

Financial Regulations and Internal Financial Rules



**Financial Regulations and Internal Financial Rules
of the
European Molecular Biology Laboratory**

*As amended by the Council under Resolution 2021-03 at its 61st Ordinary Session Meeting
on 29 and 30 June 2021 and effective from 1 July 2021*

A record of changes for the Financial Regulations and Internal Financial Rules is available on the
EMBL Intranet at: https://intranet.embl.de/finance_matters/finance/rules/index.html

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How to Use This Document

Financial matters at EMBL are governed by a hierarchy of documents that set out the parameters under which EMBL operates and also provide guidance as to how particular types of activities are approved and processed.

1. At the highest level are the Financial Regulations. These set out the governing principles upon which EMBL's finances operate, including the split between financial matters that can be approved by the Director General (or his delegates) and those that also require approval by EMBL Council and/or its Finance Committee.

Financial Regulations are subject to approval by Council and are formally reviewed every three years.

2. At the next level are the Internal Financial Rules. These detail how the Financial Regulations are implemented inside EMBL.

The Internal Financial Rules are issued by the Director General and are formally reviewed at the same time as the Financial Regulations. They will be provided to Council for information.

3. The third level of documents are EMBL's Financial Policies and Procedures. These are the most detailed level of documents and deal with individual specific financial issues that require more detailed guidance.

Financial Policies and Procedures are approved by the Head of Finance. Appropriate internal stakeholders are consulted before the Financial Policies and Procedures are finalized/ revised.

Current Financial Policies and Procedures are available at:

https://intranet.embl.de/finance_matters/finance/policies/index.html

Questions on these documents should be addressed, in the first instance, to EMBL's Head of Finance.

Financial Regulations

Regulation 1 – Governing Principles

Six key principles shall govern all financial transactions:

- a. All income and expenditure shall be consistent with the Laboratory's mission and objectives;
- b. All income and expenditure will be reported in the financial statements presented to Council;
- c. Responsibility and accountability for financial matters will be clearly specified and allocated;
- d. All financial matters will be accounted for in accordance with instructions from Council;
- e. Financial responsibility shall be discharged transparently, economically, efficiently and effectively;
- f. Financial resources shall be deployed to achieve efficiency in the operations of the Laboratory.

Regulation 2 – Financial Governance

The financial management of the Laboratory shall be governed by the [Agreement establishing the Laboratory](#), these regulations, and any arrangements drawn up by Council and the Director General in implementation thereof.

Regulation 3 – Authorities

Authorities are linked to the organs according to [Article V of the establishing Agreement](#). Authority in the field of the financial management of the Laboratory shall be invested in:

- a. The Council;

The Council is assisted by the Finance Committee set up by the Council under [Paragraph \(7\) a\) of Article VI of the Agreement](#);

- b. The Director General of the Laboratory (who may delegate authority in writing to named individuals and posts).

Regulation 4 – Financial Management and Control

The authorities of the Council are defined in [Article VI \(3\) of the Agreement](#). The Council is assisted by subordinate bodies according to [Article VI \(7\)](#).

In financial management and control the Council is assisted by the Finance Committee.

The authorities of Director General are defined in [Article VII \(2\) and \(3\)](#), [Article IX \(2\)](#), [Article X \(5\), \(6\) and \(8\)](#).

Financial management and control will be exercised by:

- a. Council, who will ensure that the financial requirements of the [Agreement establishing the Laboratory](#) and of the agreements with host member states are complied with;

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- b. The Finance Committee, who shall ensure that appropriate mechanisms are in place to monitor the financial activities of the Laboratory, and will keep under review the effectiveness of the Laboratory's financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks;
- c. The Director General, who will ensure that [Internal Financial Rules](#) are drawn up to meet the operational requirements of the Laboratory in accordance with the Financial Regulations.

Regulation 5 – Finance Committee

The [Finance Committee](#) undertakes duties and responsibilities as may be attributed to it by Council and exercises on behalf of Council authorities delegated to it:

- a. The Finance Committee (hereinafter referred to as “the Committee”) shall be composed of one representative of each member state, who may be accompanied by advisers.
- b. The Committee shall normally adopt as much as is applicable the [Rules of Procedure established for Council](#).
- c. The Council shall elect the Chair and Vice Chair of the Committee at the last meeting of its ordinary annual session. These appointments are effective from 1 January of the following year and incumbents shall normally hold office for one year and may be re-elected on not more than two consecutive occasions
- d. In circumstances deemed exceptional by the Council, the Chair and Vice Chair may be re-elected on more than two consecutive occasions.
- e. The Director General or his/her representative shall attend meetings of the Committee. The Chair of the Council shall have the right to attend the meetings of the Committee. The internal and external auditors may attend the meetings when this is required by the auditors or the Committee.
- f. The Committee will exercise their responsibility for financial management and control by:
 - 1. Examining the budget estimates and reporting thereon to Council;
 - 2. Laying down the terms on which contributions of member states shall be paid;
 - 3. Deciding on the form of budget estimates and accounts;
 - 4. Examining long and short term plans proposed by internal audit and comment on the adequacy of audit coverage and focus. Such comments will be taken into account by Internal Audit when finalising plans for approval by the Director General.
 - 5. Examining the financial statements and receiving the reports of the internal and external auditors and reporting thereon to Council;
 - 6. Approving subject to [Regulation 15](#) the carrying forward of provisions;
 - 7. Examining and authorising the establishment of the funds and accounts. Examining and authorising the purpose and conditions (including investments conditions where appropriate) of all funds and accounts;
 - 8. Notifying the Council of the consequences of currency fluctuations and making recommendations for remedial measures where such fluctuations are likely to disturb the balance of the budget;
 - 9. Reporting to the Council on the financial implications of the admission of new member states;

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10. Considering matters which, in accordance with the provisions of the [Staff Rules and Regulations](#), require the approval of the Committee or recommendations from it to the Council;
11. Approving equipment purchases and building and engineering works valued at more than €1,000,000 (except those met from external funds and except where alternative arrangements for approval are agreed by Council);
12. Authorising payments 10% in excess of contract price;
13. Examining and authorising non-standard financial transactions and reporting thereon to Council. Such non-standard transactions shall include cash or stores losses, write off of assets, third party vendor or service provider contract termination payments etc. outside the ordinary course of running the Laboratory and of a value greater than €25,000 per case.

Regulation 6 – Audit Arrangements

- a. Council shall appoint External Auditors. The tenure of office shall be three years unless otherwise determined by Council. In case the external audit services are carried out by one of the Member States, these external audit services shall be made available free of charge by the nominated Member State(s). Auditing staff shall be entitled to reimbursement of their travel expenses in accordance with the travel standards applicable to EMBL staff. The primary task of the External Auditors is to examine, in accordance with auditing standards accepted by the appropriate international auditing and accounting organisations, the accounts of the Laboratory to certify that:
 1. The financial statements as presented to the Committee and Council fairly reflect the income, expenditure and financial position at the end of the financial year and are in accord with the books and records of the Laboratory.
 2. The transactions recorded in the accounts are in accordance with budgetary provisions and other applicable directives and are in accordance with the Financial Regulations and Internal Financial Rules.
 3. The internal controls are adequate.

The External Auditors shall also take into consideration whether the resources of the Laboratory have been used with due economy and efficiency and effectiveness.

The External Auditors shall have access to all files, records, vouchers and members of personnel.

The External Auditors shall prepare a signed report expressing an opinion on the financial statements to Council by 31 May each year and shall attend meetings of the Committee and Council at which the report is discussed.

- b. The Director General shall appoint Internal Auditors. Internal Audit shall report to the Director General on audit matters and shall not be subject to instructions from any other person employed by the Laboratory. Internal Audit shall provide an independent and objective assurance and consulting activity designed to evaluate and improve the effectiveness of the Laboratory's risk management, internal control and governance process in accordance with generally accepted auditing standards.

The Internal Auditors shall have access to all files, records, vouchers and members of personnel.

The Internal Auditors shall submit their annual report to the Committee by 31 May each year and shall attend meetings of the Committee and Council at which the report is discussed.

The Internal Auditors shall also take into consideration whether the resources of the Laboratory have been used with due economy and efficiency and effectiveness.

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- c. External and Internal Auditors shall, in conducting their work, ensure that the Internal Financial Rules drawn up by the Director General accord with the governing principles and requirements laid down in the Financial Regulations.

Regulation 7 – Financial Year

The financial year shall be from 1 January to 31 December.

Regulation 8 – Currency

Notwithstanding [Article IX \(4\) of the Agreement](#) and in accordance with the Council decision at the July 1998 meeting the euro shall be used to draw up indicative schemes for the realisation of the programme, provisional estimates of expenditure, annual budgets and, more generally, all documents relating to the income and expenditure of the Laboratory. The euro will also be used to establish the amount of contributions, although contributions for the United Kingdom will also be established and paid in pounds sterling.

Regulation 9 – Indicative Scheme and Reserve Fund

- a. An indicative scheme shall be prepared in compliance with the terms of [Article VI \(3\) b\) of the Agreement](#).
- b. The indicative scheme and the associated annual budgets shall include planned contributions from member states and all other income for which planned and realistic targets can be set and shall identify the expenditures to be incurred against that income.
- c. A reserve fund shall be established. At the end of each financial year it shall be adjusted to take account of the surplus/deficit of the Laboratory's operations (i.e. the difference between income and expenditure for that financial year). The reserve fund will exclude the costs of future depreciation of assets and unused donations, which will be carried in separate reserves.
- d. The reserve fund shall operate throughout each indicative scheme.
- e. For each annual budget submitted for approval during the indicative scheme period (including subsequent revisions to the budget) the Director General shall identify broad proposals for using the reserve fund during the year (which may include general subventions to income). His/Her proposals shall require approval by Council as part of the normal budget procedure.
- f. For each financial statement submitted for approval the Director General shall identify the uses made of the reserve fund.

Regulation 10 – Budget and Programme

- a. A forecast of expenditure shall be made for the programme provided for in [Paragraph \(2\) of Article II of the Agreement](#) to be approved by the Council in accordance with [Paragraph \(3\) d\) of Article VI of the Agreement](#).
- b. The income and expenditure of the Laboratory shall be estimated and authorised in an ordinary annual budget drawn up in accordance with [Article IX of the Agreement](#) and including all the expenditure of the Laboratory.

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- a. The Director General shall submit an outline budget for preliminary consideration at the summer meeting and final estimates for approval at the winter meeting, both at least four weeks in advance of the meeting.
- b. The budget estimates shall apply to income and expenditure for the financial year to which they relate. Gross accounting is the reference procedure, i.e. all expenditure incurred and all income received by the Laboratory will be identified in the indicative scheme, budget and financial statements.
- c. The budget estimates shall be presented under headings, divided into subheadings, in the form prescribed by the Committee.
- d. The budget estimates shall be accompanied by:
 1. The indicative scheme for the realisation of the general programme as provided for under [Paragraph \(3\) b\) of Article VI of the Agreement](#);
 2. The provisional estimate of expenditure provided for in [Paragraph \(3\) d\) of Article VI of the Agreement](#);
 3. The staff establishment provided for in [Paragraph \(3\) h\) of Article VI of the Agreement](#);
 4. A detailed statement of the budget approved for the current year;
 5. An up-to-date estimate of the income and expenditure for the current year and the preceding year, together with an explanation of the variations as compared with provisions;
 6. A general indication of the nature, components and cost of projects exceeding €1,000,000 in value to be undertaken during the following year. A project, in the meaning of this Regulation, is defined as a coherent scheme of building and/or engineering works – or a series of inter-related schemes – devoted to a particular objective (excluding those financed from external funds, in-kind contributions or subject to separate Council approval) whose aggregate costs require the prior approval of the Finance Committee in accordance with [Regulation 21e](#).
 7. Any explanation which the Director General considers necessary.

Regulation 12 – Presentation and Approval of the Budget

- a. The Director General shall submit the budget estimates thus prepared to the Committee.
- b. The Committee shall examine the budget estimates and report to the Council on them.
- c. The Council shall approve the annual budget and decide on the amount of contributions to be provided by the member states.

Regulation 13 – Interim Budgetary Measures

- a. If the budget is not duly adopted at the beginning of the financial year by the Council, the execution of payments and the undertaking of commitments shall be subject to the following principles:
 1. Payments may be made for measures for which appropriations or authorisations to undertake commitments were already provided for in previous budgets. Total payments must not in any one month exceed one twelfth of the total amount appropriated in the budget of the previous year or one twelfth of the draft budget for the current year; the lower amount in each case shall apply;

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2. New commitments may be undertaken to the extent that they are necessary for the continued execution of measures for which appropriations or authorisations to undertake commitments had already been provided for in previous budgets. The total amount of the commitments thus undertaken must not, however, exceed 25 % of the total amount of the authorisations approved in the previous financial year; nor must it exceed the total amount of the authorisations provided for in the budget estimates for the current year.
- b. The payments to be made in this way shall be financed from contributions, which the Director General shall collect from the member states three months in advance and pursuant to the prevailing scale of contributions.

Regulation 14 – Supplementary or Revised Budget

- a. A supplementary or revised budget should be prepared only in the case of an unforeseeable and imperative requirement and, in that event, the Director General shall, at the request of the Council, or on his/her own initiative, prepare such a budget in a form and according to procedures consistent with those described in [Regulation 11](#) and [Regulation 12](#).
- b. No additional expenditure shall be deemed to be approved by the Council until it has approved a budget estimate taking account of such additional expenditure.

Regulation 15 – Budget Provisions

- a. The adoption of the budget by the Council shall constitute an authorisation to the Director General to incur expenditure in accordance with that budget.
- b. At the end of each financial year the reserve fund shall be adjusted by the profit/loss of the Laboratory's operations in accordance with [Regulation 9](#).
- c. If obligations do not mature for payment by the end of the financial year for which the corresponding provisions have been made, the latter shall be carried forward to the next financial year or subsequent financial years, where this is contractually required.
- d. Provided that the total amount of the contributions of the member states for the year concerned is not thereby exceeded, the Director General may transfer funds from one heading to any other heading.

Regulation 16 – Expenditure

- a. The expenditure of the Laboratory shall be covered by:
 1. Financial contributions from member states, other income, external funding and the agreed use of the reserve fund.
 2. Gifts and other resources in accordance with [Article IX \(3\) b\) and c\) of the Agreement](#).
- b. If the financial situation so requires, the Director General shall have the power to limit or suspend expenditure provided for in the budget, pending a decision by the Committee.

Regulation 17 – Contributions from the Member States

- a. The budget shall be financed by contributions from member states according to a scale of assessment laid down by Council under the terms of [Article X of the Agreement](#). In determining the total amount of such contributions account shall be taken of other income and the provisions of [Regulation 9](#).

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- b. After the Council has adopted the budget, the Committee shall, with the agreement of the Director General determine the arrangements for paying contributions in such a way as to guarantee the proper financing of the Laboratory's work. The Director General shall thereupon notify member states of the amounts of their contributions.
- c. The Director General shall call up these contributions in two instalments of 40% of the total, these being due for payment respectively on or before 31 January and 31 May and in one instalment of 20% of the total, this being due for payment on or before 30 September of the year in question or on the basis of such comparable arrangements as may be agreed with the Director General.
- d. *Interest on arrears of contributions.* The Laboratory is authorised to charge interest at 2% p.a. on the portion of a member state's contribution that has not been paid four weeks after the dates determined under [Regulation 17c](#). Interest on arrears of contributions shall be charged without prejudice to the provisions of the Agreement regarding the payment of contributions. Where interest is charged for late payment it will be offset by interest given, at 2% p.a., on any contributions paid more than four weeks before the due date. Interest will be given for the period from early receipt to four weeks before the due date. In no case will interest given exceed interest charged. Should the Laboratory be required to borrow funds to cover for a cash shortfall due to late payment, the rate charged to late payers would be set at the commercial terms of the loan. The rate methodology shall be reviewed as part of the process of setting each new Indicative Scheme to ensure the rate base used is still consistent with EMBL's financial situation.
- e. Unless Council has agreed that it shall be taken as additional income the Director General shall, upon receipt of the contributions made by a new member state, under the provisions of [Article X of the Agreement](#), re-assess the contributions due from existing member states for the current financial year.

Regulation 18 – Accounts

Funds and accounts may be established by the Director General under conditions and for purposes authorised by the Committee under [Regulation 5f.7](#).

Regulation 19 – Custody of Funds and Authorised Signatories

- a. The Director General shall designate the bank or banks in which the funds of the Laboratory shall be kept and may open subsidiary accounts. All moneys received under the provisions of [Regulation 17](#) shall be paid into the Laboratory's accounts.
- b. The withdrawal of funds, authorising and making of payments, committing expenditure, entering into contracts (including employment contracts) and applying and accounting for external funds shall require double authorities. The existence of such authority shall be demonstrated by two separate signatures in respect of each transaction. The Director General shall maintain a record of all persons or postholders authorised as signatories under this Regulation.
- c. The Director General may establish petty cash accounts for expenses which are inconvenient to meet by cheque or bank transfer. The level of these accounts shall be fixed by the Director General.

Regulation 20 – Accounting

- a. The Director General shall ensure the accurate accounting of the financial position and transactions of the Laboratory. Such accounting arrangements should reflect generally accepted accounting principles as adopted for the public sector and he/she shall submit financial statements containing, for the financial year to which they relate:
 - 1. The income and expenditure relating to all funds and accounts;

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2. A statement of financial position;
3. A cash flow statement;
4. A statement of changes in reserves;
5. A statement of comparison of budget and actuals; and
6. A Segment reporting.

The annual financial statements shall be accompanied by such other information as may be appropriate to indicate the financial position of the Laboratory.

- b. The accounting transactions of the Laboratory shall be recorded in the currency in which they took place but the accounts shall be expressed in euro.
- c. Separate arrangements shall be made for all funds and accounts authorised under [Regulation 5f.7](#).
- d. The financial statements shall be submitted by the Director General, or the staff member to whom he/she delegated this authority, to the auditors no later than 31 March immediately following the end of the financial year.

Regulation 21 – Financial Administration

- a. The Director General shall approve [Internal Financial Rules](#) designed to secure effective financial administration and the exercise of economy. He/She shall keep the Committee informed during the financial year of the financial position of the Laboratory.
- b. In the financial administration of the Laboratory, the Director General shall:
 1. Take all necessary steps to ensure that in the implementation of the budget commitment and payments are kept separately; ensure that any commitment is recorded in writing and that a corresponding document is drawn up stating the rights and obligations of the Laboratory; that the commitment is in accordance with the budget; that the conditions are compatible with the interests of the Laboratory; that the staff member authorising the expenditure was entitled to do so; that the funds of the Laboratory permit the expenditure; cause all payments to be made on the basis of supporting vouchers and such other documents as are necessary to ensure that the respective services or goods have been received and that payment for them has not previously been made and that contract conditions have been observed;
 2. Cause inventories to be kept;
 3. Have a record kept of all supplies received and available;
 4. Determine the circumstances, if any, in which property belonging to the Laboratory or services provided by the Laboratory may be used for private purposes. A charge may be made for such use;
 5. Render to the auditors with the financial statements such statements of the assets and liabilities of the Laboratory and inventories of equipment as may be necessary;
 6. Record authorities given in compliance with [Regulation 19b](#).
- c. The Director General shall maintain a framework of internal controls in order to ensure;
 1. The proper application of the procedures for receipt, custody and disposal of all funds and other financial resources of the Laboratory;

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2. The conformity of commitments or expenditure with the provisions voted by the Council, or with the rules relating to funds and accounts;
 3. The most effective use of the resources of the Laboratory.
- d. The Director General shall take all necessary steps to ensure that any acquisition of goods or services by the Laboratory is made in accordance with the following rules
1. Subject to the provisions of Regulations 21d.2 and 3 below, all purchases including a single item costing over €12,500 shall be demonstrably competitive unless the purchase request justifies in writing non-competitive acquisition and the Purchasing Office accepts the justification. A written record shall be kept of all accepted requests. Invitations to tender shall normally be limited to manufacturers and contractors located within the territories of member states, contracts shall be awarded to the firm whose tender is the lowest which satisfactorily complies with the technical and delivery requirements;
 2. Except purchases and works met from external funds and except where alternative arrangements for approval are agreed by Council no equipment purchases or building and engineering works valued at more than €1,000,000 shall be awarded without the prior approval of the Committee. For such equipment purchases the appropriate member(s) of the Scientific Advisory Committee shall be consulted and their advice made available to the Committee.
 3. In exercising its power of approval under Regulation 21d.2 above, the Committee shall ensure that, where competitive tenders have been obtained, the contract is awarded to the firm submitting the lowest tender which satisfactorily meets the technical and delivery requirements.
- e.
1. Except where alternative arrangements for approval are agreed by Council the Director General shall submit for the Finance Committee's approval the scheme of the projects in accordance with [Regulation 11d.6](#).
The scheme shall comprise:
 - Scientific, technical and/or economic reason for the proposed works;
 - An indication of the areas involved, for instance in terms of numbers of laboratories, offices, etc. and their dimensions;
 - A description of the type of work to be undertaken e.g. extension, improvement, change of use; and the nature of the work e.g. structural changes, mechanical services, electrical services, fitting out, etc.;
 - An estimate of the costs broken down into sub-projects if appropriate.
 2. Commitments will not be entered into by the Laboratory before the Finance Committee has approved the scheme.
 3. The provisions of the preceding [Regulations 21d.1 and 3](#) apply.
 4. If at any time in the course of the project it appears that the overall cost quoted to the Finance Committee ([Regulation 21d.1](#) above) is likely to be exceeded by more than 10% (or by such figure as may have been stated as the authority given to the Director General to transfer between sub-headings in accordance with [Regulation 15d](#), and that an equivalent saving could not be expected to be made in the later stages of the project, further reference must be made to Finance Committee – or in an emergency, to its Chair – to seek authority for the higher level of expenditure required before these funds are committed.

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- f. Formal authority is required for the writing off of all losses (including cash, stores and other assets, bad debts and third party vendor or service provider contract termination payments outside the normal course of running the Laboratory). The Director General's prior authority is required to write off all individual cases up to and including €25,000. Further information should be made available to Finance Committee upon request or where necessary to transparently disclose the transactions.
- g. The Director General shall conduct all exchange operations necessary for the requirements of the Laboratory.
- h. In issuing invitations to tender and entering contracts the Director General shall ensure that satisfactory conditions exist in relation to
 - 1. Applicable law
 - 2. Performance and specification
 - 3. Delivery
 - 4. Price
 - 5. Guarantees
 - 6. Insurance
 - 7. Contractor's obligations
 - 8. Intellectual property and patent rights
 - 9. Arbitration
 - 10. Penalties for non-performance

Regulation 22 – Travelling and Subsistence

Travelling and subsistence expenses of representatives of member states shall be reimbursed in accordance with the following principles:

- a. The cost of attendance at the Council and the Finance Committee shall fall on the member states;
- b. The cost of attendance at committees other than the Finance Committee and the Council shall be met by the Laboratory, except that:
 - 1. When on any occasion a meeting coming under [Regulation 22b](#) is arranged immediately before or after a meeting coming under [Regulation 22a](#), the whole cost of attendance of a member who in any case would have attended the latter shall be borne by his/her government;
 - 2. The expenses shall in all cases be paid for only the one person appointed by his/her government as a member of a committee;
 - 3. Reimbursement shall be at the rates and under the conditions laid down in the Staff Regulations.

Regulation 23 – Gifts

- a. Under [Article IX \(3\) c\) of the Agreement](#), the Laboratory may receive gifts from individuals, organisations and commercial enterprises. These gifts may be in the form of donations, legacies, sponsorship, cash or contributions in kind such as free travel or accommodation, but all provide a form

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of financial benefit. Each gift needs to be reviewed before acceptance to ensure that receipt will not impair or appear to impair the integrity and reputation of the Laboratory.

- b. The Director General will evaluate all proposals to accept gifts from potential donors to ensure such proposals do not:
 1. conflict with the Agreement or compromise EMBL's role as an independent research organisation.
 2. create a conflict of interest or the appearance of an inappropriate relationship with or reliance on a specific donor;
 3. present a significant reputational risk for EMBL;
 4. give rise to concerns over the legal and ethical implications of a potential donation;
 5. require current and/or future obligations on the Laboratory that cannot fully and economically be met from the funds earned from the gift; and
 6. require current and/or future obligations on the Laboratory that cannot be supported by staffing and resources available to the Laboratory.
- c. The Director General will ensure that EMBL has implemented and maintains appropriate processes to manage the administration and risks associated with the receipt of gifts. In approving a gift, the Director General may direct EMBL to implement appropriate mitigation to manage such risks.
- d. The Director General will establish a [Gift Acceptance Committee](#) that will review all donations over €10,000, including legacies. The aim of this committee will be to analyse the due diligence performed and identify and weigh potential risks arising from acceptance and pass this onto the Director General to allow him/her to make a decision. External expertise should be sought where needed on areas that EMBL is not competent to analyse (e.g. tax issues, specialist legal issues, etc.).
- e. Proposals to accept gifts in cash (including legacy gifts) or in kind ("gifts") require prior written approval by the Director General. Subject to the provisions in this Regulation, gifts may be accepted by the Director General. Where the Director General, advised by the [Gift Acceptance Committee](#), identifies that the gift may be contentious, the gift may be declined or referred to EMBL Council for approval. In cases of urgency, approval may be sought by written procedure or, following consultation with the Chairs of Finance Committee and Council, retrospectively.
- f. For reasons of transparency, gifts from donors must be publicly acknowledged by EMBL. The basic and most common approach to such recognition is to insert an acknowledgement in documentation relating to the activity concerned, including in any publication by EMBL of the outcome of this activity. Acknowledgements shall usually be worded along the following lines: "*The European Molecular Biology Laboratory gratefully acknowledges the contribution of [company's name] towards [description of the outcome or activity]*". Where there is no associated publication attached to the activity, an equivalent acknowledgement will be made such as displaying the donor's name or logo on event posters.
- g. All work carried out at EMBL that leads to the generation of Intellectual Property is governed by the provisions of [Internal Policy 43, "Intellectual Property and Technology Transfer Policy at EMBL"](#), including work funded by gifts. Donors may only use the results of EMBL's work for commercial purposes within the provisions of IP43. Donors may not seek commercial promotion from the fact that they have made a gift. However, they may make reference to gifts in their corporate annual reports or similar documents. In order to ensure compliance with the above, letters requesting funds or accepting gifts from potential donors shall always be drafted in consultation with the EMBL Legal Adviser. Contributions received from all sources, including donors, are listed in the Financial Report and Audited Financial Statements of EMBL. A separate Note to the Accounts will analyse gifts received by contributor.

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- h. Anonymous gifts may not be accepted. Donors must be identified to the Director General and, where Finance Committee and Council are consulted, also to these bodies.
- i. Any gifts received by EMBL which are subsequently discovered to be noncompliant with these guidelines shall be returned to the donor.
- j. For accounting purposes gifts shall be entered in the books when received. Gifts requiring subsequent Council approval shall be held in a special account until they are formally accepted by the Council on the advice of the Finance Committee.
- k. Gifts may include, but are not limited to:
 - Cash gifts
 - Legacies
 - Real estate
 - Sponsorship
 - Speaker or other consultancy fees
 - Provision of free travel, accommodation or subsistence
 - Provision of free equipment, staff or other resources
 - Provision of laboratory space or other premises
- l. The Director General may give to educational and scientific research institutes and to museums in member states any scientific and office equipment which is of no further use to the Laboratory and of no resale value.

Regulation 24 – Emergency Action

In an emergency actions may need to be taken that are not covered by or do not fully comply with the Financial Regulations. Any such actions must be approved by the Director General and cleared in writing with the Chair of Finance Committee and reported to the next meeting of the Committee.

Regulation 25 – Final Provisions

- a. The present Financial Regulations were approved by the Council by adopting Resolution 2021-03 on 29 and 30 June 2021 in accordance with [Paragraph \(3\) e\) of Article VI of the Agreement](#), and are effective from 1 July 2021.
- b. The Financial Regulations may be amended by the Council in the same conditions.

Internal Financial Rules

Introduction

The Internal Financial Rules apply to all funds and resources administered by the Laboratory.

The Internal Financial Rules apply to all members of personnel and have the status of instructions issued by the Director General. The Internal Financial Rules will be made available on the EMBL intranet.

The Internal Financial Rules are designed to:

- ensure that adequate safeguards are in place to protect EMBL's financial and non-financial assets;
- ensure that adequate processes and controls are in place to ensure EMBL funds are allocated and expended to optimise their impact on the Laboratory's mission;
- ensure compliance with EMBL Financial Regulations;
- ensure that income and expenditure is consistent with the aims and objectives of the Laboratory;
- ensure the reliability and integrity of accounting records and financial reports to EMBL Finance Committee and Council and to third parties; and
- secure effective and efficient financial administration with due regard to the exercise of economy.

The Internal Financial Rules have been written with the intention of providing a clear, simple and complete statement of the key requirements to underpin the sound financial governance of EMBL.

Rule 1 – Review and Revision of the Internal Financial Rules

- 1.1. The Internal Financial Rules should normally be kept as current as possible and reflect any significant changes in administration systems and the system of internal financial controls.
- 1.2. These rules will be reviewed by the Head of Finance at least once every three years and, where appropriate, revisions will be proposed to the Director General. The review will be documented.

Rule 2 – Financial Responsibilities

Member of Personnel

- 2.1 All staff of (and visitors to) the Laboratory are required to use the Laboratory's funds and resources in an effective, efficient and economic manner. Staff are required to report any significant waste or misuse of funds and resources entrusted to EMBL (see [Rule 8](#)).

Budget Holders

- 2.2 Budget holders are responsible for all funds and resources allocated to them. This includes ensuring that all goods and services bought under their responsibility are delivered on time and are of an acceptable standard. Budget holders must keep to the financial limits of budgets allocated to them. Where circumstances arise that budgets may be at risk of being overspent, Budget Holders must alert the Head of Finance or his delegated authority immediately so that mitigation action can be taken prior to any actual overspend being incurred. Therefore, the finance team will periodically review the actual spend versus budget together with Budget Holders. Budget holders may delegate responsibility to members of their groups or teams. Any such delegation (together with the limits of that delegation) shall be notified to the Finance Section or, in the case of remote units, to the local administration and the Finance Section, and be documented in an authorisation list.

Social Services

- 2.3 Social services such as the ISG Hotel, guesthouses, and catering department will have delegated authority to collect monies generated by their operations. The Heads of all such services are

Internal Financial Rules

responsible for ensuring proper internal and financial controls exist and are functioning over their own administrative and accounting processes, as directed by the Head of Finance.

Administration

- 2.4 The Chief Operating Officer and the Head of Finance are responsible for ensuring the overall framework of internal control is sufficient to manage identified risks and the system of internal control is consistently applied across EMBL. Administration personnel in each location are responsible for ensuring proper controls exist and are functioning over local processes for handling payments and transactions delegated to them by the Head of Finance. These activities must be kept, within the limits of the authority delegated to them, and with due regard to the requirements of the [Financial Regulations and Internal Financial Rules](#). The administration in Heidelberg is responsible for ensuring the overall system of internal control is sufficient to manage identified risks and is consistently applied across EMBL.

Human Resources

- 2.5 Human Resources is responsible for ensuring proper controls exist and are functioning over personnel records and processes, and over travel claims presented for payment, and for ensuring that such data are passed to Finance Section in accordance with the requirements of the accounting system. Finance Section will make the actual payment on receipt of an authorised payment request from Human Resources, and is responsible for integration into EMBL accounting records.

Payroll

- 2.6 The payroll manager in the Finance Section is responsible for ensuring proper controls exist and are functioning over payroll calculations, records and processes.

Purchase Section

- 2.7 The purpose of the Purchase Section is to enable (with assistance from the appropriate administrators) budget holders to obtain the goods and services they require, at the time required, and at the least cost consistent with acceptable quality. The Purchase Section has responsibility for establishing, maintaining and monitoring EMBL purchase practice, procedure and process.

Finance Section

- 2.8 The Finance Section shall:
- 2.8.1 Prepare papers on all financial matters that require, as appropriate, approval or acceptance by the Director General and/or Council. This will include, amongst other things, the preparation and monitoring of the annual budget, the financial statements, the Pension Fund finances and financial statements;
 - 2.8.2 Supervise (i) the execution of the Laboratory's annual budgets as approved by Council and (ii) all income, and expenditure charged against that income, received from other sources;
 - 2.8.3 be fully responsible for and prepare external financial reporting, ensuring it is consistent with the requests made, with the EMBL's Financial Regulations and Internal Financial Rules, financial statements and generally accepted accounting practices for the public sector;
 - 2.8.4 Ensure that all measures having financial implications are carried out in accordance with the legal obligations, rules and regulations of the Laboratory, decisions and budget provisions authorised by Council or other funding bodies;
 - 2.8.5 Alert the Director General to any potential budgetary difficulties which are likely to be of significance;

Internal Financial Rules

- 2.8.6 Keep the Laboratory's budgetary and financial accounts and the records related to those accounts;
 - 2.8.7 Ensure that a Treasury process is maintained that identifies funds not required for day-to-day payments and is available to optimise net income from these assets through interest bearing bank accounts or similar low risk investment vehicles. This process should factor in any specific requirements of grant-giving bodies (e.g. on interest earned on pre-payments);
 - 2.8.8 Execute and receive payments on behalf of the Laboratory (with remote unit administrators as appropriate and delegated by the Head of Finance);
 - 2.8.9 Ensure that routine controls, such as account reconciliations, are being properly and timely applied;
 - 2.8.10 Maintain (with remote unit administrators as appropriate and delegated by the Head of Finance) an inventory of the equipment of the Laboratory;
 - 2.8.11 Maintain a list of cheque and bank transfer signatories and credit card holders (see [Annex 3 to the Internal Financial Rules](#)); and
 - 2.8.12 Take the lead in developing and monitoring performance standards (e.g. for settlement of invoices) and provide management information and analyses (e.g. discount received versus interest lost for early settlement of invoices)
- 2.9 The reference in [Regulation 19](#) to double authority and separate signature shall be interpreted as referring to two individuals and their signatures, either manually or electronically.
- 2.10 Notwithstanding anything contained elsewhere in these rules, no individual shall authorise transactions which he/she initiated or from which he/she benefits personally.

Rule 3 – Annual Budgets

- 3.1 EMBL operates a devolved budgetary control system which sets the budget for each unit and allows the head of unit to reallocate budget to subordinate group leaders.
- Any overspend of a scientific unit budget is automatically recovered by deduction of the amount of the overspend from the following year's budget. This acts as a first control on the level of expenditure.
- The procedure for dealing with underspends is dealt with at [Rule 3.5](#).
- EMBL relies primarily on the judgement of the budget holder as to what expenditure is necessary to achieve scientific goals and the level of administration needed to support them in pursuit of these goals. Post-purchase controls and procedures act as secondary checks to detect and deter the potential misuse of funds.
- 3.2 The Finance Section shall prepare, within the ceiling of expenditure stated in the Indicative Scheme, outline and final budget estimates in accordance with [Regulation 11](#) and shall arrange for the call-up of contributions in accordance with [Regulation 17](#).
- 3.3 The Director General and, through the Director General the Heads of Units, shall identify those members of personnel responsible for internal funds allocated to them ('budget holders').
- 3.4 The Director General shall allocate as appropriate, once the overall Laboratory budget has been agreed, internal funds across EMBL activities and shall notify Heads of Units of the sums available to them and any conditions attached to their use. The Heads of Units, once notified of their budgets, will allocate funds as appropriate and notify budget holders of the sums available to them.

Internal Financial Rules

- 3.5 Funds shall be allocated for use within the current financial year, pro-rata or reflecting specific phasing as appropriate (e.g. for Group Leaders appointed during the course of the year). Unspent balances cannot be carried forward into the next financial year(s) except with the express permission of the Director General. In respect of underspends by scientific groups the Director General has given a blanket permission for underspends not exceeding 10% of the year's headings 2 and 3 budgets to be carried forward without further formality.
- 3.6. Budget holders will have access to information concerning all aspects of their budgets including funds allocated, committed and spent within the SAP accounting system. Budgetary control will be exercised and a reporting system will be established in that system.
- 3.7. A budget holder must not spend and/or commit more funds than have been placed under their disposal. Budget holders must report any potential annual overspends to the Head of Finance before they occur to allow corrective action to be considered and appropriate action taken.
- 3.8. The Director General can freeze or withdraw any unspent balances at any point during the course of the year, as can Heads of Units for funds allocated to their areas of responsibility.
- 3.9. A reserve fund will be established and operated in accordance with [Regulation 9](#).

Rule 4 – External Funds

- 4.1. Group and team leaders may apply for funding from external sources for scientific projects provided they have the approval of their Head of Unit, and of the administrative authority. The latter will normally be the Head of Finance (or, in his/her absence, the Chief Operating Officer or Director General). Other members of personnel may only apply for external funding with the express permission of the Director General.
- 4.2 External sources of funding normally comprise:
 - 4.2.1 Awards from grant giving bodies;
 - 4.2.2 Contracts and consortium agreements with grant giving bodies such as the European Commission;
 - 4.2.3 Licence or similar agreements where EMBL intellectual property rights (IPR) are exchanged with third parties in return for revenue or other consideration; or
 - 4.2.4 Contracts and research agreements with third parties, normally academic collaborators or industry, for developmental work to be undertaken at EMBL.
- 4.3 Consideration will be given, before administrative approval is forthcoming, as to whether there are any:
 - 4.3.1 Legal matters that need to be raised and cleared with EMBL Legal Services; or
 - 4.3.2 IPR that should be raised with [EMBL Enterprise Management](#).
- 4.4 The Head of Finance is also responsible for ensuring that all applications and contracts have been properly costed, and that any financial issues have been resolved before the application or contract is signed.
- 4.5 All external funds will be accounted for by the Finance Section, and they will be responsible for fulfilling any financial reporting requirements as specified in the award or contract.
- 4.6 All external funds are subject to the Internal Financial Rules on payments and accounting; they are not treated any less rigorously than EMBL funds. Normal budgetary controls apply.

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- 4.7 Staff responsible for grants, contracts or licence income will have access to information concerning all aspects of the funds allocated, including commitments and expenditure within the financial system.
- 4.8 Budget holders may not normally commit more funds than have been awarded.

Rule 5 – Purchasing and Payments

- 5.1 The controls over the commitment to purchase and payment of expenditure are designed to keep the level of administration to the minimum commensurate with a reasonable level of risk. This is to ensure that the distractions from scientific work are as few as possible.

The primary allocation and control of budgets is done at a unit level, as outlined at [Rule 3.1](#).

- 5.2 Commitments to purchase shall only be entered into when:
 - 5.2.1 A budget has been allocated;
 - 5.2.2 The item requested is a legitimate call on the budget; and
 - 5.2.3 The budget holder, his supervisor or the person to whom the budget holder has delegated authority has authorised the commitment.
- 5.3 Agreement for the commitment of expenditure should be documented in writing and be given normally prior to the commitment of expenditure. The approval authorities are detailed at [Annex 3 to the Internal Financial Rules](#).
- 5.4 As stated in [Regulation 5 f11 to f13](#), the Finance Committee's approval is required for:
 - 5.4.1 Equipment purchases and building and engineering works valued at more than €1,000,000 (except those met from external funds and except where alternative arrangements for approval are agreed by Council);
 - 5.4.2 Payments 10% in excess of contract price.
- 5.5 The acquisition of goods and services must comply with [Regulation 21 d1 and d2](#) which, under certain conditions, refers to the need for competitive tendering and for prior approval by the Finance Committee on major equipment and building works.
- 5.6 All purchases will be charged to the appropriate budget in the year in which the goods or services have been received.
- 5.7 For EMBL funds, commitments to purchase may exceed the available budget when approved by the head of unit or a person with similar authority.
- 5.8 Purchases should normally be made through the SAP purchase order system. Deviations from the usual EMBL purchase order conditions should be agreed in advance with the Head of Procurement (and after consultation with Legal Services and the Head of Finance). Purchase orders totalling € 1,000 or more should be specifically approved by the relevant budget holder or by an authorised person as defined in [Annex 3 to the Internal Financial Rules](#).
- 5.9 Purchases which need to be placed outside of the SAP purchase order system must be kept to a minimum and are subject to the same rules and limits as stated above.
- 5.10 Purchase orders, travel claims and reimbursements will only be processed once the requirements outlined at [Rule 5.2](#) have been met.

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- 5.11 Payments shall be made by:
- 5.11.1 Bank transfer;
 - 5.11.2 Non-negotiable bank cheque;
 - 5.11.3 Credit card, or
 - 5.11.4 Petty cash (in exceptional circumstances and only with the prior agreement of the Head of Finance).
- Further controls on banks and credit cards are given in [Annex 1 to the Internal Financial Rules](#).
- 5.12 Payments will normally be made after the goods or services ordered have been fully received and found to be in good order. In such instances appropriate documentation (such as goods received notes, invoices, receipts) should be attached to the original paperwork (such as orders, travel claims, reimbursement forms) prior to payment being made.
- 5.13 Some payments, such as those made on-line by credit card for travel bookings or software downloads, are made in advance of the item being consumed. Care must be taken, when checking the payment entry on the ensuing credit card statement to ensure that the item or service purchased has proven satisfactory.
- 5.14 All advance payments over €10,000 must have the prior approval of the Head of Finance. Such transactions will normally only be processed if backed by bank guarantees and/or appropriate contractual protection. All such protection must be in a format that is acceptable to the Head of Finance. It may be necessary if such guarantees are not available, to agree staged payments rather than committing EMBL resources to the transaction. Advance payments will only be made to suppliers who have been subject to a formal credit check and any credit risk mitigated to the satisfaction of the Head of Finance.

Rule 6 – Petty Cash

- 6.1 Petty cash funds shall be established, with the approval of the Head of Finance, to meet minor current expenditure (e.g. postage, interview and travel expenses for visitors, where reimbursement through bank transfer or cheque is inappropriate and not possible), small non-recurrent purchases, and payments to trainees.
- 6.2 The petty cash balance at the end of each day shall not normally exceed:

Heidelberg	€5,000
Barcelona	€1,000
EBI	€1,000
Grenoble	€1,000
Hamburg	€1,000
Rome	€1,000
ISG Hotel	€300
Guesthouses	€300
All other petty cash funds	€300

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- 6.3 Receipts shall be banked promptly, as a minimum weekly, so as to comply with the end-of-day balances as set out in [Rule 6.2](#). If locations are subject to frequent but unexpected cash receipts (such as the ISG Hotel) excess receipts may be kept with the prior agreement of the Head of Finance in excess of the limits until the next normal banking day. In such cases, these funds must be insured to the limit agreed with the Head of Finance. In such cases, these excess receipts will not form part of the agreed balance.
- 6.4 Each petty cash fund will be the responsibility of a single member of personnel (the Petty Cash Officer). There shall be at least one formally nominated deputy. In the case of scheduled absences, no matter how short the period, where the deputy is taking charge, the funds should be counted by the deputy and agreed by the fund holder. The funds should, on the return of the fund holder, be counted by the fund holder and agreed by the deputy. In both cases, the amount counted should be recorded and the record signed and dated by both members of personnel. Where it is not possible to have a hand-over, the person taking charge of the fund shall count the cash held in the presence of another member of personnel and record the amount; this should be counter-signed by the second member of personnel.
- 6.5 Petty cash should be held in a locked box, and the locked box should itself be kept under lock and key. If the amounts held exceed €1,000 the box must be kept in a safe when not in use. The key to the petty cash box should be held by the Petty Cash Officer. If a duplicate key is considered necessary, this should be sealed in an envelope and the Petty Cash Officer should sign across the seal. The sealed envelope will be kept in the custody of a senior officer. Should it be necessary to use the duplicate key to access the petty cash funds in the absence of the Petty Cash Officer, the envelope will be opened in the presence of two members of personnel, the contents of the petty cash fund counted, checked and recorded. The record will be signed by both members of personnel. The Petty Cash Officer, on return, will, in the presence of a member of personnel, count and record the balance on the petty cash fund. The record will be signed by both the Petty Cash Officer and the member of personnel.
- 6.6 Any payment made from a petty cash fund must be recorded on a petty cash voucher which should include:
- 6.6.1 The amount paid;
 - 6.6.2 The purpose and date of the payment;
 - 6.6.3 To whom the payment was made;
 - 6.6.4 The cost centre to which the expense should be charged;
 - 6.6.5 The receipts/used tickets supporting the payment; and
 - 6.6.6 The signatures of the person authorising the payment and the person receiving the cash.
- 6.7 Any receipt into a petty cash fund must be recorded on a petty cash voucher and include:
- 6.7.1 The amount paid into the fund;
 - 6.7.2 The purpose and date of the receipt;
 - 6.7.3 Documents supporting the receipt;
 - 6.7.4 The cost centre to which the receipt should be credited;
 - 6.7.5 From whom it was received; and
 - 6.7.6 The signature of the person making the payment.
- 6.8 The fund holder shall compile a monthly statement, summarising all transactions, reconciled to the

Internal Financial Rules

previous month's balance and cash currently held (similar controls shall also be applied to items such as stamps, washing machine tokens). Any difference between cash held in the fund and the balance reported in the statement must be reported in the statement. The statement must be scrutinised and signed by a more senior member of personnel prior to being passed to the Finance Section.

- 6.9 A member of the Finance Section shall undertake, at least annually, an unannounced spot-check of the petty cash and agree this to the last petty cash statement and most recent vouchers. This check should be documented, and the document signed and dated by the person performing the check. This document should be forwarded to the Chief Accountant who will maintain a central register of spot-checks.
- 6.10 Any significant loss of funds, or a loss of funds which may have been caused by an intentional, wrongful or negligent act, must be reported immediately to the Head of Finance.
- 6.11 Minor monthly discrepancies (less than €1) may be carried forward to the year-end and written-off with the approval of the Head of Accounting.

Rule 7 – Debtors' Management

- 7.1 Controls over debtors shall be designed to ensure timely repayment of debts and limit EMBL's exposure to long-term debt and to the loss of funds through the write-off of receivable balances.

Members of Personnel

- 7.2 Current members of personnel will be encouraged to pay any bills or sums due (e.g. rent on guesthouses) by direct debit or in advance. A reminder will be sent when the sum outstanding is one month old; at the end of the second month, the member of personnel will normally be required to pay the amount outstanding through a deduction from salary, or by other appropriate measures, without further notice.
- 7.3 Former members of personnel can only pay any bills or sums due (e.g. contributions to the Health Insurance Scheme) by direct debit or in advance. Where such payments are made to continue entitlement to EMBL's social security system or similar benefits arrangements this entitlement will only be honoured if all relevant contributions have been received by EMBL.

Unpaid Visitor Contributions to EMBL's Health Insurance Scheme (HIS)

- 7.4 The EMBL HIS is open to unpaid visitors. Such visitors will be asked to pay their contributions by direct debit or in advance. The reimbursement of incurred medical costs will only be paid if all relevant contributions have been received by EMBL.

Sales Invoices to Commercial, Academic and other Organisations

- 7.5 Any arrangement where EMBL receives payment from third parties must be supported by adequate contractual documentation. All such arrangements shall be concluded only after due consideration is given to the protection of EMBL's legal and tax status, its assets and reputation. All such agreements require the formal approval of the Head of Finance or delegated authority, who shall coordinate any required input from relevant experts inside the Laboratory (e.g. Legal Services) and from external experts (e.g. tax advisors) where such expertise does not exist inside the Laboratory. Payment requests or sales invoices will be raised centrally by Finance in Heidelberg, unless otherwise agreed by the Head of Accounting. All payment requests or sales invoices will normally contain settlement terms of 30 calendar days. Shorter or longer periods may be used depending on the agreement with the third party - longer settlement periods should have the prior agreement of the Head of Finance.
- 7.6 Sales invoices will be raised centrally by Finance in Heidelberg, unless otherwise agreed by the Head of Accounting. All EMBL sales invoices will normally contain settlement terms of 30 calendar days

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Shorter or longer periods may be used depending on the agreement with the third party - longer settlement periods should have the agreement of the Head of Finance.

- 7.7 Finance are responsible for ensuring that commercial and other debtors are sent a reminder once payment terms have been exceeded, and a second reminder one month after that. This action, where appropriate, may be delegated on behalf of Finance by the Head of Finance. Legal action will normally be started within three months of the default.
- 7.8 All claims will be monitored regularly on an age-related debtors schedule, together with the action being taken to aid recovery of outstanding balances.

Research Grants and Contracts

- 7.9 The Budget Office is responsible for ensuring that all paperwork relating to the financial requirements of the funding body are promptly dealt with and claims or invoices submitted (in liaison and agreement with the principal investigator) in accordance with the time-scale laid down in the research grant or contract.

Rule 8 – Misuse of funds and resources

- 8.1 The misuse of funds and resources, deliberate or otherwise, is treated by EMBL as a serious offence. While the system of internal financial control is designed to prevent and detect such misuse, it is incumbent on every member of personnel to assist in its prevention and report suspected misuse when it is observed.
- 8.2 When a member of personnel has grounds to suspect that there is misuse of funds, whether through waste, theft or fraud, he/she must report this directly and immediately to the Head of Finance or the Head of Internal Audit.
- 8.3 The report should include the persons and (estimated) sums or resources involved, together with relevant dates. The report should be documented in writing. Both the report and the name of the person making the report will be treated in strict confidence. However, it is important that untrained and inexperienced staff should not attempt any investigation into the matter and this be left to the Head of Finance or the Head of Internal Audit to manage with the appropriate expertise needed for such an independent, prompt, fair and thorough investigation.
- 8.4 The situation, as reported, will be evaluated either by the Head of Finance or the Head of Internal Audit and reported to the Chief Operating Officer and the Director General. They will decide whether further action is required (such as a formal investigation) and following this, whether disciplinary measures should be considered ([Staff Regulations Chapter 2 Section 2.5](#)).

Rule 9 – Inventory

- 9.1 Any physical object owned by the Laboratory which is not consumable, has a probable useful life of more than one year and which has at the time it is acquired by the Laboratory a net value of €3,000 or more shall be entered in the Laboratory's fixed asset register. Items of lesser value but which are of an attractive nature (e.g. certain computer equipment and cameras), will be entered on an attractive items register. Examples of attractive items are at [Annex 2 to the Internal Financial Rules](#).
- 9.2 The item will be entered on the fixed asset register on the date on which the equipment is received and/or in use. Separate asset categories will be established for equipment on loan or lease.
- 9.3 The fixed asset register will record a brief description of the item (including serial number where appropriate), net value at the time of acquisition, the place where it is normally kept and the cost centre-responsible for the item.
- 9.4 Each item, where possible and as soon as practicable after entry on the fixed asset register, will be

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marked by an asset label.

- 9.5 A stock-take of fixed assets shall normally be carried out on a cycle approved by the Head of Finance but at least every two years by Finance. Attractive items, which are more likely to be portable, must be presented for inspection.
- 9.6 If an item cannot be found despite extensive searches, the circumstances surrounding its disappearance will be recorded and action (e.g. new security measures put in place, item put forward for write-off) taken as appropriate.
- 9.7 All items put forward for write-off with a residual value up to and including €25,000 must have the approval of the Director General.
- 9.8 Any loss or destruction of any fixed asset, or significant and costly damage sustained by a fixed asset, shall be reported by the person responsible for that asset to Finance. The circumstances shall be documented in writing and will be included in the annual lists of items for 'write-off'.
- 9.9 Fixed assets will be insured for their replacement value as determined by the Purchase Section.

Group and Team Leaders: Departure

- 9.10 Group and Team Leaders may buy items no longer required by the Laboratory, provided the Head of Unit approves their release, which will facilitate their move to a new research posting outside EMBL. Items may be purchased at current book value less a discount of up to 30% discount. A higher or lower discount may be offered at the discretion of the Director General dependent on circumstances.

Sales to Staff

- 9.11 Items no longer required by the Laboratory and for which external resale does not provide value for money may be sold to staff in line with processes approved by the Director General and managed by the Head of Finance or designated delegated authority. Such processes shall ensure prices are set at arm's length and do not result in any loss on disposal in the Laboratory's financial statements. For each sale a minimum reserve price shall be established by the Head of Finance, which for items of significant value may require ascertaining with an appropriate third-party independent valuation.
- 9.12 Departing staff may purchase their computer or other equipment provided it is no longer required by the Laboratory. The price for computers will be the greater of the notional written-down value of the equipment or reasonable second-hand value determined by the IT department (before VAT). The price for other equipment will be determined by the Head of Finance after ascertaining an appropriate third-party valuation of the items in question.

Rule 10 – Accounting

- 10.1 Except where agreed by Council, the Laboratory accounts shall be kept in accordance with generally accepted accounting principles in the public sector. The accounting standards, policies and supporting procedures shall be maintained by the Head of Finance and updated to reflect any material developments in relevant generally accepted accounting principles. The Head of Finance will review these standards against appropriate internationally recognised standards (e.g. IPSAS) periodically.
- 10.2 A chart of accounts will be established.

Rule 11 – Financial Statements

- 11.1 The Finance Section shall draw up statements in accordance with the [Financial Regulation 20 \(Accounting\)](#).

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- 11.2 The presentation of the income and expenditures will be reconciled through the statement of comparison of budget and actuals for the financial year to which the Financial Statements relate and which have been approved in accordance with the [Financial Regulation 11 \(Preparation of the budget\)](#).
- 11.3 Notes to the Financial Statements shall report on:
- 11.3.1 The total value of the Laboratory's fixed and moveable inventory at the end of the financial year to which the accounts relate;
 - 11.3.2 The total value of the items kept in the Laboratory's stores at the end of the financial year to which the financial statements relate, provided that a special store accounting has been established for those stores; and
 - 11.3.3 The operation of the reserves, pension fund, health insurance scheme and the technology transfer fund.
 - 11.3.4 Any material financial issue required to comply with generally accepted accounting principles.
- 11.4 The draft of the financial statements shall be submitted to the Director General for approval by the end of the February following the financial year to which they relate. The draft financial statements will be submitted to the external auditors by the end of March of the same year.

Rule 12 – Retention of Documents

- 12.1 The Finance Section will be responsible for ensuring that original hard copy or electronic documentation used as supporting paperwork for bookings in the accounting system is retained for an appropriate period. This will be at least ten years for invoices for insurance and tax purposes. Where original hard copy or electronic documentation is held outside the Finance Section, e.g. by guesthouses or outstations, documents can only be disposed of on the approval of the Head of Finance.

Rule 13 – Timesheets

- 13.1 Finance will be responsible for ensuring that a timesheet system is available for all staff working on externally funded projects, where funders require time records to be maintained. It is the responsibility of Finance also to ensure that this system is maintained to meet relevant funders' requirements. It is the responsibility of individuals working on such projects to prepare and submit reliable and accurate timesheets in accordance with funder rules and to the monthly timetable set by Finance. It is the responsibility of grant holders to ensure that all staff who are required to submit timesheets do so and to approve such in line with funders' rules.

Internal Financial Rules**Annex 1 to the Internal Financial Rules – Bank and Credit Card Payments****Purpose of Bank and Credit Card Accounts**

The Head of Accounting will keep a brief statement of the purpose of each bank and credit card account. All transactions on an account should normally accord to the purpose ascribed for that account

Bank Transfer

All bank transfers require two approval authorities. See [Annex 3 to the Internal Financial Rules](#).

The type of transfers used should be controlled by the Head of Accounting to ensure transaction costs are minimised.

All documentation, including blank transfer forms, should be held securely (i.e. under lock and key when not in use) and should never be left unattended.

Non-Negotiable Bank Cheques

All cheques must be signed by two authorised persons. See [Annex 3 to the Internal Financial Rules](#).

Chequebooks should be held securely.

Credit Cards

Credit cards are issued directly to the individual.

Credit cards shall normally be used by the person named on the credit card or by delegates approved by the card holder and formally recorded in the credit card system. No other person should use the card as this constitutes a breach of the credit card contract with the issuing bank. Any breach of this rule must be reported immediately to the Head of Finance (via administrators as appropriate).

Credit cards shall be held securely, where possible under lock and key and preferably in a safe.

Credit card details (name of cardholder, card number, expiry date) must be treated as sensitive information and wherever practicable must be kept from staff other than the cardholder.

Credit Cards should only be used online with reputable suppliers offering a secure site (denoted by a padlock symbol) and only in line with [Finance Directive 03](#).

Reconciliations

All bank, credit card and petty cash accounts should be reconciled at least monthly.

A different member of personnel to the cheque signatories or card holders should undertake the reconciliation of bank and credit card accounts.

The reconciliation should show brief details of each disbursement (or receipt) and appropriate cost centre. The reconciliation should be accompanied by relevant supporting documentation.

Reconciliations should be checked and signed by a senior member of personnel prior to being passed to Accounts.

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Annex 2 to the Internal Financial Rules – Inventory: Low Value Attractive Items

There are a number of individual items costing less than €3,000 but are considered attractive and thus at risk of going missing. Attractive items are normally those that fall into the following categories:

- Cameras;
- Laptops;
- Projectors and beamers;
- Camcorders;
- Mobile phones; and
- iPad / Tablets.

Internal Financial Rules**Annex 3 to the Internal Financial Rules – Minimum Approval Levels**

[Rule 2.8](#) interprets the reference in [Regulation 19](#) to double authority and separate signature as requiring all transactions, between the initial order greater than or equal to €1,000 and the final payment, to be authorised by at least two individuals and their signatures, either manually or electronically.

Double signatures ensure that EMBL makes appropriate, economic and efficient use of funds, in accordance with the mission and objectives of the Laboratory, and help protect the individuals from perceived irregularity.

The approval authority is governed by the minimum approval level tables below, with additional explanatory notes which are considered separate to the Internal Financial Rules but are published together for completeness.

The approval level tables are subject to the following overarching principles:

- a. No person with the ability to post transactions to books of prime entry in the accounting system can be an authorised signatory.
- b. A signatory can delegate responsibility for transactions but cannot delegate accountability for those transactions.

The approval level tables are interpreted as follows:

- a. The table shows the minimum level of permitted delegation.
- b. A numerical order has been used to show the sequence in which a transaction is approved and the minimum number of separate approvals required.
- c. Some events (e.g. authorisation of travel) only require one approval; this should be seen as one event in a process where the second approval (e.g. authority to pay travel expenses) is shown separately.

Table 1 – Minimum Approval Levels

	Traveller	Stores / Reception	Card holder	Designated group member	Group or Team Leader (GTL)	Budget / Funds / Grant Officer	Finance & Accounts Officer	HR Senior Officer	Senior Officer	Manager	Head of Unit	Head of HR	Head of Finance	Chief Operating Officer	Director General
Minimum grading				4	9	4	4	6	6	8 / 9					
Members of Personnel															
Post opening form	See Table 2 for details														
Employment contract	See Table 3 for details														
Performance assessment (scientific)					1						2				
Performance assessment (non-scientific)									1	2					
Purchases															
Purchase requisition (>€1,000)				1											
Purchase order									1						
Delivery note		1													
Invoice - laboratory				1											
Invoice - stores									1						
Invoice - others									1						
Consultant														1	2

	Traveller	Stores / Reception	Card holder	Designated group member	Group or Team Leader (GTL)	Budget / Funds / Grant Officer	Finance & Accounts Officer	HR Senior Officer	Senior Officer	Manager	Head of Unit	Head of HR	Head of Finance	Chief Operating Officer	Director General
Minimum grading				4	9	4	4	6	6	8 / 9					
Automated payments															
Bank transfers / direct debits									1	2					
Cheque payments															
Cheque signatory									1	2					
Travel expenses															
Travel claim - certification	1														
Travel claim - authorisation					1					1 (for GTL)					
Travel claim - authority to pay								1							
Credit card															
Credit card transaction			1												
Credit card reconciliation							1								
Credit card reconciliation check									1						
External funds															
Letter of intent														1	

	Traveller	Stores / Reception	Card holder	Designated group member	Group or Team Leader (GTL)	Budget / Funds / Grant Officer	Finance & Accounts Officer	HR Senior Officer	Senior Officer	Manager	Head of Unit	Head of HR	Head of Finance	Chief Operating Officer	Director General
Minimum grading				4	9	4	4	6	6	8 / 9					
Applications						1					2		3		
Grant agreements (Form A)						1							2		
Consortium agreement						1							2		
Contracts and sub-contracts						1							2		
Acceptance letter						1									
Start certificate						1									
Property															
Leases													1	2	

Table 2 – Minimum Approval Levels for Post Opening Form

	GTL	Head of EICAT	Head of Unit	Head of Budget office	HR Senior Officer	Head of HR	Chief Operating Officer	Director General
Faculty Staff			1	2	3			4
Staff Member: grade 9 and above	1		2	3	4			4
Staff Member: grade 1 to 8	1		2	3	4			
Ancillary	1		2	3	4	5	COO considered Head of Unit	
Supernumerary	1		2	2	4	3		
Predocctoral Fellow*		2						
Postdoctoral Fellow	1	3	2	4	5			
EIPOD*		2						
Trainee 2(paid)	1			2	3			
Visitor (paid)	1			2	3			

* Programme approved by the Director General

Table 3 – Minimum Approval Levels for Employment Contracts

	HR Officer	HR Senior Officer	Dean of Graduate Studies	Head of HR	Administrator EICAT	Head of External Scientific Training	Chief Operating Officer	Director General
Faculty Staff							1	2
Staff Member: open ended							1	2
Staff Member: grade 9 and above							1	2
Staff Member: grade 7 to 8		1		2*				
Staff Member: grade 1 - 6	1	2						
Ancillary		1		2				
Supernumerary	1	2						
Predoctoral Fellow		1	2					
Postdoctoral Fellow	1	2						
Trainee	1	2						
Visitor (paid)	1	2						
Visitor (unpaid)					1	2		
Visitor (Group/Team Leader)				1				2

* For EMBL-EBI Staff Member contracts: Delegation of authority to the Head of EMBL-EBI Administration

Explanatory Notes to the Minimum Approval Level Tables

These explanatory notes are provided to aid understanding of the table of signatories but do not in themselves form part of Internal Financial Rules.

Members of Personnel

Members of personnel represent the single highest cost and commitment to EMBL. A poor appointment can have an impact far beyond its financial significance. Therefore recruitment and contract renewal need to be carefully controlled.

Post Opening

A job requisition needs to be launched when a new person is to be recruited or a current member of personnel moves to a new position

Action is initiated by the hiring person.

The Head of Unit confirms that the post, as outlined in the job description, is needed by the Unit and that the grading is correct.

The Budget Officer is responsible for checking that sufficient funds are available.

The Director General authorises the post within the context of the staffing and operational needs for the laboratory as a whole.

Contract Renewal

The end of contract performance appraisal is completed and signed by the supervisor and passed to the Head of Unit for counter signature.

The Budget Officer is responsible for checking that sufficient funds are available.

Contract

The contract is prepared by Human Resources in accordance with the job requisition or performance appraisal.

The conditions are approved by the Head of Unit before a contract is issued by HR

The final version is then prepared for signature at the appropriate level in the organisation (see Table 3 attached).

Purchases

Purchase Requisition

A purchase requisition is the initial stage in raising a purchase order and refers primarily to entering a request in the SAP shopping cart system where it is subject to the installed system controls.

A budget holder may delegate purchase requisitions to a group member of grade 4 and above (called "Designated group member" in Table 1).

Purchase Order

A purchase order refers to the actual ordering of goods and/or services, either within the SAP system or manually. A budget holder authorises the placing of the order or may delegate this to a group member of grade 4 and above (called "Designated group member" in Table 1).

Delivery Notes

Goods delivered to the laboratory should, where practicable, pass through stores where the delivery quantity should be verified and the condition of the goods checked. All deliveries should be agreed and signed to confirm receipt.

Invoices

Invoices relating to system-generated purchases will be passed to the invoice control for processing. If the invoice matches the delivery note and purchase order, it will be automatically passed for payment.

Invoices relating to purchases for the stores themselves will normally be approved by the Purchase Manager.

Invoices relating to non-system-generated purchases must be approved and signed by the budget holder or a delegated person, in accordance with the approval authority table (see Table 1). The invoice should then be passed to the accounting section for payment.

Payments

Bank payments, direct debits and cheques are prepared and checked by the accounts team within the Finance department and are usually passed to the Head of Accounting and Head of Finance for signing and payment authorisation.

All signatories for cheque and bank payments are separately registered with the banks concerned.

Travel Expenses

Members of personnel are entitled to reimbursement of expenses necessarily incurred on official business. Expensive cost items including travel tickets, hotel accommodation and conference registration are normally booked and paid by EMBL directly. The remaining expenses are paid by the traveller and reimbursed in accordance with the [Staff Regulations \(R 4 1.14 to R 4 1.29\)](#).

The traveller completes and signs the [travel reimbursement form](#) to claim the expenses. The form is countersigned by the budget holder to accept the charge against the budget. No one should authorise any transaction from which she/he will be the beneficiary. Therefore, if the traveller is also the budget holder, the claim must be countersigned by another signatory with authority to charge costs against the budget.

The claim is checked and released for payment by Human Resources.

Credit Cards

The Finance Directive concerning credit cards is published at:
https://intranet.embl.de/finance_matters/finance/policies/FPOL3_creditcard_policy.pdf

External Funds

In a number of instances the grant awarding bodies only require a single signatory on application and/or award documentation.

On all occasions it is expected that the administrative authority (normally the Head of Finance) will be able to act on the basis of advice from relevant personnel that financial, legal and intellectual property rights have been taken into account, with advice sought from lawyers and [EMBL Enterprise Management](#) as appropriate, and are acceptable.

The Head of Finance can delegate authority to take action where time pressures (e.g. submission of application by deadline) or other factors dictate.

Applications should be authorised by:

1. Grants officer / Funds officer in respect of finances, legal matters and intellectual property rights
2. Head of Unit in respect of scientific and strategic fit
3. Head of Finance or his/her delegated authority.

The Head of Finance signs the contract with the awarding body.

Property

All property transactions are, of their very nature, likely to be one-off transactions and will need to be individually considered. The normal minimum signature requirements will be the Head of Finance, to confirm that legal, financial and other issues have been properly considered and accepted, the Chief Operating Officer's signature to confirm that the property – on the contract offered – is acceptable within the context of the Laboratory as a whole.