

ICOS RI Internal Financial Rules

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ICOS


Integrated
Carbon
Observation
System

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1. Introduction

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, Carbon Portal 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's accounting is overseen and managed by the Head Office. The Central Facilities and National Networks report to the Head Office based on templates (see 15.2). In cases of unclarity, the Director General in cooperation with the Financial Committee is entitled to ask for more information. The Director General presents the compiled reports to the General Assembly.
4. 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.
5. Expenditure of the ICOS ERIC includes all yearly costs of the ERIC.
6. 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.
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.

2. Financial year

The financial year of the ICOS RI shall run from 1 January to 31 December.

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 is used.

4. Financial planning of the ICOS RI

1. The General Assembly has established a Financial Committee for financial expertise for the ICOS RI. The Financial Committee supports the General Assembly by analysing actual annual financial reports, budgets, five-year financial plans and other financial matters.
2. Each ICOS Central Facility, the Head Office and Carbon Portal shall provide its financial plan together with the work plan for the next five-year period. It will be discussed at the RI Committee.
3. The Director General proposes the five-year Financial Plan of the ICOS RI based on the ICOS RI strategy and five-year Action Plan, in consultation with the ICOS RI committee and the Financial Committee, to the General Assembly. The Financial Plan must be supported by a description of the objectives and activities and the development 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 ICOS ERIC shall be under the responsibility of the Director General and be prepared after discussion in the ICOS RI Committee and the Financial Committee and shall include:
 - a) revenues and expenditure for the financial year to which they relate,
 - b) Analysis of 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 budgets of the ICOS Central Facilities shall be prepared by the Director of each ICOS Central Facility and must include the information listed in Article 15.2. The intended use of the unspent funds must be presented in addition to the budgets.

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 and assessment of the budgets with the figures of ICOS ERIC and the ICOS Central Facilities

After discussion in the ICOS RI Committee the budget proposals of ICOS ERIC and the Central Facilities shall be transmitted to the Financial Committee, no later than 2 weeks before the Financial Committee meeting. After discussion in the financial committee meeting, the final documents shall be transmitted to the General Assembly, no later than 3 weeks before the autumn meeting of the General Assembly, where the budgets and membership contributions for the coming year are decided as in 1.2.6.

7. 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
 - c) third party contributions and grants
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.

8. Revenues of ICOS ERIC

The revenues of the ICOS ERIC consist of

- a) host premium contributions from the Head Office and Carbon Portal hosting countries
- b) annual ICOS ERIC membership contributions from ICOS ERIC Members and Observers
- c) third party contributions and grants
- d) any other income (e.g. interest, sales, and donations)

8.1. 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. The General Assembly approves the in-kind contributions. The General Assembly may seek external advice for evaluating the in-kind contributions.

8.2. 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. The 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 OECD) 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 with every five-year Financial Plan.
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.

9. 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.

10. 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 invoices (calculated according to Article 9.2) will be sent by the Head Office at the beginning of the financial year and the payments shall be transferred to ICOS ERIC's bank account within the time frames 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.

11. 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. The Financial Committee and the General Assembly will monitor the late payment situation.
2. If a Member or Observer fails to pay its required contributions by the time of the second 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.

12. 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 as agreed 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. Those institutes, who need to be exempted from Value Added Tax, have to send a proforma invoice to the Head Office. The documentation will then be sent to the official authorities for stamping the documents.
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.
4. If a Central Facility, the Head Office or the Carbon Portal has unspent funds of more than its annual costs, taken as the average of the previous three years, ICOS ERIC may, after a respective decision of the General Assembly, withhold future Annual Contribution payments. If the General Assembly has taken note in its spring meeting that a Central Facility, the Head Office, or the Carbon Portal has unspent funds higher than its annual costs, it will request a plan of utilization for the autumn meeting of the respective year. With this information, the General Assembly will decide on a course of action during the Autumn General Assembly meeting.

13. Withheld payments to Central Facilities, Head Office or Carbon Portal

1. The withheld payment towards a Central Facility, Head Office or Carbon Portal will stay in the ICOS ERIC bank account and will be reported in ICOS ERIC's financial statements, where they will appear as a liability in the balance sheet of ICOS ERIC.
2. The withheld payment towards a Central Facility, Head Office or Carbon Portal in the ICOS ERIC bank account is assigned to the respective Central Facility, Head Office or Carbon Portal and shall be retransferred after the approval of the General Assembly unless otherwise decided by the General Assembly.

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. Final numbers of the previous financial year will be presented in the Spring meeting and the budgets for next year and the estimation of the ongoing year presented in the Autumn meeting.

2. Director General shall inform the ICOS RI Committee on financial status of the ICOS ERIC.
3. The financial statements will be completed at the earliest possibility after the audit and they 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 template is provided and agreed with the ICOS Central Facilities which, 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 templates will include the following:

- a) REVENUES

- National direct host funding cash
- National direct host funding in-kind
- 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
- Equipment
- Operating
- Overhead
- Total person months
- Travel

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 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.
3. The Head Office and Financial Committee continuously monitor the financial sustainability of the National Networks and report annually to the autumn meeting of the General Assembly.

15. End of year surplus or deficit of ICOS ERIC

If the closure of the accounts for the financial year reveals a surplus of revenue over expenditure or revenue under expenditure, the surplus or deficit from the financial year will be shown on the Balance Sheet, under Equity, as Retained Earnings.

16. 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 Director General may withdraw cash only when travelling to a country where the use of credit or payment cards is difficult. These withdrawals will be approved in the travel plan by the Head of Administration and may not be over 5000€. Amounts over this limit will be approved by the Chair of General Assembly.
4. The maximum value of loans, at any time cannot exceed 40% of the common contribution portion for the Head Office.

17. Payments and procurements of ICOS ERIC

1. Director General shall designate, in writing, two persons who have authority to sign all payments and transfers of funds if Director General is unable to sign.
2. For amounts exceeding 100k€ 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€ (without Value Added Tax) 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 a plan of major procurements and contracts for the coming year in the Work plan for the coming year.

18. Accounting in ICOS ERIC

1. The accounting system of ICOS ERIC has been established in accordance with the applicable Finnish legislation.
2. For each financial year the Director General shall give 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 and a cashflow report.
3. The summary report shall follow the same outline as the reporting of ICOS Central Facilities (see Art. 15.2.)
4. Cash flow analysis reports will be included to make sure ICOS ERIC has the suitable finances to operate.

19. 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 at the earliest possibility prior to the annual meeting of the General Assembly. If the audited annual report is not available the General Assembly can use the written procedure.

20. 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. The Head of Administration approves cost under 5000€ (excluding Value Added Tax) (other than this person's own cost).
2. The Director General's expenses shall be approved by the General Assembly Chairperson who can delegate the power to an officer at the Head Office.

21. Amendment

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

22. Entry into force

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