsement 'passed for payment'. The documents to be produced in support of payments should be also specified.
11. For the internal audit, it is necessary to lay down the modalities regarding the reporting obligations and liability of the internal auditor in order to further enhance transparency and accountability.
12. It is necessary to insert implementation procedures for the management of the system of property inventories at the Institute.

**HAS ADOPTED THESE RULES OF APPLICATION:**

**Contents**

CHAPTER 1..... 6

    SUBJECT MATTER..... 6

        Article 1 ..... 6

CHAPTER 2..... 6

    ACCOUNTING SOFTWARE..... 6

        Article 2 ..... 6

        Article 3 ..... 6

CHAPTER 3..... 7

    BUDGET IMPLEMENTATION - FINANCIAL ACTORS ..... 7

        Article 4 ..... 7

        Article 5 ..... 7

        Article 6 ..... 8

        Article 7 ..... 8

        Article 8 ..... 8

        Article 9 ..... 8

        Article 10..... 9

        Article 11..... 9

        Article 12..... 9

        Article 13..... 10

        Article 14..... 10

        Article 15..... 10

CHAPTER 4..... 11

    REVENUE OPERATIONS ..... 11

        Article 16..... 11

        Article 17..... 12

CHAPTER 5..... 12

RECOVERY.....	12
Article 18.....	12
Article 19.....	12
Article 20.....	13
CHAPTER 6.....	14
EXPENDITURE OPERATIONS.....	14
Article 21.....	14
Article 22.....	14
Article 23.....	14
Article 24.....	15
Article 25.....	15
Article 26.....	17
CHAPTER 7.....	18
INTERNAL AUDITOR.....	18
Article 27.....	18
Article 28.....	18
Article 29.....	18
Article 30.....	19
Article 31.....	19
CHAPTER 8.....	20
PUBLIC PROCUREMENT.....	20
Article 32.....	20
CHAPTER 9.....	20
Article 33.....	20
CHAPTER 10.....	20
PRESENTATION OF THE ACCOUNTS.....	20
Article 34.....	20
CHAPTER 11.....	21
PROPERTY INVENTORIES.....	21
Article 35.....	21

Article 36 .....	21
CHAPTER 12 .....	22
SPECIFIC & FINAL PROVISIONS .....	22
Article 37 .....	22
Article 38 .....	22
ANNEX I.....	23
ANNEX II.....	24

# CHAPTER 1

## SUBJECT MATTER

### Article 1

#### Subject matter

1. This Decision lays down a first set of specific rules of application for the Institute's Financial Rules outlined in High Council Decision n° 6/2015 of 4 December 2015 amending the European University Institute's Financial Rules previously outlined in High Council Decision n° 2/2013 of 7 June 2013 and High Council Decision n° 5/2014 of 5 December 2014.
2. For the purposes of these Rules of Application, the definitions used for the purposes of the Financial Rules shall be applicable as far as possible.
3. Any reference in these Rules of Application 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.

# CHAPTER 2

## ACCOUNTING SOFTWARE

### Article 2

#### **Software to accommodate assigned revenue (Article 19 of the Financial Regulation (FR))**

The appropriations corresponding to assigned revenue shall be made available automatically by the accounting software. Where this is not possible, the accounting officer shall prepare an additional budget document to be approved by the authorising officer responsible.

### Article 3

#### **Registration of delegation of budget implementation powers in the accounting software (Article 30 of the FR)**

All delegations of budget implementation granted by the President, the Secretary General or the accounting officer shall be registered in the Institute's accounting software, by the responsible staff member in the ICT Service likewise attributing to the staff members concerned the relevant rights in the system's workflow. This ICT staff member shall take responsibility for inserting and updating these delegations, communicated exclusively by way of a formal instrument of delegation.

The ICT Director retains overall responsibility for the entire registration process.

## **CHAPTER 3**

### **BUDGET IMPLEMENTATION - FINANCIAL ACTORS**

#### **Article 4**

#### **Delegation of duties of authorising officer to staff members of appropriate level (Article 33 bis of the FR)**

The Secretary General shall act as Authorising Officer by Delegation (AOD) on the basis of a Decision of the President and shall act within the limits set by the instrument/act of delegation. He may delegate his signature to members of staff in the category AD.

The Secretary General in his capacity as authorising officer by delegation may sub-delegate his powers to other authorising officers by delegation, such as Directors of Service and members of staff in the category AD and AST from grade 3 up to 14.

The powers delegated may allow the authorising officer by delegation to carry out only some of the specific operations referred to below and only up to specifically defined budget limits. The instrument of delegation shall also specify the administrative area of competence in the context of which the sub-delegated authorising officer shall be empowered to act.

The overall administrative organisation of the Institute shall be defined in a relevant Decision of the President.

#### **Article 5**

#### **Annual report of the authorising officers (Article 34 and 35 of the FR)**

1. The Directors of Service in their capacity of Authorising Officers by delegation shall submit their annual activity report to the Secretary General no later than 10 March of the year following that to which their report is related.  
The report shall contain a duly completed Questionnaire on the Implementation of the Internal Control Standards (ICS), as defined via a relevant President's decision.  
Model Annual Activity Report and Model Questionnaire on the Implementation of ICS, shall be updated by the Internal Audit Office (IAO) and published under the IAO web page, internal control system section.  
The Internal Audit Office shall also make available under the IAO web page a model declaration as the one requested under Article 35 of the Financial Rules to be annexed to the report.  
The Secretary General shall forward no later than 31 March all these reports as well as his own to the President of the Institute and the Internal Auditor together with a summary.
2. Other sub-delegated staff members shall report regularly to the hierarchically responsible Authorising Officer by Delegation (namely Director of Service) on their management tasks within the scope and limits of the delegation given to them by the Secretary General.  
By no later than 20 February each year an annual report on the management of the preceding year, which will also facilitate the preparation of the annual report of the Service, shall be submitted to the hierarchically responsible Authorising Officer by Delegation (namely Director of Service), along with a signed statement (model available under IAO web page).

Directors of Service who are not authorising officers by delegation, shall also report on the performance of their duties under the terms of Article 35 of the Financial Rules and under the above-mentioned modalities, without being requested to include financial information in their annual activity report.

#### **Article 6**

##### **Minimum standards of internal control (Article 34(4) of the FR)**

Specific implementing provisions of Article 34 (4) laying down minimum standards of internal control shall be defined in a relevant Decision of the President (currently President's Decision No. XX/2015 of XX/XX/2015 revising the Internal Control Standards introduced in the services of the European University Institute by President's Decision n.16/2004 pursuant to Article 34(4) of the EUI's Financial Rules).

#### **Article 7**

##### **Appointment of the accounting officer (Article 36 of the FR)**

The Institute shall appoint an accounting officer from staff subject to its Staff Regulations and Conditions of Employment of Other Servants.

The accounting officer shall be chosen by the Institute on the grounds of his particular competence as evidenced by diplomas or by equivalent professional experience.

#### **Article 8**

##### **Management of bank accounts (Article 36 of the FR)**

1. For the requirements of treasury management, the accounting officer may open accounts in the name of the Institute with financial institutions.
2. The accounting officer shall decide on the closure of the accounts referred to in paragraph 1 or shall ensure that such accounts are closed.
3. The accounting officer shall set the operating terms for accounts referred to in paragraph 1 with financial institutions in accordance with the principles of sound financial management, efficiency and competitive tendering.
4. At least every seven years the accounting officer shall re-launch competitive tendering between financial institutions with which account could be opened in accordance with paragraph 1.
5. The accounting officer shall ensure strict compliance with the operating terms for accounts opened with financial institutions in accordance with paragraph 1.

#### **Article 9**

##### **Signatures on bank accounts (Article 36 of the FR)**

The terms governing the opening, operation and use of bank accounts shall provide, depending on internal control requirements, that cheques, bank credit transfer orders or any other banking operations – including written instructions given to the bank - must be signed by two duly authorised members of staff, one of which must be the accounting officer or a staff member duly authorised by the accounting officer.

These signatures can be ensured electronically through the accounting system. In this case only, it is to be understood that the first signature will be that of the authorising officer responsible approving the payment request and the second one will be of the accounting officer or of a staff member duly authorised by the accounting officer to send the instruction online to the bank.

For the purposes of this Article, the accounting officer shall communicate to all financial institutions with which the Institute has opened accounts the names and specimen signatures of the authorised members of staff.

#### **Article 10**

##### **Transfer operations (Article 36 of the FR)**

The accounting officer shall conduct transfers between accounts opened by him in the name of the Institute with financial institutions, in order to ensure correct cash flows between the accounts dedicated to the treasury management of specific activities.

#### **Article 11**

##### **Methods of Payment (Article 36 and 39 of the FR)**

Payments shall be made by bank credit transfer, by cheque, from imprest accounts, by debit card, by pre-paid card and exceptionally in cash, through the Institute's bank branch in accordance with the specific request and instructions laid down by the accounting officer.

Transfers can also take the form of direct debit by the bank or by standing orders given to the bank.

Cash equivalent can comprise payments by credit card linked to a bank account opened in the name of the Institute. Only the accounting officer and the President can make use of such credit cards.

#### **Article 12**

##### **Legal entities file (Article 36 of the FR)**

1. The accounting officer may make payments by bank credit transfer only if the payee's bank account details and information confirming the payee's identity, or any modification, have first been entered in the Legal Entity File, a database integrated in the accounting software.  
Any such entry in the file of the payee's legal and bank account details or modification of the details shall be based on a supporting document, the form of which shall be defined by the accounting officer, signed by the representative of the legal entity, or sent by e-mail emanating exclusively from the beneficiary of the payment to be made. A model of this supporting document is provided under Annex I.  
Authorising officers shall inform the accounting officer of any change in the legal entity and/or bank account details communicated to them by the payee. A new signed form shall be addressed to the accounting service.
2. Authorising officers responsible may enter into an individual legal commitment towards a third party on behalf of the Institute only if that third party has provided the documentation required for its entry in the file.

### **Article 13**

#### **Termination of duties of the accounting officer (Article 38 of the FR)**

The Budget and Finance Committee and the High Council shall be informed at their first upcoming meeting of the appointment and termination of duties of the accounting officer.

### **Article 14**

#### **Conditions of use of Imprest Accounts and governing creation and payment (Article 40 of the FR)**

Where, owing to the limited amounts involved, it is materially impossible or inefficient to carry out payment operations by budgetary procedures, imprest accounts may be set up for the payment of such expenditure.

The creation of an imprest account and the appointment of an imprest administrator shall be subject of a decision by the accounting officer, on a duly substantiated proposal from the authorising officer responsible. That decision shall set out the respective responsibilities and obligations of the imprest administrator.

The decision shall specify in particular:

- (a) the identity of the appointed imprest administrator;
- (b) the maximum amount which may be initially provided in cash or by pre-paid cards as an imprest;
- (c) the frequency with which supporting documents must be produced;
- (d) the procedure to be followed if the imprest has to be replenished.

The imprest transaction will be settled by the authorising officer responsible by no later than the end of the financial year during which the imprest account was opened under the following modalities:

- the cash balance must be reimbursed directly at the Institute's bank branch in favour of the Institute's bank account;
- in the case of prepaid cards, only the spent amount has to be cleared.

### **Article 15**

#### **Choice of imprest administrators (Article 40 of the FR)**

Imprest administrators shall be chosen from permanent staff members or, should the need arise and only in duly substantiated cases, from other members of staff.

## **CHAPTER 4**

### **REVENUE OPERATIONS**

#### **Article 16**

#### **Debit notes in the context of a procedure of establishment of amounts receivable (Article 47 of the FR)**

1. The establishment by the authorising officer responsible of an amount receivable shall constitute recognition of the right of the Institute in respect of the debtor and shall be the basis for the establishment of a recovery order.
2. The recovery order shall be the operation by which the authorising officer responsible instructs the accounting officer to recover the amount established.

A debit note shall be sent to the debtor and shall be based on the following terms:

- (a) the Institute has established the amount receivable;
  - (b) if payment of the debt is made before the deadline, no default interest will be due;
  - (c) failing reimbursement by the deadline referred to in point (b) the debt may bear interest at the rate referred to in Article 17 without any prejudice to any specific regulations applicable;
  - (d) failing reimbursement by the deadline referred to in point (b) the Institute shall effect recovery either by offsetting or by enforcement of any guarantee lodged in advance;
  - (e) the accounting officer may effect recovery by offsetting before the deadline referred to in point (b), where necessary to protect the Institute's financial interests when he has justified grounds to believe that the amount due to the Institute would be lost, after the debtor has been informed of the reasons and the date of the recovery by off-setting;
  - (f) If, after taking all the steps set out in points (a) to (e) of this subparagraph, the amount has not been recovered in full, the Institute may effect recovery by enforcement in accordance with the Institute's relevant procedures or by legal action.
3. The debit note shall specify:
    - (a) the amount to be recovered which shall be certain (i.e. not subject to any condition), fixed (i.e. expressed precisely in cash terms) and due (i.e. not subject to any payment time). It shall be expressed in euros or, exceptionally in a national currency;
    - (b) the name and address of the debtor as registered in the Institute's Legal Entity File;
    - (c) the deadline for payment;
    - (d) the possible method of recovery, including in particular recovery by offsetting or enforcement of any guarantee lodged.

To establish the amount receivable, the authorising officer responsible shall also personally ensure that:

- (a) the amount to be recovered is booked to the correct budget item;
- (b) the supporting documents are in order and that
- (c) the principle of sound financial management is complied with, in particular with regard to the criteria referred to in Article 22 of the Institute's Financial Rules.

The debit note shall be dated and signed by the authorising officer responsible, sent to the debtor and a copy shall be addressed to the accounting officer.

## **Article 17**

### **Default interest (Article 47 and 49 of the FR)**

Any amount receivable not repaid on the deadline referred to in the Debit Note may bear interest for late payment, depending on the characteristics of the specific contract or market.

In this case the Debit Note must clearly indicate this disposal and the interest rate applied.

The interest rate shall be the rate 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 on the first calendar day of the month on which the deadline falls, increased by three and a half percentage points.

Interest shall be calculated from the calendar day following the deadline specified in the Debit Note up to the calendar day on which the debt is repaid in full.

## **CHAPTER 5**

### **RECOVERY**

#### **Article 18**

##### **Authorisation of Recovery - Establishment of the recovery order (Article 48 of the FR)**

1. The recovery order shall specify:
  - (a) the financial year to which the revenue is to be booked;
  - (b) the references of the act or legal commitment which is the source of the debt and gives rise to the entitlement to recovery;
  - (c) the budget article and any other subdivision that may apply;
  - (d) the amount to be recovered;
  - (e) the name and address of the debtor;
  - (f) the deadline referred to in Article 16 (3)(c);

The possible method of recovery, including in particular recovery by offsetting or enforcement of any guarantee lodged is included in the Debit Note annexed to the recovery order.

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

#### **Article 19**

##### **Recovery procedure failing voluntary payment (Article 48 and 49 of the FR)**

If the full amount indicated in the debit note has not been recovered by the deadline indicated in it, the accounting officer shall consult the authorising officer and request his opinion on possible recovery by offsetting. If the authorising officer brings forward overriding reasons for not recovering via immediate offsetting, the accounting officer in collaboration with the authorising officer responsible may allow additional time for payment.

Otherwise, the accounting officer shall inform the debtor concerned that offsetting of the debt will be carried out against a claim (pending payment in his favour) that he has on the Institute relating to a sum established by a payment order. If the debtor does not react within a period

defined by the accounting officer in the message sent to him, the offsetting procedure will be launched.

The accounting officer shall produce each quarter a list of the not cleared customers and send it to the authorising officers for information and for their co-ordinated action. A copy of this list shall also be addressed to the internal auditor.

## **Article 20**

### **Waiving of recovery of an established amount receivable (Article 49 of the FR)**

1. The authorising officer responsible, may, within the limit of the limits of the amount indicated in the instrument of delegation, and after an examination on a case-by-case basis, waive recovery of all or part of an established amount receivable only in the following cases:
  - (a) where the foreseeable cost of recovery would exceed the amount to be recovered and the waiver would not harm the image of the Institute;
  - (b) where the amount receivable cannot be recovered in view of its age or the insolvency of the debtor;
  - (c) where recovery is inconsistent with the principle of proportionality;
  - (d) when all reasonable efforts to contact the debtor were unsuccessful.
2. In the case referred to in point (c) of paragraph 1, the authorising officer by delegation shall apply the following criteria which are compulsory and applicable in all circumstances:
  - (a) the facts, having regard to the gravity of the irregularity giving rise to the establishment of the amount receivable (fraud, repeat offence, intent, diligence, good faith, manifest error);
  - (b) the impact that waiving recovery would have on the operation of the Institute and its financial interests (amount involved, risk of setting a precedent, undermining of the authority of the law).

Depending on the circumstances of the case, the authorising officer by delegation may also have to take the following additional criteria into account:

- (a) any distortion of competition that would be caused by the waiving of recovery;
  - (b) the economic and social damage that would be caused were the debt to be recovered in full.
3. The waiver decision referred to in Article 49(3) of the Financial Rules shall be substantiated and shall refer to the diligence exercised to secure recovery and the points of law and fact on which the waiver is based.
4. Externally funded projects follow a specific procedure for the recovery of debt.

## **CHAPTER 6**

### **EXPENDITURE OPERATIONS**

#### **Article 21**

##### **Single signature (Article 51 of the FR)**

If the authorising officer responsible who signed the budgetary commitment remains unavailable for a period incompatible with the time limits for concluding the legal commitment, that legal commitment shall then be concluded by an authorising officer responsible designated under the deputation rules, provided that his own designation allows him to take such action in respect of the committed amount.

#### **Article 22**

##### **Provisional commitments (Article 51 of the FR)**

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

- (a) expenditure on staff, whether or not covered by the Staff regulations, on pensions and on the remuneration of experts;
- (b) expenditure on competitions, selection and recruitment;
- (c) training expenditure
- (d) mission expenses;
- (e) representation expenses;
- (f) meeting expenses;
- (g) freelance interpreters and translators;
- (h) cleaning, maintenance and security;
- (i) welfare and medical expenditure;
- (j) cost of telecommunication services;
- (k) work equipment;
- (l) water, gas and electricity;
- (m) communications activities engaged in by the Institute for the coverage of events;
- (n) researchers' grants.

#### **Article 23**

##### **Validation and material form of "passed for payment" (Article 54 of the FR)**

1. Validation of any expenditure shall be based on supporting documents on the basis of a statement of services actually rendered, supplies actually delivered or work actually carried out, or on the basis of other documents justifying payment.
2. The authorising officer responsible shall personally check the supporting documents or shall, on his own responsibility, ascertain that this has been done, before taking the decision validating the expenditure.
3. The validation decision shall be expressed by the indication of a 'passed for payment' by the authorising officer responsible or by a competent member of staff, duly empowered by the authorising officer responsible. The responsibility of the authorising officer on the validation process will be notified through publication on the EU's Financial Intranet page.

4. In a non-computerised system, 'passed for payment' shall be indicated directly on the supporting document or shall take the form of a stamp incorporating the signature of the authorising officer responsible or of a duly empowered competent member of the staff. Alternatively, it can also be communicated via internal e-mail. In a computerised system, 'passed for payment' shall take the form of an electronically-secured validation by the authorising officer responsible or by a duly empowered competent member of staff.

#### **Article 24**

##### **Passing for payment of staff expenditure (Article 54 of the FR)**

For payments corresponding to staff expenditure, the endorsement 'passed for payment' is implicitly considered when validating the payment, and shall certify that the following supporting documents exist:

- (a) in respect of monthly salary:
  - (i) the complete list of staff, giving all the components of remuneration;
  - (ii) a form (personal information sheet) based on decisions taken in each individual case, showing, whenever such change occurs, any change in any component of remuneration;
  - (iii) in the case of recruitments or appointments, a certified true copy of the recruitment or appointment decision which accompanies the validation of the first salary payment;
- (b) in respect of overtime: a statement certifying the amount of overtime worked;
- (c) in respect of mission expenses:
  - (i) the mission order request signed by the competent authority;
  - (ii) the statement of mission expenses signed by the member of staff on mission and by the administrative superior to whom the appropriate powers have been delegated, if the mission expenses differ from the mission order;
- (d) in respect of representation expenses, the original invoice, accompanied by the list of participants to the event;
- (e) in respect of other administrative expenditure: any supporting document referring to the decision on which the expenditure is based and justifying the reimbursement of an expenditure as long as it gives all the components for calculation.

The statement of mission expenses referred to in point (c)(ii) of the first paragraph shall indicate the place of mission, the dates and times of departure and arrival at the place of mission, travel expenses if directly paid by the agent on mission and other expenses duly authorised on presentation of valid supporting documents.

#### **Article 25**

##### **Supporting documents required for authorisation of expenditure (Article 55 of the FR)**

All contracts and invoices presented as supporting documents shall be in original form. Only in exceptional cases, when the original is lost, a duplicate copy certified by the beneficiary of the payment can be accepted.

Invoices and/or debit notes shall be sent as hard copy (paper) originals by regular mail.

Alternatively, the sending of invoices in PDF format by e-mail and/or by digitally-certified e-mail is permitted if sent exclusively to the following addresses:

- Library.Digital.Invoices@eui.eu: for all invoices to be charged to the Library
- Digital.Invoices@eui.eu: for all other invoices.

Invoices sent to e-mail addresses different from the two listed above will be returned to sender and will not be processed. Furthermore, suppliers must never send any copy of the invoices directly to the financial officer(s) in charge of the payment.

The supplier should be informed that the invoice(s) must be sent either by e-mail or by regular mail, but never both.

The invoice(s) must list the name of the person or of the unit responsible for authorizing payment of the same and, if applicable, the reference to the relevant purchase order request.

All invoices addressed to the Institute for payment shall show separately the imposable amount and the amount of value added tax. Non-respect of this rule implies the return of the invoice to the vendor except when the national rules do not foresee this method of representation on the invoice.

In case of receipt of an incorrect invoice, the competent authorising officer must request that the vendor sends a credit note and a new invoice with a new identification number as well as a new due date when appropriate.

The Accounting Service and the Library (the latter for its own invoices) will be, exclusively, responsible for printing invoices and stamping them with: the name of the service concerned (Accounting Service, Library), the phrase "Received online" and the date of receipt. Furthermore, a label with the barcode indicating a single progressive number applied to the front of the invoice is required for its insertion in the workflow.

The Accounting Service will register all the invoices, except those relevant to the Library, into the SOS II accounting software. A PDF copy of the invoices will be inserted into the financial workflow and sent to the appropriate financial officers, who shall proceed to check the invoices according to the provisions of Article 54, paragraphs 1 to 3 of the Financial Rules.

The Library will act in the same way for its own invoices.

The printed invoices will be filed and kept by the Accounting Service and the Library for the period of time set out in Article 78 (3) of the Financial Rules, as must be done for all other invoices received in hard copy.

In case of abuse, suppliers can be excluded from acceptance of electronic invoices by the accounting officer.

In case of receipt of a pro-forma invoice, as foreseen in Article 26 (e), this document is inserted into the workflow by the accounting service and paid via a Down Payment request, using transaction F-47 and posting it against a fund commitment.

When the legal invoice is received, it also will be inserted into the workflow by the accounting service and paid via a Payment request, using transaction F-871. The authorising officer must then approve the payment: during the payment run procedure the status of the vendor will be definitively cleared. Other supporting documents, in addition to those already listed in Article 20, can be:

- (a) service contracts duly signed by the contractor;
- (b) signed Researchers' mission expenses statements;

(c) pro-forma invoices.

In respect of visitor expenses reimbursement the invitation form addressed to the visitor together with the declaration of expenses form completed and signed by the visitor and approved by the inviting service responsible shall constitute valid supporting documents.

Supporting documents other than contracts and invoices may be accepted if sent scanned and/or in PDF format.

These documents shall be stamped with the date of receipt by the service responsible for payment. They must be scanned by using a sequential barcode and inserted in the accounting software( except in instances where there is a risk of compromising personal data, in which case the original documents shall be kept in the Personnel Service). They shall be filed in sequential order and sent regularly to the Accounting Service, which shall keep them for the period of time set out in Article 78 (3) of the Financial Rules.

When a payment due by the Institute is subject to a time limit for its execution, and the payment is not executed within the set limit, the creditor may be entitled to default interest for late payment. This interest payment must be charged to the budget line from which the principal amount was paid.

The interest rate to be applied shall be the one referred to in Article 17. However, when the interest so calculated is lower than or equal to 200 euro, it shall be paid only upon a written request submitted by the creditor within two months after receiving the late payment.

## **Article 26**

### **Advance payments (Article 57 of the FR)**

1. Requests for payment of advances shall be charged to the GL accounts, exception being made for researcher missions as indicated under paragraph 2 a).
2. In the following cases, advance payments may be made prior to the delivery of goods or services by the vendor:
  - (a) Researchers 'missions paid prior to the start of the mission, based on a mission order request. In case the mission does not take place, the reimbursement will be requested by the authorising officer responsible and an acceptance request issued and posted to the internal assigned revenue account;
  - (b) Grants to researchers and fellows;
  - (c) Rents for buildings;
  - (d) Subscriptions and registration fees;
  - (e) Pro-forma invoices are inserted into the workflow by the accounting service and paid by the creation of a Down Payment Request. As soon as a definitive invoice is received, it will be inserted as well into the workflow by the accounting service and paid by the creation of a FM Payment Request;
  - (f) Hotel, restaurant and room reservation
  - (g) Online purchases. Payments prior to delivery of services/goods are admitted in case of online purchases. This procedure should be reserved for cases of urgency and executed in respect of the principle of economy.
  - (h) Deposit accounts for access rights to e-books and interlibrary loans. The payment shall be done every four months, based on a strict forecast of the actual costs expected for the forthcoming period, and shall be charged to the relative G/L account. The G/L must be cleared, by the authorizing officer, regularly during the year upon receipt of the invoices/statements of expenditure justifying the spent

- amount. However, at the yearly closure of the accounts, a limited amount corresponding to maximum 10% of the total expenditure of the last four-month period can be left not cleared.
3. Advance payments referred to in paragraph 2 (a), (b), (c), (d) (f) and (g) are charged directly to the budget.

## **CHAPTER 7**

### **INTERNAL AUDITOR**

#### **Article 27**

#### **Appointment of the internal auditor (Article 59 of the FR)**

1. The President of the Institute shall appoint the internal auditor and shall inform the High Council, as well as the Budget Committee and the External Auditors of this appointment.
2. The auditing engagements, apart from the assurance nature, may have a consulting one, according to relevant international internal audit standards. The advisory opinion then expressed by the internal auditor neither affects the full responsibility of the authorising and/or responsible officers nor prejudices internal auditor's opinion during possible subsequent assurance audits.
3. The President of the Institute shall inform the High Council, as well as the Budget Committee and the External Auditors, when the duties of the internal auditor are terminated.

#### **Article 28**

#### **Resources for the internal auditor, work programme and annual report (Article 60 of the FR)**

The Institute shall provide the internal auditor with the resources required for the proper performance of his audit function and a mission charter detailing his tasks, duties and obligations.

#### **Article 29**

#### **Work programme & Reports of the internal auditor (Article 60 of the FR)**

1. The internal auditor shall adopt his work programme and shall submit it to the President. The President may ask the internal auditor to carry out audits not included in the work programme.
2. The internal auditor shall submit to the President the annual internal audit report provided for in Article 60(3) of the Financial Rules, indicating the number and type of internal audits carried out, the principal recommendations made and the action taken on those recommendations.

That annual report shall also mention any systemic problems in the fields of internal control, risk management and governance, detected during the auditing engagements.

The internal auditor shall, during the elaboration of his report, particularly focus on the overall compliance with the principle of sound financial management and shall report on the level of appropriate measures taken in order to steadily improve and enhance its application.

**Article 30**  
**Independence**  
**(Article 61 of the FR)**

The internal auditor shall enjoy complete independence in the conduct of his audits. He may not be given any instructions nor be restricted in any way as regards the performance of the functions which, by virtue of his appointment, are assigned to him under the Financial Rules.

**Article 31**  
**Liability of the internal auditor**  
**(Article 61 of the FR)**

The President alone, proceeding in accordance with this Article, may act to have the internal auditor, as a permanent staff member or other servant subject to the Staff Regulations, declared liable for his actions.

The President shall take a reasoned decision to open an investigation. That decision shall be communicated to the interested party. The President may put in charge of the investigation, under its direct responsibility, the Secretary General or one or more staff members of a grade equal to or higher than that of the member of staff concerned. In the course of the investigation, the views of the interested party shall be heard.

The investigation report shall be communicated to the interested party, who shall then be heard by the institution on the subject of that report.

On the basis of the report and the hearing, the President shall adopt either a reasoned decision terminating the proceedings or a reasoned decision in accordance with Articles 22, 86 and Annex IX of the Staff Regulations.

The interested party may bring an action in respect of such decisions before the Organ of First Instance and Appeal Board of the European University Institute, as provided for in the Staff Regulations.

Without prejudice to the remedies allowed by the Staff Regulations, the internal auditor may bring an action directly before the Organ of First Instance of the European University Institute in respect of any act relating to the performance of his duties as internal auditor. Such an action must be lodged within three months running from the calendar day on which the act in question is notified.

Such actions shall be investigated and heard as provided for in Article 91 of the Staff Regulations.

## **CHAPTER 8**

### **PUBLIC PROCUREMENT**

#### **Article 32**

#### **Implementing Rules on Public Procurement (Articles 62 to 66 of the FR)**

The implementing rules concerning Title V – Procurement are established by a separate decision of the President, currently President's Decision n° 44/2014 of 5 December 2014.

## **CHAPTER 9**

#### **Article 33**

#### **Contracting States' contribution (Article 67 of the FR)**

When a new State adheres to the EUI Convention, it should receive a form requesting to choose an option of payment of the yearly contribution to the EUI budget laid out in Article 67 (3) and (4) of the Financial Rules (Annex II).

Immediately following the adoption of the budget by the High Council, each Member State will receive an internally-registered letter signed by the President or Secretary General requesting the payment of the annual contribution based on the payment option chosen. An advance copy of this letter is sent to each member state by e-mail or fax when possible. The original is sent via regular mail.

## **CHAPTER 10**

### **PRESENTATION OF THE ACCOUNTS**

#### **Article 34**

#### **Financial statements (Article 78 of the FR)**

The notes referred to in Article 78 of the Financial Rules shall form an integral part of the financial statements and shall contain at least the following information:

- (a) accounting principles, rules and methods;
- (b) explanatory notes, supplying additional information not contained in the body of the financial statements which is necessary for a true and fair view.

# CHAPTER 11

## PROPERTY INVENTORIES

### Article 35

#### **Management of property inventories (Article 86 of the FR)**

The system of property inventories is intended to be integrated in the SOS II accounting software. That inventory system must supply all the information required for keeping the accounts and safeguarding assets.

All items acquired with a period of use greater than one year, which are not consumables and which purchase price or production cost is higher than 420 EURO shall be entered in the inventory and recorded in the fixed assets accounts. It is up to the competent authorising officer to decide, for operational reasons, to record also assets below 420 EURO.

The system will register, for each asset type, the depreciation rate as decided by the accounting officer. Depreciation will start on the first day of the month of acquisition of the asset.

Initial registration of an asset, and any modification thereto, are ensured by the operative agent responsible for the purchase order and the goods receipt's attestation.

In exceptional circumstances subsequent registrations must be done by the accounting officer: in case of reimbursement of assets directly acquired upon authorisation received from the competent authorising officer or in case of an on-line purchase of asset items.

The inventory shall contain an appropriate description of each item and specify its date of acquisition, its unit cost and its location, or for movable items the service or person responsible.

Inventory checks carried out by the Institute shall be performed in such a way as to ensure that each item physically exists and matches the relevant entry in the inventory.

### Article 36

#### **Procedure for disposing of tangible assets (Article 86 of the FR)**

An item may be removed from the Institute's assets in one of the following ways:

- sale of the item;
  - disposal of the item
  - destruction of the item;
  - disappearance or theft.
1. Land and buildings may be disposed of only by High Council decision.
  2. Items not totally amortized may be disposed of on the basis of the minimum price corresponding to their residual value entered in the inventory.

They may be also disposed of by way of gift only in favour of non-profitmaking bodies, notably charitable, humanitarian or cultural organizations. Every elimination of an inventoried item shall entail the drawing up of a declaration or report by the authorizing officer.

## **CHAPTER 12**

### **SPECIFIC & FINAL PROVISIONS**

#### **Article 37**

##### **Situations not covered by these Rules of Application**

In relation with the accounting principles, whenever a situation occurs that, although in conformity with the Financial Rules, is not fully covered by these Rules of Application, it shall be submitted formally to the accounting officer and duly documented. The accounting officer, taking into account the principles laid down in the European Commission's Rules of Application, the European Commission's Accounting Manual as well as individual instructions issued by the Commission's accounting officer, will then establish relevant guidelines which will be communicated in the appropriate format to the authorising officers. A copy of these guidelines will also be addressed to the internal and external auditors.

#### **Article 38**

##### **Final Provisions**

##### **(Repeal of previous relevant regulatory acts and entry into force)**

1. President's Decision n° 19/2003 of 9 July 2003 on the implementing provisions of Articles 59 to 61 of the general implementing provisions of the Financial Regulations (internal auditor) and President's Decision n° 10/2007 of 20 March 2007 on the implementing provisions of article 34 point 5 of the Financial Regulations (annual report of the authorising officer) as well as President's Decision n° 68/2013 of 16 December 2013 revising Decision n° 46/12 laying down internal procedure concerning the implementation of Article 55 (2) of the Financial Rules are hereby repealed.
2. The present Decision shall enter into force on the date of its adoption.

It shall apply as of 1 January 2016.

Done at Florence, 4 December 2015

The President,

J.H.H. WEILER