Pannon Egyetem
University of Pannonia

POLICY ON FINANCIAL MANAGEMENT

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The Policy on Financial Management (hereinafter referred to as: “Policy”) issued by the University of Pannonia (hereinafter referred to as: ”University”) on the basis of the University’s Organisational and Operational Rules (hereinafter referred to as: “OOR”), Part I Organisational and Operational Rules of Procedure (hereinafter referred to as: “OORP”) approved by the Senate of the University of Pannonia and adopted by the Foundation for the University of Pannonia acting as the operator exercising founders’ and ownership rights (hereinafter referred to as: “Operator”) and on the basis of the resolution by the Board of Trustees on the rules of procedure for adopting the regulations of the University of Pannonia by the Board of Trustees is as follows.

I. General Provisions

1. § Purpose of the Policy

(1) The purpose of this Policy is to set out the following in relation to the operation of the University:

a) the principles of financial management,
b) the characteristics of the financial management of the various organisational units,
c) sources of funding,
d) types of expenditure,
e) financial planning and reporting obligation,
f) rules for the commitment and use of temporarily uncommitted funds.

(2) The purpose of the Policy is to enable the University to perform its financial management activities in relation to its professional tasks, its public function obligations and its public benefit status as defined in its Deed of Foundation, within the limits of the relevant legal framework, with the intellectual and material resources available to it.

(3) The purpose of the Policy is to provide comprehensive provisions on the rules of the performance of fiscal and financial management tasks related to the University's core activities as set out in the University's Deed of Foundation and the OOR, the obligations arising in the performance of these tasks, the services provided in the performance of these tasks, budget planning, reporting, the reasonable, efficient and economical use of the support provided by the government/operator for the performance of these tasks, as well as the revenue and other income (subsidies) generated in connection with the University's activities.

2. § Legal and regulatory background to the Policy

(1) The basic legislation covering the functions set out as the purpose of the Policy:

a) Act CCIV of 2011 on National Higher Education (hereinafter referred to as the "NHEAct"), as a sectoral law, and related government decrees,
b) Act V of 2013 on the Civil Code (hereinafter referred to as the "Civil Code"),
c) Act CLVIII of 2020 on the Foundation for the University of Pannonia and on the assets assigned to the Foundation for the University of Pannonia and the University of Pannonia (hereinafter referred to as the "Asset Assignment Act"),
d) Act IX of 2021 on public interest foundations performing public functions (hereinafter referred to as the "PIFPPF Act"),
e) Act C of 2000 on Accounting (hereinafter referred to as the "Act"),
f) Government Decree No. 479/2016 (XII.28.) on the specific reporting and accounting obligations of entities that qualify as specific other entities under the Accounting Act (hereinafter referred to as the "Gov. Dec. Other Ent."),
g) Act I of 2012 on the Labour Code (hereinafter referred to as the "Labour Code"),
h) Act CXLIII of 2015 on Public Procurement (hereinafter referred to as "PPAct"),
i) Act CLXXV of 2011 on the Right of Association, the Public Benefit Status and the Functioning and Support of Non-Governmental Organisations (hereinafter referred to as "NGO Act"),
j) Act XCIII of 1990 on Duties (hereinafter referred to as the "Duty Act"),
k) Act CXXVII of 2007 on Value-Added Tax (hereinafter referred to as the "VAT Act"),
l) other legislation according to the type and subject matter of the contracts managed by the University.

(2) Regulations, instructions, rules of procedure, information, measures issued on certain aspects and tasks of financial management, as well as the provisions of the regulatory environment related to grant applications (e.g. call for applications, accounting guidelines) (hereinafter referred to as "financial management documents") shall supplement the Policy.

3. § Scope of the Policy

(1) The personal scope of the Policy extends to:

a) all the Faculties, comprehensive organisational units and organisational units of the University,
b) the persons who have an employment relationship, student status or other work-related legal relationship with the University.

(2) The material scope of the Policy extends to:

a) all the activities defined in the University's Deed of Foundation, the tasks directly or indirectly assigned to those activities, and all the financial management-related work processes involved in the performance of those tasks,
b) all the revenue of the University in respect of financial resources,
c) all the expenditure, costs and expenses of the University,
d) the assets owned by the University and those received for use.

4. § Legal status and identification data of the University

(1) The University is a private institution of higher education, operating as an autonomous public benefit organisation.

(2) The University is owned and the operator’s rights are exercised by the Foundation for the University of Pannonia (hereinafter referred to as the “Operator” or “FUP”).

(3) The authentic registry records of the University are kept by the Education Authority.

(4) Identification data of the University:
a) Name: University of Pannonia
b) Registered address: 8200 Veszprém, Egyetem Str. 10.
c) Institution identification number: FI 80554
d) Core activities: higher education, TEÁOR (NACE): 8542
e) Financial management of the Institution: privately-owned public benefit
f) Tax number: 19310321-2-19
g) Community tax number: HU19310321
h) Statistical number issued by the Hungarian Central Statistical Office: 19310321 8542 563 19

i) Legal status determined by the Hungarian Central Statistical Office: 563 Independent institution of a foundation
j) Bank account number: 10300002-10802153-00014904
k) Subject to the TAO Act: YES
l) Social security disbursement agency identifier: 251407314
m) CUSTOMS identification number: (EORI): HU0123102474
n) Financial institution holding its bank account:
MBH Bank Nyrt.
Hungarian State Treasury (when receiving and using funds provided for by law)

5. § Activities of the University

(1) The University's public function and its public benefit core activity in accordance with the NHEAct and the Deed of Foundation shall be the pursuit of education, scientific research and artistic creation.

Core activity:
The activity defined in the legislation establishing the University and in the Deed of Foundation as its core professional activity, and other non-commercial, additional non-profit service activities not aimed at or resulting in the acquisition of income or assets, helping the University carry out its core professional activities.

(2) The University may carry out entrepreneurial activities in accordance with its Deed of Foundation in a manner that does not jeopardise its public benefit activities.

Entrepreneurial activity:
Economic activity carried out in a commercial manner for the purpose of, or having the effect of obtaining income or assets.

6. § Definitions

(1) *Public benefit activity*: Any activity which serves, directly or indirectly, to fulfil the public function defined in the Deed of Foundation, thereby contributing to the satisfaction of the common needs of society and of the individual.

(2) *Public Benefit Supervisory Board*: The operations and financial management of the University are overseen by the Public Benefit Supervisory Board, which is an

entity separate from the Senate. Its chairman and members are appointed by the Operator.

(3) *Financial management*: includes the obligation to allocate the resources set out in the Institutional Budget and the authorisation to use the appropriations specified in the expenditure plan.

(4) *Commitment:* a legal statement duly made in writing by the University, giving rise to an obligation for the University to make payments and receive revenues or any other obligation of an economic nature.
The commitment of expenditure involves the use of funds within the limits of the financial management framework set out in the University's annual budget and to the extent of any revenue surplus generated during the year, for the purpose of entering into employment relationships, concluding contracts, placing orders, acquiring services or goods of monetary value or carrying out an investment or renovation project.
The revenue commitment is a duly executed legal statement that includes, in particular, services provided by the University, contracts for the sale of products, grant agreements, sponsorship documents, agreements and quotations made on behalf of the University.

(5) *Right of consent:* The Chancellor has the right of consent in respect of decisions and measures having economic consequences concerning the financial management, organisation and operation of the institution. Such consent is a precondition for the validity and entry into force of decisions.

(6) *Organisational unit with decentralised financial management:* faculty, comprehensive organisational unit or organisational unit with autonomous financial management powers.

(7) *Decentralised financial management powers:* powers set out in the OORP.
In the Institutional Budget, the power exercised by the head of an organisational unit with decentralised financial management in connection with the use of the financial resources made available to it and those generated during the year.

(8) *Accrual Accounting Plan:* a document for the presentation, examination and analysis of the financial situation and results of the University, the implementation of which is reported to the Operator on a quarterly basis, and to the Senate and the Operator on a semi-annual, quarterly and annual basis.

(9) *Institutional Budget:* the University's financial plan, a document setting out the principles for the management of the University's finances for the year and defining the income and the cost of the resources needed to achieve this income, the composition of resources and expenditure (appropriations), and the budget

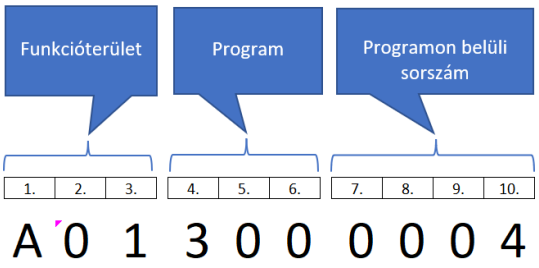
limits for the heads of the faculties, comprehensive organisational units and organisational units with decentralised financial management powers and for the people authorised to manage central tasks (centralised financial management powers). The implementation is reported to the Senate and the Operator on a semi-annual, quarterly and annual basis.

(10) *General Budgetary Document:* A document that provides information to the heads of faculties, comprehensive organisational units and organisational units on the registration of subsidies granted by the government/operator, broken down by title and financial centre.

(11) *Funds:* A term used in budget management to define the amounts available in various resource groups. In the Institutional Budget, a collective term for the annual amounts set aside for faculties, comprehensive organisational units and organisational units for operations and management. The composition and amount of the funds for the current year are defined in the Institutional Budget for the current year and are recognised as liabilities at the same time as the cash flow is recorded.

(12) *Resource centres:* collective name for the faculties and the University Centres as the main revenue-generating organisational units having their own resources.

(13) *Financial centre:* A unique code number which identifies the faculty, the comprehensive organisational unit, the organisational unit, the sub-programme of the separate account and the sub-programme serial number and which ensures the separate accounting of funds in the financial management system. The financial centre also functions as a cost centre or cost object and is used for transactions of a technical nature.



(14) *Functional area:* the 1st, 2nd and 3rd digit of the financial centre, serving as a code system established pursuant to the Organisational and Operational Rules of the University in order to identify organisational units and ensure decentralised and centralised financial management. The code list can be found on the University's website among the documents of the Directorate for Economic Affairs (hereinafter referred to as the “Directorate for Economic Affairs” or “DEA”).

(15) *Sub-programme identifier:* the 4th, 5th and 6th digit of the financial centre, which define the nature of the activity generating the income. The code list is available on the University's website among the documents of the DEA.

(16) *Centrally managed task (earmarked funds)*: an activity that is carried out in the interest of the University as a whole or of several organisational units. The fund is used through the exercise of centralised financial management powers, with direct commitment by the Rector or the Chancellor or their proxies.

(17) *Certificate of coverage:* The process of supporting financial countersignature and verifying the availability of the resources before committing them to the budget earmarked by the financial centre.

(18) *Internal deficit:* a term used in the Institutional Budget. The organisational unit with financial management authority is not or not fully able to generate income to cover its operating costs, however, the liquidity of the University is ensured.

(19) *Cross-financing:* It is the reallocation of resources of revenue-generating organisational units within the University. It is used to compensate, on a temporary or permanent basis, for the budgets of organisational units in a financially disadvantaged situation, suffering from internal deficits.

(20) *Risk fund*: financial resource to support the management of losses from unforeseen, risky activities related to the core activity (e.g. projects subject to irregularity procedures), the financing of new tasks arising during the year and the management of the internal deficit. Any increase in the fund must be decided in the annual Institutional Budget, as and when required.

(21) *Maintenance reserve fund:* the residual balance available as the difference between the income generated by the central organisational units responsible within the Chancellor's organisation for the organisation and management of education, strategy, finance and human resources management, management and supervision of administration, IT, technical and operational services, legal and procurement services, communication and international relations services, services for the promotion of scientific results, quality improvement and control and internal audit services in connection with the performance of their tasks and duties, and the expenditure incurred in connection with the activities generating the income. The balances are accumulated in a maintenance reserve fund, taking current commitments and expected revenue into account. The Chancellor has the authority to make commitments on behalf of the financial centre.
The reserve fund may contribute to the financing of indirect costs, the amount of which is determined in the Institutional Budget.

(22) *Innovation Fund:* the procedural fees for obtaining the protection of industrial property rights covering the territory of Hungary or extending beyond the territory of Hungary are borne by the Innovation Fund, as provided for in the Regulation on the Managemenet of Intellectual Property.

Financial sources of the Innovation Fund:

- implementation of the principles applied in the allocation of proceeds from the exploitation and sale of assets and/or
- a provision in the Institutional Budget to increase or supplement the Fund, which may involve a transfer from the risk fund and/or a transfer of other available funds.

(23) *Special fund(s):* the provision of earmarked funds to cover the costs of an unforeseeable, unpredictable, incalculable event (e.g. epidemic, war) that is beyond the University's control but affects the operation and functioning of the University.
Establishing special fund(s) and their sources:

- a provision in the Institutional Budget and/or in the context of the economic events of the year in question, for the creation, extension or supplementation of the Fund, which may involve a transfer from the risk fund, the liquidity fund or maintenance fund and/or a transfer of the balance available to those vested with financial management powers.

(24) *Reserve fund:* Based on the decision by the heads of the faculties, comprehensive organisational units and organisational units, it serves to keep separate and collective records of the unused balances of the subsidies granted by the government/operator, following the eligibility clearance procedure, and the balances of service activities available following the accounting of direct and indirect costs.

(25) *Subsidy granted by the government/operator:* In order to ensure the provision of public services, the Hungarian State, taking the provisions of the PIFPPF Act into account, regulates the financing of public services within the framework of a financing system that is based on measurable and quantified expectations, the achievement of set objectives, motivating towards expected performance, aligned with the training and research and development needs related to government strategies, and creating value for money. Funding is provided to the Institution through the Operator.

(26) *Own income:* income from financial operations and other income, such as compensation, generated by the University's service activities.

(27) *Income from grant applications, other subsidies:* subsidies, grants and donations received from a national or foreign economic entity, a natural person, or under an intergovernmental or other treaty, without any obligation to repay, to offset costs and expenses.

(28) *Cost:* the monetary value of resources (direct labour and indirect labour) expended in a given period to achieve a specific objective (e.g. the provision of a service). The cost is incurred directly for the benefit of the processes that provide the service. The incurrence and settlement of the cost may precede, coincide with or follow the expenditure in time.

(29) *Expenditure:* the monetary cost of tangible and intangible assets created in a given period. Expenditure is a broader concept than cost, serving the University's operations as a whole. Expenditure that is incurred in the course of the institution's activities independently of the performance of those activities is not included in the cost of the activity.

(30) *Expense:* the actual use of and decrease in cash and funds.

(31) *Cost centre*: the place where costs are incurred, which is usually a territorially identifiable organisational unit or a centrally implemented task serving several activities. The costs incurred here are not directly chargeable to cost objects at the time they are incurred and therefore cannot be classified as direct costs when they are incurred. The part of these costs which can be directly and closely linked to grant application activities or service activities may be transferred to the final cost object on the basis of a transfer request by means of various cost drivers.

(32) *Cost object:* the activity to which basic costs are directly attributable as incurred and for which indirect costs associated with the activity can be accounted by means of cost drivers.

(33) *Direct cost*: all the costs incurred in carrying out an activity or providing a service which, at the time they are incurred, can be identified as a cost item of a certain activity.

(34) *Indirect cost*: a secondary cost category used in the Institutional Budget, where only the place of incurrence can be determined at the time the cost is incurred and it cannot be directly linked to a revenue-generating organisational unit. It may be planned or accounted for revenue-generating organisational units or functions by allocation and by means of secondary calculation. Indirect cost is a collective term for the costs of centrally managed organisational units and of each centrally managed function, which are allocated to the various revenue-generating organisational units using allocation keys based on the principles set

out in the Institutional Budget or to which resources are reallocated using the methodology set out in the Institutional Budget.

(35) *Unit cost:* the amount of live and materialised labour, expressed in monetary terms, used to produce a given unit of a product or service.

(36) *Staff costs (consumption):* include wage costs (the amount accounted for as wages and salaries for employees and other persons with a work-related legal relationship), other employee benefits and contributions on wages and salaries.

(37) *Material costs (consumption):* include the cost of materials, services used, other services and the value of services sold (intermediated).

(38) *Other operating charges (consumption):* include scholarships, fines, interest on late payments, items accounted for when loss occurs, subsidies granted to cover costs and expenses (grant applications: transfer of funds to a consortium member, grant applications: repayment of unused subsidies) and taxes.

(39) *Investment:* acquisition, construction, production, extension, change of use, conversion of existing tangible assets and the cost of any useful activity that is specifically attributable to the asset until it is put into service.

(40) *Renovation:* the periodic activity of restoring the original condition, capacity and accuracy of a tangible asset worn out to its intended use. Modernisation also counts as renovation.

(41) *Donation*: a donation in cash or in kind made by the donor without consideration to the University to achieve the University's core purpose or public benefit goals.

(42) *Allowance for specific purposes*: a monetary or non-monetary benefit provided by the University in the context of its core public benefit activities.

(43) *Non-monetary support*: the transfer or assignment, in whole or in part, permanently or temporarily, wholly or in part, free of charge, of a marketable asset, an intellectual creation or a right representing assets, or the provision of a service.

(44) *Balance in hand*: the heading related to the Institutional Budget, expressed as the difference between revenues and expenditures during the financial year. This amount is increased by the amount of the balances of the previous year(s).

(45) *Cost driver:* An indicator expressed in a natural unit of measurement or value that can be used to allocate costs collected at cost centres or to allocate

resources (e.g. number of students, number of staff, revenue, floor space, heated cubic metres, operating costs).

II. Rules of Financial Management

7. § General rules of financial management

(1) The University, as a public benefit organisation and an autonomously operating higher education institution with autonomous financial management responsibilities performing public functions and other organisation, must perform its financial management tasks with the intangible and tangible assets available to it, within the framework of the applicable legislation.

(2) The fulfilment of the following requirements must be in the focus:

a) economy: optimising the cost of the resources used to carry out the activity, while ensuring the quality that can be achieved and expected under the given market and legal conditions,

b) efficiency: achieving the best possible result for the services provided at the least possible cost or for the given cost,

c) effectiveness: the objectives set be achieved, the difference between the planned and actual impact of the action be minimised or the actual impact be better than planned,

d) transparency: all information on financial management be accessible to stakeholders,

e) application of the principle of prudence: this is reflected in the financial management of the institution in such a way that any commitment can only be made with certainty and against recognised revenue.

(3) The University must carry out its activities within the limits set by the law, the approved budget and the available financial resources.

(4) The institution of higher education is obliged to use the resources available to it in an appropriate and economical manner, and to protect its intellectual and other assets.

(5) In order to operate its decentralised financial management system, the University has an Institutional Budget in place, which includes the allocation

and provision of institutional resources and the monitoring of the use of such resources. The head of an organisational unit with financial management powers may make commitments up to the limit of the available budget, subject to the provisions of the "Regulation of Powers and Competence Relating to Financial Management" and the rules governing approval by the Chancellor.

(6) The University uses centralised financial management in connection with centrally managed tasks (earmarked funds). Resources for centrally managed tasks are approved in the Institutional Budget. The specifications of the centrally managed tasks determine the powers to dispose of the resources (e.g. IT, marketing, operations, social welfare and bereavement services).

(7) No unsecured liability may be incurred. Exceeding the limits of financial management may give rise to liability as defined in the rules on "Regulation of Powers and Competence Relating to Financial Management", unless the relevant legislation provides for other sanctions.

(8) University resources – premises, equipment, etc. – must ensure the operation of the University's organisational units; any other use is only possible in accordance with the provisions of the Asset Management Policy.

(9) Within the scope of its core activities, the University may provide services at external requests in order to make use of its free capacities.

(10) The University may apply for national and international funding for its core activities.

(11) The University may not validly enter into any transaction in its own name, resulting in debts, in particular
a) it may not issue securities,
b) it may not issue a bill of exchange,
c) it may not take out loans or credits for the development of its economic and business activities to an extent that would jeopardise its public benefit functions,
d) it may not enter into a contract that includes factoring,
e) it may not provide any guarantees or sureties.

(12) No valid onerous contract within the limits of the expenditure plan may be concluded with a legal entity or an organisation without legal personality, or no payments may be made on the basis of such a contract, which is not considered to be a transparent organisation.

(13) An employee who makes use of the intangible and tangible infrastructure of the University for private purposes must reimburse the University for the service, taking the direct and indirect costs incurred into account.

(14) In the case of temporary, long-lasting or permanent transfer of the University's assets free of charge, as well as in the case of services provided by the University free of charge, the unpaid consideration must be calculated, and, if possible, included in the contract or agreement, and the data must be recognised among the benefits in the annual public benefit report.

(15) The University, as a public benefit organisation, may receive monetary or non-monetary benefits without compensation in order to fulfil its public functions and carry out its public benefit activities. Products, services and financial contributions received in support of the activities of the University as defined in its Deed of Foundation are deemed to be donations for public purposes. The donation may not confer any pecuniary advantage on the donor. The donation must be entered in the University's accounting records at the market value specified in the donation contract. The University issues a certificate of the fact and value of the donation to the donor in accordance with the applicable legal provisions.

(16) The budget year is the same as the calendar year.

(17) The planning must ensure that the planned revenues are economically sound and that only the amount of expenditure is planned that is reasonably necessary for the performance of public functions.

(18) Financial management must ensure that the funds are used for the intended purpose.

(19) In the Accrual Accounting Plan and in the annual report to be prepared under the statutory accounting rules, revenues and expenses are presented on an accrual basis.

(20) In the Institutional Budget and the report on the implementation thereof, revenues and expenses are presented with a budget management approach.

(21) The annual report to be prepared under the accounting rules for the implementation of the Accrual Accounting Plan must ensure comparability of revenues and expenses between financial years.

(22) In reporting on the implementation of the Institutional Budget, it must be ensured that all the revenues and expenses are accounted for in total amounts in a comparable manner between budget years.

(23) In accordance with paragraph f) of Section (1) of Article 5 of the Duty Act, the public interest foundation performing a public function and the higher education institution maintained thereby must be granted full exemption from the payment of fees and duties.

The University is only entitled to exemption from fees and duties if it has no corporate tax liability or payment liability to the central budget on its income from its business activities in the tax year preceding the acquisition of assets or the opening of the procedure.

(24) A contract may be concluded for other work-related legal relationships for the use of benefits and services in support of professional activities paid against an invoice to a person other than an employee, if

a) the conclusion of the contract is absolutely necessary for the performance of public functions, and
b) the Institution does not employ a person with the appropriate expertise, qualifications and experience or other appropriate specific professional skills and abilities to perform the given task, or the service covered by the contract is an specific, periodic or irregular task.

(25) The University will not distribute its profits; it must be used for its public benefit activities as defined in the Deed of Foundation.

(26) A public benefit organisation may not provide its executive officers, donors, volunteers or close relatives of such persons with a benefit granted for a specific purpose.

(27) A public benefit organisation may require that the benefits granted for a specific purpose be subject to a grant application.

(28) The performance of investment activities is subject to the existence of an investment policy.

(29) The University must treat its temporarily unrestricted funds as fixed bank deposits, following a request for quotation for interest rates and an agreement with the commercial bank. Fixed bank deposits are not considered to be investment activities.
Resources available for project activities may not be used as a basis for a bank deposit.

Rules of procedure will be in place for determining the amount of interest income generated by project activities on a project-by-project basis, based on the available discretionary funds and the use thereof.

III. Governance

8. § Management and control by the Operator

(1) The owner of the University and the entity exercising operator's rights is the FUP.

(2) The Operator

a) provides information on government subsidies (total amounts) to the University's Institutional and Accrual Accounting Budget in accordance with the provisions of the Deed of Foundation;
b) decides on the University's budget, asset management plan, annual report and public benefit report;
c) monitors the financial management of the University as well as the legality and efficiency of its operations;
d) provides its consent to the establishment of a title or recognition with a regular cash benefit within the scope of authority of the University, or to the payment of a regular cash benefit on the basis of a recognition or title;
e) is authorised to access the University's academic, financial management and other records for the purpose of monitoring financial management;
f) decides on the establishment of economic entities and the acquisition of shares in economic entities;
g) approves economic events relating to the University's real property necessary for the accommodation of the University, as set out in the Asset Management Policy.

(3) The Government (the Ministry in charge of the given sector) and the Operator conclude a Master Agreement on the basic principles and guarantees of financing in order to ensure the long-term performance of the public tasks of the Operator through the University.
Under the Master Agreement, the Government and the Operator conclude a detailed Public Task Financing Agreement for a period of three to six years, in which the volume of the public tasks undertaken, the system of indicators, the subsidy and the method of accounting must be set out.

(4) The Government (the Ministry in charge of the given sector) and the Operator enter into a Public Task Financing Agreement for the institution development subsidy, in which the Operator provides for the University's beneficiary status and the rights and obligations associated therewith.

(5) Based on the Master Agreement and the Public Task Financing Agreement, the Operator and the University agree on the conditions, the categories and the schedule of the financing of the University.
The Agreement sets out the University's reporting obligations.

9. § The Senate

(1) The Senate is the supreme decision-making body of the University.

(2) In respect of matters relating to financial management, the University is responsible for adopting its
a) Institutional Budget,
b) Accrual Accounting Plan,
c) Asset Management Plan,
d) report on the implementation of its Institutional Budget,
e) report on the implementation of its Accrual Accounting Plan,
f) annual report and public benefit report prepared in accordance with accounting provisions.

10. § The Rector

(1) The Rector is the highest academic authority and representative of the University, who is responsible for academic management and acts and decides on all the matters that are not assigned to any other person or body by law, the Deed of Foundation, the OOR or the Collective Agreement.

(2) The Rector is responsible for coordinating
a) the preparation of the professional annual report,
b) the compilation of the content of the public benefit report on the core activities of education and research.

11. § The Chancellor

(1) The Chancellor is the representative of the University with regard to the tasks defined in the NHEAct, the Deed of Foundation and the OOR, and is the highest authority responsible for the management of the University's functional areas. The Chancellor is responsible for the management of the University.

(2) The Chancellor is responsible for the University's economic, financial, accounting, tax, controlling, human resources management, quality development, control, legal, administrative, strategic, IT, scientific exploitation,

communication and international relations activities, the management of the University's assets and all other matters relating to engineering, facilities management, security, operations, logistics, services, procurement and public procurement.

(3) The Chancellor ensures that financial and professional competence be in place in accordance with the law.

(4) The Chancellor exercises ownership rights in the companies and business organisations managed with the participation of the Institution.

(5) The Chancellor exercises the right of consent in respect of decisions and measures having economic consequences and taken by the institution concerning its financial management, organisation and operation.

(6) The Chancellor is the highest authority and representative responsible for the preparation of the Accrual Accounting Plan and the Institutional Budget.

(7) The Chancellor is the highest authority and representative responsible for the preparation of the annual report and the report on the implementation of the Institutional Budget under the rules on accounting.

12. § Director of Economic Affairs

(1) The organisation responsible for economic affairs is managed by the Director of Economic Affairs, who is appointed by the Chancellor.

(2) The Director of Economic Affairs:

a) has the power to manage and control the Directorate for Economic Affairs,
b) is responsible for the performance of the tasks defined in the OORP and the Rules of Procedure of the Chancellor’s Organisation, primarily for the planning and implementation of the budget, the performance of financing, data provision and reporting tasks, and the observance of financial and accounting rules,
c) provides guidance to responsible staff at other University organisational units on their planning, financial management, financing, data provision and reporting responsibilities.

(3) At the University, the Director of Economic Affairs exercises the right of financial control in accordance with the “Regulation of Powers and Competence Relating to Financial Management”. The rules for the delegation of the right of financial control are also laid down in the regulation.

(4) At the University, the Director of Economic Affairs exercises the right of consent under the powers delegated to him or her by the Chancellor.

13. § The economic organisation

(1) The Directorate for Economic Affairs is a central functional, financial management and control comprehensive organisational unit within the Chancellor's Office, operating under the direct control of the Chancellor.

(2) The DEA carries out its activities in a system of departments not classified as organisational units, determined by their functions:
Department of Cash flow, Accounting, and Asset Management
Department of Budget and Controlling
Department of Project Finance
Department of Economic Process Management and Control

(3) The legal status of the DEA, the functioning, powers and responsibilities of its organisational units are set out in detail in the Rules of Procedure of the Chancellor's Organisation.

IV. Medium-Term Planning

14. § Institutional Strategy

(1) The medium-term strategy of the University is set out in the Institutional Strategy.

(2) The Institutional Strategy has a separate chapter on "Sustainable and Efficient Financial Management", which covers the development of reasonable and normative resource management in the areas of human resources, infrastructure and financial resources. The principles, expectations and tasks set out here must be taken into account during the annual planning.

V. Annual Planning
Institutional Budget, Accrual Accounting Plan

(hereinafter referred to as “Plans”)

15. § Principles for the preparation and adoption of Plans

(1) The Chancellor consults the Rector on the prerequisites for the operation and running of the Institution in the current year, the tasks of strategic importance, the amount of resources available for the management of the Institution in the current year and the resources allocated to the implementation of the tasks.

(2) The Director of Economic Affairs must be informed of the outcome of the consultation, its realisation in the Plans and its implementation.

(3) The Director of Economic Affairs must submit a budget concept and a timetable in order to establish the Plans to the Chancellor.

(4) The planning process must take into account the financial implications of financial management in the previous year, as well as the economic and legislative environment affecting the preparation and implementation of the budget. If an Action Plan was drawn up in the context of the financial management of the preceding year, its effects on the current year must be taken into account during the planning process.

(5) The budgetary concept
   a) describes the legislative and internal regulatory background to planning,
   b) provides information on external and internal determinants affecting the budget year,
   c) sets out the planning principles and the principles for the allocation of revenues and expenses,
   d) identifies the issues requiring a decision for the preparation of the budget proposal.

(6) The budget concept adopted by the Chancellor is presented to the resource centres at a professional day.

(7) Under the authority delegated by the Chancellor, the Director of Economic Affairs submits the Institutional Budget and the Accrual Accounting Plan to the Rectors' Council.

(8) The Chancellor submits the Plans to the Operator.

(9) On the basis of the Institutional Budget adopted by the Senate and approved by the Board of Trustees of the FUP, a framework budget document is prepared for

the organisational units with financial management powers and the budget managers, in which they are informed of the registration of subsidies granted by the government/operator in the financial centre.

16.§ Purpose of the Institutional Budget, basic requirements for the Institutional Budget

(1) To support the full achievement of the objectives set out in the Deed of Foundation.

(2) To provide the principles of financial management (economy, efficiency, effectiveness, transparency).

(3) To provide a basis for financial management in terms of resources and liquidity.

(4) To forecast the balance in hand as a balance of the cash flows of revenues and expenditures.

(5) To maintain solvency at the institutional level throughout the whole year, to plan how expenses incurred can be covered by prospective revenues.

(6) To determine the annual financial management budget, its breakdown into organisational units with financial management powers, and to define the University's centrally managed tasks and their resources.

(7) To define the resources and planned commitments related to the development of the Institution, justified and supported by an asset management plan.

(8) To provide a basis for the assessment and monitoring of financial performance.

(9) To provide stability in the determination of the planning and assessment principles for budget management.

(10) To create transparency in the use of uniform algorithms and methods that can be monitored by everyone, in the planning of expenditure and the allocation of resources.

(11) To focus on solidarity to ensure the sustainability of the balance of financial management.

(12) To use cross-financing in order to establish and maintain a balance of internal financing.

(13) To ensure full operational coverage of the various organisational units.

(14) Full planning of revenue and expenditure which are related to the public functions performed, which occur regularly on the basis of previous experience or which are expected to occur on an ad hoc basis, which are based on law, private law obligations, or which are related to the utilisation of property.

(15) The Institutional Budget differs from the Accrual Accounting Plan in its content, details and wording.

(16) Financial management is based on the Institutional Budget.

17. § Purpose of the Accrual Accounting Plan, requirements for the Accrual Accounting Plan

(1) To support the full achievement of the objectives set out in the Deed of Foundation.

(2) To apply the accounting principles (veracity, clarity, completeness, consistency, continuity, matching, accruals, individual valuation, materiality, cost-benefit analysis).

(3) To forecast the balance sheet results and income situation for the current year at university level.

(4) To plan revenues (returns) and expenses for the current year on an accrual basis of accounting.

(5) To calculate revenues and expenses according to the results of business activities and the results of financial operations.

(6) To create a basis for the assessment and control of the balance sheet results.

(7) To represent plan data related to performance-based indicators (R&D).

(8) The Accrual Accounting Plan differs from the Institutional Budget in its content, details and wording.

VI. Financial Management

18. § Main sources of revenue for financial management

(1) Revenues must be planned and recognised at the faculty, comprehensive organisational unit or organisational unit whose activity it relates to, i.e. at the place where the revenue is generated.

(2) The internal allocation of revenues may not change the assignment of the original revenue to a sub-programme and general ledger account.

18.1. § Balance in hand from the previous years' budgets

(1) As a general rule, for organisational units with decentralised management powers, the balance in hand from the previous year's budget is opened by resource category (subsidy, own revenue, grant project funds/other subsidies).

(2) The balance of resources allocated to indirect costs is aggregated. It will be used as defined and determined in the report on the implementation of the Institutional Budget for the year in question and/or in the Institutional Budget for the following year.

(3) The balance of the previous years' budgets may be used in accordance with the provisions of the annual Institutional Budget adopted by the Senate.

18.2. § Subsidy granted by the Government/Operator

(1) Pursuant to the PIFPPF Act, a long-term Master Agreement was concluded between the Government and the FUP, containing the basic principles and guarantees of financing, in order to ensure the long-term provision of the higher education activities to be carried out by the FUP through the University. As part of this, the parties have concluded a detailed Public Task Financing Agreement to specify the volume of the activities undertaken, the related indicator system, the level of support allocated to them, the periodic joint assessment and review of the provision of public tasks and the necessary detailed rules.
The detailed rules for the financing of the University are set out in the Agreement between the FUP and the UP on the basis of the Public Task Financing Agreement.

(2) Headings to the Public Task Financing Agreement:

a) Public support for higher education - Basic subsidy
   i. Basic subsidy
   ii. Additional basic subsidy

iii. Performance-related basic subsidy
iv. Student allowances

b) Public support for creative activities in science, research and arts at tertiary level - Quality support
i. Basic quality subsidy
ii. Additional basic quality subsidy
iii. Performance-related quality subsidy
iv. Ranking bonus

c) Infrastructure support for public service higher education

d) Grants related to priority sectoral objectives in higher education

e) Grants for other public and specific tasks

f) Valorisation

(3) No transfer of subsidy is possible between the headings for the financing of public tasks. However, the use of the various items of subsidy specified in connection with a public task within the institution are not determined by the various subsidy titles.

(4) In the case of subsidy titles included in the Public Task Financing Agreement, the settlement of accounts between the parties is based on compliance with the eligibility requirements set out for each subsidy titles as justified in the Agreement.

(5) In accordance with the Public Task Financing Agreement, the determination of the various items of financing for the activities of the higher education institution related to the achievement of its educational, scientific and sectoral objectives based on performance indicators is based on indicators in line with the UP-specific priority strategic objectives set out in the agreement between the foundation operating the institution and the Hungarian State. The funds received for such purposes may be freely used for the achievement of the University's internal budgetary, strategic and other objectives, irrespective of the indicators.

(6) The contribution provided by the Government under the Public Task Financing Agreement is paid to the FUP and transferred to the UP within 5 working days of receipt.

(7) The subsidy granted under the Public Task Financing Agreement is deemed to be subsidy granted to offset costs (expenses), the accounting of which by the

beneficiary as “Other revenues” under the Accounting Act must be based on the acceptance by the Hungarian State of the entitlement provided for in the Public Task Financing Agreement, which must be specified separately for each subsidy item. Pursuant to the Accounting Act, no accrued expenses and deferred income may be recognised for the years covered by the approved entitlement period. The part of the subsidy that is not offset by costs (expenses) in the year closed is considered as received funds within the meaning of the Accounting Act, the use of which is therefore not subject to any time limit.

(8) The content (advance, subsidy), amount, timing (Q1 - Q4), principles of allocation within the Institution, the objectives of use, the principles of accounting for the subsidy within the Institution and the mechanism of subsidy settlement with the Operator/Hungarian State are presented in the Institutional Budget based on the currently valid Master Agreement, Public Task Financing Agreement and Agreement between the Operator and the UP.

18.3. § Own revenues – Total net sales (revenues)

(1) Total net sales (revenues) shall mean all the revenues earned by the University from its teaching and research activities and other services.

Such revenues include, in particular:

a) revenue from the fees paid by self-financed students and other fees,
b) research, consultancy, engineering and other professional services provided on the basis of agency and service contracts,
c) fees from the utilisation of intellectual property,
d) income from the use of property (in particular, income from the leasing, rental, use or operation of fixed assets for valuable consideration),
e) other revenues (e.g. from events, language examination fees, courses, trainings, measurement services, sports services, advertising sales, other capacity utilisation).

(2) The planning of total net sales is carried out with the involvement of the organisational units involved in generating their own revenue, by analysing live contracts and by examining the factual data of previous years and the trends of empirical data.

(3) All direct costs of the activity sold and the share of any indirect costs incurred in the operation of the University attributable to that activity must be charged against the total net sales in order to be able to determine the profitability of the activities.

(4) After the Partner’s certificate of completion of the services undertaken by the University has been issued, the available free funds remaining after the recognition of the direct and indirect costs charged against the invoiced and received revenues may be used to form a reserve fund, which may be freely used for the management of the University's core activities in subsequent years, provided there are no other statutory restrictions.

18.4 § Own revenues – Income from financial transactions

(1) The University may deposit with a commercial bank any free financial resources which it may release in the short, medium or long term in order to obtain additional resources and financial returns (interest) for the purpose of performing its public tasks to a higher standard.
In the course of its operations, the University may make exchange gains on the exchange of funds received in foreign currency.

(2) The interest income is used for tasks of strategic importance, developments, and for the purposes determined by the senior management in the Plans. The balance in hand for the current year must be used in accordance with the same principles.
Exchange gains are mainly used to offset the loss from expenses related to funds received in foreign currency and to cover the non-accountable costs of subsidies received.

18.5. § Fund applications and other grants

(1) In order to achieve the objectives set out in its Deed of Foundation, the University may participate in fund application procedures and may receive grants.

(2) The revenues of the projects include the funds received from government, domestic and foreign institutions and companies, as well as funds awarded for a specific task within the framework of a grant application, with accounting obligation.

(3) Accountable income may also be generated under cooperation agreements and grant agreements beyond grant application schemes.

(4) Grant applications and subsidies must be registered separately, in accordance with the applicable accounting rules.

(5) If, on the basis of the provisions of the call for proposals or grant agreement, the grant applications provide the opportunity for reimbursement of overheads and/or costs incurred by the University's functional organisational units and

those providing services in order to implement the project, these costs must be included in the accounts.

(6) Proceeds from grant applications are planned by project type and sub-programme (e.g. EU programmes with domestic co-financing, Hungarian financed grant applications, international/direct EU projects, foundation grants, other grants).

(7) Grant applications and other grants may be used for the tasks and purposes specified by the grantor in the call for proposals, Grant Agreement, Grant Document, budget or financial accounting guidelines, taking the applicable legal provisions into account.

19. § Main expenditure/expense types of financial management

(1) Expenditures/appropriations must be planned and accounted for at the point of occurrence, i.e. the resource requirements of the activities carried out by each organisational unit must be taken into consideration.

(2) Expenditures must be planned against the revenues to which they relate.

19.1. § Staff costs/expenses

(1) The management of staff costs means the planning, payment and reporting of regular and non-regular job-related income and allowances and benefits payable to those having a work-related legal relationship with the University.

(2) The planning and monitoring of human resources and the related staff costs must be carried out in accordance with the organisational structure of the University and by resource category.

19.2. § Material costs/expenses

(1) Material costs include purchases and orders under the following headings:
- a) raw materials and consumables,
- b) services consumed, in particular:
  - ba) use of educational services,
  - bb) use of research and other professional services,
  - bc) secondment costs (excluding daily allowance),
  - bd) communication services, advertising and propaganda costs,
  - be) operating costs,
  - bf) rental fees,

c) other material costs,
d) acquisition cost of goods sold in the case of goods sold.

(2) The planning and monitoring of material costs must carried out in accordance with the organisational structure of the University and by resource category.

19.3. § Other costs/expenses

19.3.1. § Student allowances

(1) Entitlements to student allowances and the various options of their use are determined by the legislation in force and the Student Requirement System (hereinafter referred to as the "SRS").

(2) Student allowances may be sourced from the following, in particular:
a) grants available under the Public Task Financing Agreement,
b) other grants received under a grant contract with the Hungarian State,
c) grants received under a national, EU or other grant contract (e.g. ERASMUS, Stipendium Hungaricum),
d) funding received in the framework of a partnership.

(3) Student allowances may take the form of:
a) scholarships for students – academic, social, extracurricular (merit-based), for specific activities through grant applications,
b) operational resources (e.g.: SUUP operating costs, dormitory operating costs),
c) resources that can be used for renovation (e.g. housing subsidies from government support).

(4) The planning and monitoring of student allowances must be carried out in accordance with the organisational structure of the University and by resource category.

19.3.2. § Other non-student costs/expenses

(1) Other non-student costs are budgeted under the following headings:

a) transfer of grant applications and other grants to a consortium member,
b) refund of the remaining amounts of grant applications and other grants to the grantor,
c) proportional VAT,
d) costs of financial transactions (exchange loss).

(2) The planning and monitoring of the expenditure from other non-student allowances must be carried out in accordance with the organisational structure of the University and by source category.

19.4. § Investments and renovations

(1) The planning of construction investments and building renovations must be based on and in accordance with the relevant chapter of the Asset Management Plan.
The Asset Management Plan is drawn up by defining the central tasks, and on the basis of a survey of the organisational units, taking consultations with the Rector and the Chancellor into account, by defining the resources and assigning them to tasks.

(2) The planning data of investments in intangible assets, machinery, equipment and installations must be carried out on the basis of the tender planning tables, the planning data for the use of own resources for these items and the experience of previous years.

(3) The planning and monitoring of investments and renovations must be carried out in accordance with the organisational structure of the University and by resource category.

20. § Specific areas of financial management

20.1. § Accounting for internal activities

(1) Internal services provided among organisational units with autonomous financial management are settled within the scope of financial management, in particular

a) cross-faculty educational activities,

b) cross-faculty language teaching activities,

c) other professional services (e.g. measurement services, sample testing)

d) use of motor vehicles, transport of goods,

e) central management, functional and service tasks.

20.1.1. § Cross-faculty educational activities

(1) The principles of cross-faculty educational activities within the institution, the scope of the organisational units involved in the performance of this task, the method of calculation and the deadlines for settlement are regulated by a joint directive by the Rector and the Chancellor.

20.1.2. § Other professional services

(1) For the performance of the core activity and the undertaking of external services, the organisational unit concerned in the performance of the task may use the services of another organisational unit, if it lacks capacity, resources or competence of its own unit, with reimbursement of the costs incurred.

(2) Reimbursement of the service fee must be based on an agreement between the service provider and the recipient of the service.
Pricing is based on the cost calculation for the task in question.

(3) The settlement of the internal service fee between the financial centres is based on the documents sent to the DEA.

20.1.3. § Use of motor vehicles, transport of goods

(1) The mileage/hourly costs of the vehicles under central management, including those related to the procurement of materials and the transport of other goods and passengers, must be charged to the service user on a monthly basis by the Logistics Office of the Department of Legal Affairs and Procurement, on the basis of its records, as set out in the “Operation and Usage policy of motor vehicles”.

20.1.4. § Central management, functional and service tasks

(1) The costs of the central administrative, functional and service functions of the University must be financed in accordance with the following principles:

a) They are passed on to the financial centres using the service as a contribution to indirect costs (subsidy by the government/operator; own revenue; fund applications, other subsidies),

b) They are directly financed from centralised, centrally managed sources (e.g. infrastructure support, performance-related basic and quality subsidy) through a transfer of revenue.

20.2. § Establishment of funds

(1) Funds for strategic, risk and operational purposes may be defined and replenished within the scope of financial management.

a) central funds
   aa) risk fund,
   ab) liquidity fund,
   ac) maintenance fund,
   ad) development fund,
   ae) innovation fund,
   af) special fund (epidemic, war)

(2) In the implementation of the Institutional Budget, funds may be set aside from the unused subsidies granted by the government/operator, where no obligation of settlement exists, and from the available free funds after the direct and indirect costs have been recognised against revenues, following completion of the external services.

a) reserves at faculties, comprehensive organisational units and organisational units
   aa) reserve funds,
   bb) development funds

21. § Implementation of the budget

21.1. § Budget management

(1) The financial management of the University and the implementation of the Institutional Budget are centralised and decentralised, within the approved budget limits.

(2) Within the framework of decentralised financial management, the head of the faculty, comprehensive organisational unit or organisational unit with financial management powers has the right to decide on the use of the resources available to the unit, in compliance with the provisions of the law and the Policy.

(3) Centralised financial management is used within the budget limits related to the operation and maintenance of the University, which must be defined on the basis of the professional content. The accounting and management thereof is ensured by defining centralised, separate budgets.

(4) In order to ensure the viability of an organisational unit, if the budget of the unit is not sufficient for its operation, cross-financing within the faculty, comprehensive organisational unit or organisational unit must be the primary means of financing. If this proves to be insufficient, cross-financing at university level (between faculties, comprehensive organisational units, organisational units) will be used.

(5) If an organisational unit with financial management powers has a positive balance in the financial centre administering subsidies granted by the government/operator after accounting for the resources, it must ensure that the free balance is placed in the reserve fund, following the eligibility clearance.

(6) If there is a negative balance in any of the budgets (i.e. utilisation was higher than forecast), the person with commitment responsibilities within the budget must take the initiative to reduce or eliminate the negative balance, taking other resources into account.

(7) If an organisational unit with financial management powers has a resource deficit in respect of the subsidies granted by the government/operator following the eligibility clearance and there is no positive balance in hand from the previous year to complement this resource, however, there is a free balance available in the financial centre managing its own revenue, a cost transfer must be initiated against this free balance.

(8) If an organisational unit with financial management powers has a free balance in the financial centre managing its own revenue after the resource has been accounted for, it must ensure that the free balance is placed in a reserve fund.

(9) A negative balance of own revenue may not be settled against subsidies granted by the government/operator.

(10) The DEA must examine the available funds of the financial centre before entering into commitments and making payments. If the financial centre does not have an approved budget or if no funds are available, the DEA must refuse payment.

(11) If the Rector and the Chancellor deem the imbalance of an organisational unit with decentralised financial management to be persistent or significant, they

may give instructions to prepare and implement an Action Plan for rational cost savings and efficient financial management.

(12) An amendment of the Institutional Budget by the Senate must be initiated if

a) the subsidies granted by the government/operator have been blocked/withdrawn by an amendment to the Public Task Financing Agreement, and
b) there is a negative change in the forecast of the pro rate realisation of the revenue of the Institutional Budget adopted for the year in question which jeopardises proper operation,
c) other circumstances arise in the financial management of the University that threaten its liquidity.

(13) The Chancellor may limit the use of the budget funds after careful consideration of the Institutional Budget and/or the budgetary balance of the faculty, comprehensive organisational unit or organisational unit.

21.2. § Powers and competence relating to financial management

(1) The “Regulation on Powers and Competence Relating to Financial Management" sets out in detail:
a) the supporting documents, documentation and registration of commitments, the powers, competences and limits of commitments, the special cases of commitments, the conditions for making commitments,
b) the rights and limits of consent,
c) the rights and limits of financial control,
d) the process of and authorisations for issuing certificates of completion,
e) the validation process and the related authorisations,
f) the authorisations, powers and limits of payment allocations,
g) the rules on conflicts of interest,
h) the registration of specimen signatures,
i) the procedures for replacement and substitution.

VII. Reporting

22.§ Reports on the implementation of the Profit and Loss Plan

(1) The DEA prepares a report on the implementation of the Profit and Loss Plan to the Senate and the Operator on a semi-annual, quarterly and annual basis.

(2) The report present revenues and expenses on an accrual basis in accordance with the elements of the profit and loss statement as set out in the Act on Accounting. The data are assessed in comparison to plant and the base period (corresponding period of the previous financial year).

(3) The breakdown of profit or loss is by business activity and financial operation.

(4) The report includes a narrative explanation of the impacts of the main economic events of the period under review on profit or loss.

(5) The report is prepared at university level.

23.§ Reports on the implementation of the Institutional Budget

(1) The DEA prepares a report on the implementation of the Institutional Budget to the Senate and the Operator on a semi-annual, quarterly and annual basis.

(2) The report presents the revenues of the University by source category and the main revenue headings. It compares the data with the plant and the base period (corresponding period of the previous financial year).

(3) The report presents the expenditure (appropriations) by title, analyses the distribution of expenses in relation to total expenditure and examines realisation compared with the plan and the base period (corresponding period of the previous financial year).

(4) The report shows appropriations made by source category and provides information on the direct and indirect incurrence of all expenditure.

(5) The report assesses the amounts of indirect costs, the ratio of their actual data to budgeted data, as well as the amount of the resources used to finance them and the ratio of their actual data to budgeted data.

(6) The report includes a textual justification of the impact of the main economic events during the period between the preparation of the budget and that of the report on cash flow.

(7) The report also provides those exercising financial management powers with information on the amount and composition of the resources available to them, the amount of expenditure incurred and an assessment of performance against the plan and the base period (corresponding period of the previous financial year).

(8) For each reporting period, the value of the balance in hand is presented at University, faculty, comprehensive organisational unit and organisational unit level and by resource category.

24. § Eligibility clearance - Public Task Financing Agreement

(1) There are two levels of eligibility to performance-related basic and quality subsidies.

- The first level assessment of the achievement of indicators is carried out in the last quarter of the year. The starting point for the calculation is the ratio between the planned basic subsidy and the basic quality subsidy as defined in the Public Task Financing Agreement.
- The second level of assessment of the achievement of the indicators is carried out during the year-end settlement of accounts (by 28th February of the year following the financial year in question). Here, the eligible basic subsidy and the eligible basic quality subsidy will be determined. The rate of utilisation of basic subsidies is reflected in the eligible amount of performance-related subsidies.

(2) The basic subsidy, the additional basic subsidy, the student grants and the basic quality subsidy are normative.
Based on the Master Agreement and the Public Task Financing Agreement, which regulate the financing of the Institution by the government/operator, the method of and deadline for accounting are presented in the annual Institutional Budget.

(3) The settlement relating to additional quality subsidies and the support for the performance of other public tasks is subject to a declaration.
The declaration is about the targeted, full use of the resource and the separate recognition of the resource and its use.

(4) The University is not subject to the obligation to submit eligibility clearance or declarations for infrastructure support and grants related to priority higher education sectoral objectives.

(5) Entitlements to subsidies granted by the government/operator, with the exception of student grants, must be revalorised by the annual average

consumer price index published by the Hungarian Central Statistical Office for the year in question, but by at least 3%. The determination of the level of eligibility and the settlement of the difference will be made in the annual accounts.

(6) Based on the university-level eligibility clearance of the subsidies granted by the government/operator, the eligibility clearance of the faculties, comprehensive organisational units and organisational units must be carried out simultaneously and in the same manner.

25. § Other data provision obligations

(1) The Agreement between the Operator and the University of Pannonia on financing contains the scope of the data to be provided (general ledger, profit and loss account, balance sheet) and the deadlines.

(2) Due to its status of "other organisation in the government sector", the University is obliged to provide the Ministry of Finance with quarterly data by the last day of the month following the quarter in question: balance sheet, profit and loss account, cash flow, other income, other expenditure, budgetary relations, investments and the accounts of the National Treasury.

(3) Pursuant to the NBH Decree on the data reporting obligations to be fulfilled so that the National Bank of Hungary can perform its basic tasks, data must be reported in the form of an interim balance sheet report on a quarterly basis by the 30th day of the month following the month of the period under review.

(4) Quarterly and annual investment statistics must be provided to the Hungarian Central Statistical Office, as well as annual data on the activities of civil and other non-profit organisations due to the public benefit status of the University. Information on the deadlines for the submission of these reports is available in the calendar of deadlines at www.ksh.hu.

(5) The DEA must provide information on the use of budgetary resources on request, by preparing individual statements and reports for those exercising financial management powers.

VIII. Financial Management System

26. § Integrated Institution Management System

(1) The system responsible for performing the uniform financial and human resources management tasks is the SAP-based Integrated Institution Management System (hereinafter referred to as the “IIMS”).

(2) The main modules used by the IIMS UP are:

a) AA (Asset Accounting): This module is responsible for the management of the economic activities related to the institution's assets (asset management), the maintenance of master data, the breakdown of asset categories and inventory activities.

b) CO (Controlling): This is where the costs related to the activities of the institution are collected, reported and then allocated to the activities on the basis of some indicator.

c) FI (Financial Accounting): In cooperation with the other modules, this module performs the bookkeeping and accounting tasks, thus in accordance with the current legislation, the general ledger accounting is done here according to the Act on Accounting and the Gov. Dec. Other Ent., and the management of supplier and customer current accounts, bank statements, cash registers and VAT returns are processed here.

d) BM (Budget Management): This module is used to present the processes that cover the full range of budget management.

e) MM (Materials Management): It includes the entire process of procurement, invoice control, including the supplier-side logistics processes (management of purchase order requisition statuses, registration of contracts and purchase orders, and then the certification of completion or goods receipt and the recording of supplier invoices).

f) SD (Sales and Distribution): This module is used to present the sales (customer) order processes, including the recording of all the data required for invoicing.

Special submodule in the SD module:

Mobile phone fleet sub-module: This sub-module is used for the mass billing of mobile phone subscription fees in the name of the University of Pannonia as a customer and for the transfer of the billed mobile phone fees to the HR module for deduction from salaries, if the service is related to private use by university employees.

g) HR (Human Resources): In the context of personnel administration, the payroll and labour master data register is implemented here, the standard way of generating mandatory data reporting is set up, payroll is processed and the data generated in payroll are uploaded to the FI module.

(3) In the financial management system, functional areas are used to identify faculties, comprehensive organisational units and organisational units.

(4) The different activities (training, research, capacity utilisation, training courses, grant applications, etc.) and the nature of the income of the faculties, comprehensive organisational units and organisational units are identified by sub-programme codes.

(5) The separate recording and management of funds are made possible by financial centres.

(6) The resource centres are provided with user access to the IIMS, which allows them to monitor the current balance and turnover of budgets.

IX. FINAL PROVISIONS

(1) The University must publish and make public this Policy on its website (www.uni-pannon.hu)

(2) This Policy was adopted by the Senate at its meeting of 7th December 2023 by Senate Resolution 228/2023. (XII.07.).

(3) This Policy enters into force on 15th December 2023.

(4) This Policy is valid until revoked.

(5) When this Policy enters into force, the Policy on Financial Management, which was adopted by Senate Resolution 224/2017. (XI.30.) and has been in force since 15th December 2017 will be repealed.

Place and date: Veszprém, 7th December 2023

Dr. András Gelencsér	Zsolt Csillag
Rector	Chancellor

Approved on behalf of the Foundation for the University of Pannonia, acting as Operator:

Place and date: Veszprém, 14th December 2023

dr. Péter Bartus
Trustee, Executive Director