

Internal Financial Rules

ICOS Research Infrastructure



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1. Financial Management Principles

1.1. Framework

1. ICOS RI is a distributed research infrastructure, where the ICOS National Networks, ICOS Central Facilities, ATC, ETC, OTC and CAL, are (multi)national nodes of ICOS RI and not part of the ICOS ERIC (European Research Infrastructure Consortium), whereas the Head Office (HO), Carbon Portal (CP) and common activities of the ICOS RI are in the ICOS ERIC. ICOS ERIC has its statutory seat in Finland.
2. ICOS RI is formed by:
 - a) ICOS ERIC
 - b) ICOS Central Facilities
 - c) ICOS National Networks
3. ICOS RI financial planning includes the budgets of ICOS ERIC, ICOS Central Facilities and information from ICOS National Networks.

1.2. Financial Management Principles

1. ICOS ERIC is a non-profit (non-economic) organisation.
2. Full transparency is applied on financial matters of ICOS RI.
3. ICOS ERIC will be run according to the Finnish legislation on accounting standards and principles. ICOS Central Facilities shall respect the legislation and accounting procedures of their hosting countries.
4. Expenditure of the ICOS ERIC includes all yearly costs of the ERIC.
5. ICOS National Networks are solely funded from national sources, and the funding is not part of the host or membership contributions described in article 9.
6. The General Assembly takes the following actions regarding these budgets
 - a) takes decision on ICOS ERIC budget
 - b) takes note of the national part of ICOS Central Facilities budget, and approves the part of the ICOS Central Facilities budget that is connected to ICOS ERIC
 - c) takes note of the ICOS National Networks budget report
7. Any external funding or host contribution will be used only for the purpose it has been dedicated for in the framework of ICOS RI work plan.
8. The Financial Plans cannot include automatic indexations.

9. When new Members or Observers join in the ICOS ERIC in later years, their membership contributions may affect the contributions of old Members, Observers or hosting countries.

2. Financial Year

1. The financial year of the ICOS RI shall run from 1 January to 31 December.
2. The first financial year starts when the ICOS ERIC is legally established and runs until 31 December of the year of establishment.

3. Currency

The currency used to draw up the budget and to keep the accounts shall be Euro. The contributions to ICOS ERIC shall be denominated and paid in Euros. Payment of the Host Premium Contribution in different currency can be accepted in contributor's national currency. Other exceptions can be accepted by the General Assembly. As an exchange rate the monthly accounting rate of the Euro by DG Budget, InforEuro

(http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm) is used.

4. Financial Planning of the ICOS RI

1. The General Assembly may establish a Financial Committee for financial expertise for the ICOS RI.
2. Each ICOS Central Facility, the HO and CP shall provide its financial plan together with the work plan for the next five-year. It will be discussed at the RI Committee.
3. The Director General proposes the five-year Financial Plan of the ICOS RI, in consultation with the ICOS RI committee, to the General Assembly. The Financial Plan must be supported by a description of the objectives and activities of the ICOS RI for the period concerned.
4. The General Assembly shall adopt a five-year Financial Plan for the ICOS RI in its annual meeting.
5. The General Assembly shall adopt an annual budget in the five-year Financial Plan of the ICOS ERIC and Central Facilities according to article 1.2.6.

5. Preparation of the Annual Budget

5.1. Annual Budget of ICOS ERIC

1. The annual budget of the ICOS ERIC shall be prepared by the Director General after discussion in the ICOS RI Committee and shall include:
 - a) revenues and expenditure for the financial year to which they relate, as listed in Article 12.2.
 - b) information on the balance of the budget

- c) explanatory memorandum describing the objectives and activities and justifying the planned revenues and expenditures
2. Proposals (such as additions of the stations) having an effect on the membership contributions shall be announced no later than 6 months prior to the deciding General Assembly meeting.

5.2. Annual Budget of ICOS Central Facilities

The annual budget of ICOS Central Facilities shall include the budgets of the ICOS Central Facilities, prepared by the Director of each ICOS Central Facility and including the information listed in Article 14.2.

5.3 Annual Budgets of the ICOS National Networks

Annual budgets of the ICOS National Networks may be requested from the national contact points (focal points) and collected by the Head Office.

6. Adoption of the Budget of ICOS ERIC and the Financial Plans of ICOS Central Facilities

1. After discussion in the ICOS RI Committee the budget proposal of ICOS ERIC and the financial plans of ICOS Central Facilities shall be transmitted to the General Assembly, not later than 4 weeks before the autumn meeting of the General Assembly, where the budget and membership contributions for the coming year are decided as in 1.2.6.
2. The General Assembly shall adopt the budget of the ICOS ERIC together with the related annual work plan.

7. Supplementary Budget of ICOS ERIC

Director General may submit or may be requested by the General Assembly to submit a supplementary budget or an amending budget. These will undergo the same consultation process as the ordinary budget and will be submitted in the form and manner consistent with the budget for the financial year.

8. Revenues of ICOS Central Facilities

1. The revenues of the ICOS Central Facilities consist of
 - a) substantial direct host funding provided by the country(ies) where the respective ICOS Central Facility is located
 - b) contributions from the ICOS ERIC based on the number and type of the stations related to the respective ICOS Central Facility
2. The host funding shall be listed as revenue in the yearly budgets and in the five-year Financial Plan of each ICOS Central Facility.

9. Revenues of ICOS ERIC

The revenues of the ICOS ERIC consist of

- a) host premium contributions from the HO and CP hosting countries
- b) annual ICOS ERIC membership contributions from ICOS ERIC Members and Observers
- c) third party contributions and grants
- d) surplus revenues carried forward from previous years, and
- e) any other income (e.g. interest, sales, and donations)

9.1. Host Premium Contributions to ICOS ERIC

1. Host premium contributions shall be provided by the countries where the facilities are located.
2. Countries hosting facilities belonging to the ICOS ERIC can make their host premium contribution in cash or partly in kind.
3. Funding of the vital parts of ICOS ERIC should be cash contributions and at least 40% of the total host contributions should be in cash.
4. General Assembly approves the in kind contributions. The General Assembly may seek external advice for evaluating the in kind contributions.

9.2. Annual Membership Contributions to ICOS ERIC

1. Annual membership contributions to the ICOS ERIC are used to cover activities that in general benefit the whole ICOS RI community, users, Members and Observers. The common costs of ICOS RI include part of the costs of the Head Office, part of the costs of the Carbon Portal, RI external evaluation costs and advisory bodies nominated by the General Assembly. Annual membership contributions are based on the following variables:
 - a) Common Basic contribution
 - b) Common GNI based contribution
 - c) Station based contributions
2. Common Basic contribution for each Member and Observer is calculated by sharing 50 % of the total common costs equally between the Members and Observers.
3. The common GNI based contribution for each Member and Observer is calculated by sharing 50 % of the total common costs as follows:
 - a) The GNI based contributions are based upon that Member's and Observer's 3-year aggregate national GNI (according to EUROSTAT) expressed as a percentage of the 3 year aggregate GNIs of all Members and Observers in ICOS RI.
 - b) The national GNI for each Member and Observer will be calculated for a period of three consecutive years and updated every three years or as otherwise directed by the

- General Assembly. The GNI values adopted by the General Assembly will be valid for a period of three financial years.
- c) Statistics used to establish the scale of contributions shall be those available at the HO on the 1 July before the ordinary autumn General Assembly meeting to which a new scale of contributions is presented.
4. Membership contributions related to the number and type of stations joining the ICOS network are calculated based on the information from the Members, Observers and the ICOS Central Facilities and approved by the General Assembly.
 - a) The level of station contributions in each ICOS Central Facility is based on the analysis of costs in ICOS Central Facilities, listed in their financial plan.
 - b) The deliverables and benefits provided by the ICOS Central Facilities shall be transparently listed in a Central Facility-ERIC agreement and an annual work plan.
 5. The General Assembly shall approve annual membership contributions every year.
 6. Observer countries will pay annual Observer contributions based on the same calculation method as for Members (see paragraphs above).
 7. The General Assembly will decide on the membership contribution of the Intergovernmental Organisations which become Members or Observers.

10. Contributions of New Members Joining ICOS ERIC

Members or Observers joining in the ICOS ERIC shall pay the full membership contribution calculated for the full year of becoming a Member or an Observer.

11. Provision of Funds to the ICOS ERIC

1. The approval of the annual budget by the General Assembly shall constitute the obligation of each Member and Observer to make available to the ICOS ERIC its annual contributions as defined in the budget.
2. General Assembly may request the Director General to revise the budget following the same consultation procedure as in budget preparation, see Article 5.1.
3. The annual membership contributions (according to Article 9.2) shall be transferred to ICOS ERIC's bank account within the time frame described below.
 - a) 50% no later than 1st March of the current financial year;
 - b) 50% no later than 1st July of the current financial year.
4. In the event that the budget is not adopted before the beginning of the financial year, contributions shall be paid in accordance with the following schedule: Members and Observers shall, by the 20th of each month (starting from January), transfer to the ICOS ERIC bank account a minimum of 1/12th of the relevant membership or other contributions as

preceding financial year. After the annual budget has been adopted, the normal payment principles will apply once the Head Office has issued a reconciliation statement for each Member and Observer clearly indicating what sums remain due.

5. If a supplementary budget is approved, the Members and Observers shall make available any supplementary contribution within 60 days following the approval by the General Assembly of the said budget.

12. Late Payment or Inability to Pay the ICOS ERIC membership contribution

1. A Member or an Observer shall be required to pay compensation in the event of a late payment of its contributions. The compensation will be equivalent to the interest that would have accrued on the value of the late payment from the 1st July. EURIBOR -3 Months, is used as a default interest rate. The compensation will be awarded for the purpose decided by the General Assembly.
2. If a Member or Observer fails to pay its required contributions by the time of the first instalment in 1st July it shall lose its right to vote at the meetings of the General Assembly until the outstanding contributions have been paid.
3. The rule on late payments shall not apply for a new Member or Observer entering in ICOS ERIC in the year of entry. The annual membership contribution of a new Member or Observer shall be transferred to ICOS ERIC's bank account in maximum two instalments after the approval of the Member or Observer status by the General Assembly.

13. Payments to the ICOS Central Facilities

1. The membership contributions related to the activities of the ICOS Central Facilities are distributed by the ICOS ERIC to the corresponding Central Facility's Coordinating Institute, identified in the ICOS Central Facility - ERIC agreement, according to the agreed number and type of stations for the ICOS RI operations (see 9.2. on calculation of contributions), and the financial plan of the ICOS Central Facilities.
2. The funds will be transferred to the Coordinating Institute in two equal instalments, the first will be the third Wednesday in March and the final instalment will be due on the third Wednesday in July.
3. In the event of a budget not being approved by the General Assembly, funds will be transferred to the Coordinating Institute with a similar procedure as in Article 11.4. on the payments to the ERIC.

14. Financial Reporting

14.1. Financial Reporting of ICOS ERIC

1. The Director General will ensure that the finances of the ICOS ERIC are managed and controlled so that its financial position is known at any time. In addition, the financial reporting system should ensure that Members and Observers have transparency of the financial status of the ICOS ERIC through financial summaries twice a year, three weeks prior to the General Assembly meetings (see note in Article 6).
2. Director General shall inform the ICOS RI Committee on financial status of the ICOS ERIC.
3. The financial statement will be completed within two months after the financial year has ended and it shall be presented in a General Assembly meeting at the earliest opportunity.
4. Auditing and the financial statement are defined in Articles 19 and 20.

14.2. Financial Reporting of ICOS Central Facilities

1. The directors of the ICOS Central Facilities will ensure that their financial reports on the activities of the ICOS Central Facility and the financial status are provided once per year on accruals basis, in due course before the annual financial reporting of the ICOS RI.
2. A common reporting system should be agreed with ICOS Central Facilities which, as far as possible, meets the national reporting demands.
3. The accounting systems for the ICOS Central Facilities shall be established in accordance with the applicable host country legislation.
4. The financial reports will include the following:
 - a) REVENUES
 - National direct host funding
 - Station based membership contributions
 - Possible third party or other contributions
 - Donations
 - Income from fundraising activities
 - ...
 - b) EXPENDITURES

Expenditure categories may vary, depending on the activities of the ICOS Central Facility, but the following has to be included:

 - Salaries
 - Number of personnel, and their main tasks in separate table
 - Equipment

- Consumables and services
 - Meetings
 - Organising training, outreach
 - Travel
 - The premises –according to the national procedure
 - Other expenditures may include categories e.g. for: laboratory analysis, maintenance costs, development
5. Expenditures incurred for the implementation of ICOS Central Facility tasks shall meet the following conditions in order to be considered eligible:
- a) they must be actual;
 - b) they must be incurred by the ICOS Central Facility and recorded in its accounts;
 - c) they must be determined in accordance with the usual accounting and management principles and practices of the ICOS Central Facility. The accounting procedures used in the recording of expenditures and receipts shall respect the accounting rules of the state in which the ICOS Central Facility is established;
 - d) they must be used for the sole purpose of achieving the objectives of the ICOS work plan and its expected results, in a manner consistent with the principles of economy, efficiency and effectiveness;

14.3. Financial Reporting of ICOS RI

1. The annual financial report shall be made for the whole ICOS RI, showing the activities of ICOS ERIC, ICOS Central Facilities and ICOS National Networks separately and presented together with the annual activity report for the annual meeting General Assembly.
2. Note on the total costs for ICOS National Networks shall be taken annually based on Members' statements on ICOS National Network costs. A division into material costs and human resource needs is aspired.

15. End of Year Surplus of ICOS ERIC

1. If the closure of the accounts for the financial year reveals a surplus of revenues over expenditure, the surplus shall be carried forward to the next financial year.
2. General Assembly decides whether the surplus should be deducted from the membership contributions of the following year or used for some other specified purpose, including reserve fund.

16. End of Year Deficit of ICOS ERIC

If the closure of the accounts for the financial year reveals a deficit of revenues over expenditure, the deficit shall be carried forward to the next financial year.

17. Bank Overdrafts and Loans

1. Loans cannot be taken without approval by the General Assembly. For loans over 500 k eur unanimous vote of the General Assembly is required.
2. Prior to all bank advances, or overdrafts being requested, the Director General must notify the General Assembly of such intentions, the reason for such transactions, the amount and the repayment terms, and obtain approval by the General Assembly.
3. The maximum value of any bank advance or overdraft that the Director General may enter into is 50 k€.
4. The maximum value of loans, bank advances or overdrafts at any time cannot exceed 40% of the annual budget of the ICOS ERIC.

18. Payments and Procurements of ICOS ERIC

1. Director General shall designate two persons who have authority to sign all payments and transfers of funds.
2. For amounts exceeding 100k€ (other than payments to ICOS Central Facilities that are in line with the approved budget, see Art. 13) the Director General's signature shall be accompanied either by the signature of the Chairperson or the Vice-Chairperson of the General Assembly.
3. Every payment request shall be justified by the original supporting documents or, exceptionally, by certified copies of such documents.
4. Any planned procurements for ICOS ERIC operations estimated to exceed 250k€ are subjected to prior approval by the General Assembly.
5. ICOS ERIC follows its own procurement policy regarding all procurements and contracts. Director General shall ensure that a necessary expertise will be utilized in the preparations.
6. The Director General shall report procurements of the last year in the annual activity report and include plan of major procurements and contracts for the coming year.

19. Accounting in ICOS ERIC

1. The accounting system of ICOS ERIC shall be established in accordance with the applicable Finnish legislation.
2. For each financial year the Director General shall establish an annual statement of accounts. This statement shall compare budget income and expenditure with the actual income and expenditure. It shall contain a detailed balance sheet of the assets and liabilities of ICOS ERIC.

3. The summary report shall follow the same outline as the reporting of ICOS Central Facilities (see Art. 14.2.)
4. Cash flow analysis reports will be included to make sure ICOS ERIC has the suitable finances to operate.

20. Audit of ICOS ERIC

1. The General Assembly shall hire external auditors to audit the accounts of ICOS ERIC.
2. The auditors shall perform the audit independently and shall neither solicit nor accept instructions from individual Members, Observers or other authorities.
3. The auditors shall have access to all information and may consult any member of the ICOS ERIC personnel whenever they deem it necessary to carry out their audit. Any comments shall be brought to the attention of the Director General.
4. In their report the external auditors may take any comment they deem necessary on any matter.
5. The external auditors of the accounts shall present a report no later than 4 weeks prior to the annual meeting of the General Assembly.

21. Reimbursement of Staff Expenses of ICOS ERIC

1. The Director General will ensure that appropriate management controls and procedures are operated to ensure that staff expenses, such as travel expenses and allowances, are reimbursed in an appropriate and legitimate manner by the law where the person is doing the work.
2. The Director General's expenses shall be approved by the General Assembly Chairperson who can delegate the power to an officer at the HO.

22. Amendment

These Internal Financial Rules may be amended by a decision of the General Assembly.

23. Entry into Force

These rules shall become effective by the decision of General Assembly.