

# FINANCIAL RULES

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The EUROPEAN MOLECULAR BIOLOGY CONFERENCE, hereinafter referred to as “the Conference”;

Having regard to the Agreement of 13 February 1969, by which it was established, hereinafter referred to as “the Agreement”;

Bearing in mind that it derives the funds needed for accomplishing the purposes defined in Article II of the Agreement from divers sources,

Considering that it has entrusted the execution of its General Programme to the European Molecular Biology Organization, hereinafter referred to as “EMBO”, an incorporated association under Swiss law, and that the Secretary General of the Conference will have to call upon EMBO’s services in the performance of these duties,

Lays down the following Financial Rules:

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## PART I – GENERAL PROVISIONS

### Rule 1 – Competence

- Fin R 1** In conformity with Article IV.3 of the Agreement financial authority is vested in the Conference. The Conference is supported by:
- a) the Director of EMBO according to Rule 5.1 of the Rules of Procedure,
  - b) the Finance Committee, which may be set up by the Conference under the terms of Article IV.3.e) of the Agreement and whose constitution and powers are defined in Rule 2 below.

### Rule 2 – Finance Committee

- Fin R 2.1** The Finance Committee shall consist of twelve (12) delegates including in its membership the representatives from France, Germany, Italy, Spain and the United Kingdom as permanent Members and from seven (7) other Member States elected every three (3) years by the Conference. Delegates may be represented by advisers. Delegates or advisers of other Member States may attend the meetings of the Finance Committee. In conformity with Article III and in the light of Article IV of the Agreement, the Conference may, however, take supplementary measures as it considers advisable. The Conference may decide not to establish a Finance Committee and carry out all of the functions itself.
- Fin R 2.2** The Conference shall, when necessary, elect the Chair and Vice Chair of the Finance Committee, whose term of office shall last until the end of the next ordinary session of the Conference. No Chair may serve more than three (3) successive terms.
- Fin R 2.3** The Finance Committee shall advise the Conference on all matters concerning the management of financial funds and on all audit tasks. The Finance Committee shall formulate recommendations for the Conference, which will be presented to the Conference by the Chair of the Finance Committee. Such recommendations should include in particular:

- a) the budget estimates and any supplementary or revised estimates;
- b) the annual budget and its execution and any supplementary or revised budgets;
- c) special projects;
- d) the form and system of the budget estimates and accounts;
- e) expenditure in excess of the appropriations in the various chapters of the budget and the corresponding transfers of funds in accordance with paragraphs 1 and 2 of Rule 11 below;
- f) the acceptance of the annual accounts and the reports of the internal and external auditors;
- g) the financial implications of the admission of new Members;
- h) the acceptance of gifts.

**Fin R 2.4** The Finance Committee shall also undertake such other duties and assume such other responsibilities as the Conference may assign to it, and may exercise on behalf of the Conference powers delegated to it by the latter.

**Fin R 2.5** The President and the Secretary General of the Conference may attend or be represented at meetings of the Finance Committee. The Chair of EMBO may also attend such meetings, or be represented there. The Director of EMBO shall attend the meetings of the Finance Committee. It is expected that the internal auditor will attend such meetings.

### **Rule 3 – Rules Applicable**

**Fin R 3.1** The financial management of the Conference shall be governed by the Agreement, by the present Rules and by any other pertinent texts adopted by the Conference.

**Fin R 3.2** In the event of conflict between the provisions of these Rules and those of the Agreement, the provisions of the latter shall prevail.

### **Rule 4 – Financial Year**

**Fin R 4** The Conference's financial year shall run from 1 January to 31 December.

### **Rule 5 – Accounting Unit**

**Fin R 5.1** The Accounting Unit adopted by the Conference, for the purposes of the Agreement establishing the Conference, shall be the EURO and will henceforth be viewed as equivalent to the Accounting Unit defined in the Agreement as 0.88867088 gram of fine gold.

**Fin R 5.2** The EURO shall be used in establishing the size of contributions, the indicative schemes for the realization of programmes, the provisional

estimates of expenditure and the annual budgets, and more generally in all official documents bearing upon the Conference's income and expenditure.

#### **Rule 6 – Budget and Programme**

- Fin R 6.1** The Conference's income and expenditure shall be provided for in an annual budget drawn up against the background of the provisions of Article IV.3.f), g), and h) of the Agreement.
- Fin R 6.2** Each Special Project shall be covered by separate financial provisions, the examination and voting of which shall be confined to the Member States participating in the Special Project concerned.
- Fin R 6.3** The annual ordinary budget shall include the whole of the Conference's operating expenses.
- Fin R 6.4** The Conference may incur expenditure outside the indicative scheme and include it in its budget provided that this expenditure is balanced by an income from an external source and is agreed by the Conference to be in its interest.

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## **PART II – ESTABLISHMENT OF THE BUDGET**

#### **Rule 7 – Preparation of the Budget**

- Fin R 7.1** The detailed budget estimates of income and expenditure for the next financial year shall be drawn up in time to be presented by the Director of EMBO to the Finance Committee four (4) weeks prior to its session.
- Fin R 7.2** Estimates shall apply to income and expenditure for the year in which they will occur.
- Fin R 7.3** The estimates shall be grouped in chapters, themselves broken down into sections, which may in turn be broken down into items. Chapters shall cover the main sectors of activity and the administrative costs; within each chapter, the sections shall cover the various categories of expenditure.
- Fin R 7.4** The estimates shall be accompanied by:
- a)** the indicative scheme for the realization of the General Programme referred to in Article IV.3.f) of the Agreement;
  - b)** the provisional estimate of expenditure referred to in Article IV.3.h) of the Agreement;
  - c)** a detailed statement of the approved budget for the current financial year;
  - d)** details of receipts and payments for the preceding financial year, together with an explanation of any significant deviations from the approved appropriations;

e) any comments that the Director of EMBO may consider appropriate;

f) a recapitulatory table showing the activities and financial resources of EMBO for the current and immediately preceding financial years, accompanied by a summary of its future activities and financing.

#### **Rule 8 – Consideration and Approval of the Budget**

- Fin R 8.1** The budget estimates shall be submitted to the Finance Committee, which shall evaluate and formulate its recommendation to the Conference; the Director of EMBO shall then transmit the budget estimates and the recommendations of the Finance Committee to the Conference for final approval.
- Fin R 8.2** The budget of the Conference normally should be considered and approved at its first annual meeting.
- Fin R 8.3** Before the beginning of the next financial year, the Conference shall approve the budget and determine according to Rule 13 (1) the size of the contribution to be paid by each Member State.
- Fin R 8.4** In the event that the budget not be approved before the beginning of the financial year to which it applies, the Conference as a matter of urgency shall take appropriate measures for a maximum period of four months, based upon the average rhythm of expenditure budgeted for in the year preceding that in question. In the absence of alternative decisions by the Conference, payments shall be made in respect of expenditure already approved in principle by the Conference, but shall be limited each month to one twelfth (1/12) of the appropriations for the preceding financial year for the chapter concerned or to one twelfth (1/12) of the appropriations proposed for the corresponding chapter of the draft budget being considered, whichever is the less.

#### **Rule 9 – Supplementary or Revised Budget**

- Fin R 9.1** In exceptional circumstances, involving substantial changes in the complete budget, supplementary or revised budget estimates, in a form and by a procedure analogous to that specified in Rules 7 and 8 above, may be submitted at any time during a financial year.
- Fin R 9.2** No resolution the implementation of which entails additional expenditure shall be deemed to have been passed by the Conference unless the latter has also approved the corresponding estimates of income.

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## PART III – IMPLEMENTATION OF THE BUDGET

### Rule 10 – Powers

- Fin R 10.1** According to Article II.2 and V.3 of the Agreement and according to Rule 5.1 of the Rules of Procedure the Director of EMBO executes the General Programme and Special Projects of the Conference. He/She is bound by the instructions of the Conference. The appropriations approved by the Conference shall constitute authorization to the Director of EMBO to incur the obligations and make payments for the purposes for which the appropriations were approved and up to the amounts that were approved; and to call up contributions from Member States in conformity with Rule 13 below.
- Fin R 10.2** During the course of a financial year the Conference shall be kept informed by the Director of EMBO at least twice per year of the financial situation of the Conference and of that of EMBO. If income set out in Rule 13 is less than the appropriations or if expenditure is in excess of the appropriations, the Director of EMBO shall ensure initially that expenditure shall be constrained. The Conference shall decide on the appropriate course of action at its next meeting.

### Rule 11 – Budget Appropriations

- Fin R 11.1** Transfers of appropriations by the Director of EMBO from one chapter of the budget to another shall be possible for sums of up to 10% of the chapter allocation subject to a maximum sum of 100,000 EURO (subject to review every five years). Transfers in excess of this shall be subject to prior acceptance by the Conference.
- Fin R 11.2** Appropriations shall remain available for the following year to the extent that they are required to discharge the obligations incurred. At the end of the following financial year the Conference shall decide on the appropriation of the then remaining balance.

### Rule 12 – Financing

- Fin R 12** The Conference's budgetary expenditure shall be met out of:
- a) the contributions of Member States;
  - b) gifts, bounties, miscellaneous income and any other means accepted by the Conference;
  - c) any balances of funds corresponding to appropriations uncommitted at the end of a financial year which shall be carried forward to the next year's budget and used to reduce the contribution of States Members, except where the Conference decides to the contrary.

**Rule 13 – Contributions of Member States**

- Fin R 13.1** Member States shall contribute to the Conference's expenditure in accordance with the scale to be determined by the Conference under the terms of Article VII of the Agreement in so far as such expenditure is not covered by other means.
- Fin R 13.2** After the Conference has adopted the budget, the Director of EMBO shall inform the Member States of the amounts of their contributions.
- Fin R 13.3** The Member States' annual contributions may be paid in up to four (4) annual instalments, as agreed with the Director of EMBO.
- Fin R 13.4** The contribution, or the first of the contributions to be made in equal parts, for any given year shall be due not later than 31 January of the year in question, save where the Director of EMBO has authorized a departure from this procedure in any particular case.
- Fin R 13.5** Interest at 7% p. a. will be charged on the portion of a Member State's contribution that has not been paid four (4) weeks after the due date.
- Fin R 13.6** Upon receipt, contributions paid by Member States shall be posted in the books; the Director of EMBO shall acknowledge their receipt.
- Fin R 13.7** On the admission of a new Member State or the withdrawal of a Member State, the Director of EMBO shall arrange for a new scale of contributions to be worked out; the new scale shall take effect at the beginning of the financial year following, as provided for in Article VII of the Agreement.
- Fin R 13.8** The contributions of Member States shall be paid in EURO. The Conference may, however, in the light of its requirements, request that they be paid in whole or in part in any other currency.

**Rule 14 – Commitments and Payments**

- Fin R 14.1** In implementing the budget, the Director of EMBO shall take all necessary measures to keep commitments separate from outgoing payments.
- Fin R 14.2** The Director of EMBO shall ensure that each commitment is in accordance with the provisions of the budget, that its terms are in the Conference's interests, that the persons carrying out the operation are duly authorized to do so, and that the Conference's cash situation is such as to allow the commitment to be met.
- Fin R 14.3** Every commitment shall be in writing and embodied in a document setting forth the Conference's rights and obligations.
- Fin R 14.4** The Director of EMBO shall ensure that every payment is made on the basis of a voucher or other paper of equal worth and that it relates to a proper commitment and to a money obligation of the Conference.

### **Rule 15 – Accounts and Accounting**

**Fin R 15.1** The Director of EMBO shall ensure that the necessary books are kept. Annual accounts in the same form as the budget, and in no less detail, shall be submitted to the Finance Committee not later than four (4) weeks prior to its session and shall show for the financial year concerned:

- a) the Conference's total income and expenditure.
- b) the position regarding budget appropriations, including:
  - (i) the original appropriations;
  - (ii) approved expenditure in excess of the agreed appropriations, and transfers of appropriations;
  - (iii) any other income; and
  - (iv) the amounts charged against these appropriations and other income.
- c) the Conference's financial assets and liabilities.
- d) the position regarding contributions from Member States, including the amounts due and outstanding at 31 December of each year.

**Fin R 15.2** The Director of EMBO shall also provide the Conference with such other information as may help to clarify its financial position.

**Fin R 15.3** The Director of EMBO shall, not later than 31 March of each year, submit the accounts for the previous financial year in the form described above to the external auditors.

### **Rule 16 – Management of Funds**

**Fin R 16** The Director of EMBO may invest, subject to advice from the Finance Committee, monies not immediately needed for the Conference's operations. Income derived from investments shall be utilized as general income.

### **Rule 17 – Audit**

**Fin R 17.1** **Internal Audit**

- a) The Director of EMBO shall make all necessary arrangements for the internal auditing of the Conference's accounts with the object of checking the propriety of all transactions affecting income and expenditure and the administration and utilization of the Conference's financial resources and other controls, and of verifying that such transactions are in accordance with the financial and budgetary rules in force.
- b) The internal auditor for the Conference shall present reports to the Director of EMBO and to the Chair of the Finance Committee. A copy of such reports should be delivered by the internal auditor to the external auditors before 31 March annually.

**Fin R 17.2 External Audit**

**a)** In conformity with Article VII.5 of the Agreement, the accounts of the Conference and those of the EMBO relating to its execution of the General Programme of the Conference shall, not more than three (3) months after the close of each financial year, be submitted to auditors designated by the Conference on the proposal of Member States and replaceable only by the Conference itself.

The auditors are designated for a period of three (3) years and shall be eligible for redesignation once.

**b)** Their terms of reference shall require the auditors to verify:

**(i)** that the annual accounts are in accord with the books;

**(ii)** that the financial transactions recorded in the books are in accordance with the financial and budgetary rules; and

**(iii)** that the securities and monies on deposit and in hand have been verified by certificate received direct from the depositories or by actual audit.

They shall also report upon the efficiency of the financial operations and may comment upon the financial procedures, accounting system and internal financial controls that are employed.

**c)** The Director of EMBO shall provide the auditors with any information and/or documents they may need for the proper discharge of their functions.

**d)** The auditors' report shall be transmitted to the Director of EMBO who shall submit it to the Finance Committee two weeks before the Finance Committee convenes and to EMBO Council. The Director of EMBO shall transmit any comments upon it to the Finance Committee for consideration at its next meeting.

**e)** The auditors shall have no power to disallow financial transactions, but shall bring to the notice of the President, the Secretary General of the Conference and the Director of EMBO, in a timely manner, any transaction that appears to them of doubtful financial wisdom, legality or propriety.

**f)** The external auditors can be invited to attend the meetings of the Finance Committee and the Conference, in which the auditors' report is discussed.

**Rule 18 – Final Provisions**

**Fin R 18.1** These Financial Rules shall come into effect on the date of their adoption by the Conference by the procedure laid down in Article IV.3.j) of the Agreement.

**Fin R 18.2** They may be amended by the Conference by the same procedure.