

Regulation on Financial Management

The Board of Trustees adopted the Regulation on Financial Management by its Resolution No. 1/2020 (30 January).

Regulation on Financial Management of Corvinus University of Budapest

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I. General part

Section 1 Purpose of the Regulation on Financial Management

(1) In relation to the operation of Corvinus University of Budapest (hereinafter: University), its core and business activities, the purpose of the Regulation on Financial Management (hereinafter: Regulation) is to

- a) lay down the principles of financial management,
- b) define the financial management features of the organisational units,
- c) describe the sources of funding,
- d) define financial planning and reporting requirements, and
- e) regulate asset management and financial investment activities.

Section 2 The regulatory environment of the Regulation

(1) Fundamental legislation covering the areas set out as the purpose of the Regulation:

- a) Act V of 2013 on the Civil Code (hereinafter: Ptk.),
- b) Act CCIV of 2011 on National Higher Education (hereinafter: Nftv.) and related Government Decrees,
- c) Act I of 2012 on the Labour Code (hereinafter: Mt.),
- d) Act CXLIII of 2015 on Public Procurement (hereinafter: Kbt.),
- e) Act C of 2000 on Accounting (hereinafter: Szt.) and related Government Decrees,
- f) Act CLXXV of 2011 on the Freedom of Association, Public Benefit Status and the Operation and Funding of Non-Governmental Organisations (hereinafter: NGO Act),
- g) other legislation according to the type and subject matter of the contract in question,
- h) in the case of contracts to be funded from grant sources, the provisions of the settlement guidelines for the relevant grant.

(2) The scope of the Regulation shall extend to every organisational unit and employee of the University, whether engaged in the framework of employment or other legal relationship, as well as the students and doctoral candidates of the University.

Section 3 Identifying data of the University

(1) Identifying data of the University:

- Name: Corvinus University of Budapest
- Registered seat: 1093 Budapest, Fővám tér 8.
- Tax number: 19156972-2-43
- KSH (Central Statistical Office) statistical number: 19156972-8542-599-01
- Legal status: private higher education institution as an independent legal entity
- Financial management method: the University is a public benefit organisation operating independently

- Taxable status: the University is a resident taxpayer
- Maintainer: Maecenas Universitatis Corvini Foundation
- Bookkeeping method: double-entry bookkeeping
- Type of report: annual report

Section 4 Activities of the University

(1) Activities of the University:

- a) core activity, which is defined as its core professional activity by the legislation establishing it or by its founding charter, and other activities, other than those for the purpose of or having the effect of generating income or wealth, carried out on a commercial basis in order to facilitate the performance of its core professional activities,
- b) business activities carried out on a commercial basis for the purpose of or having the effect of generating income or wealth

(2) The University's core activities are education and academic research, for the high quality of which it provides related complementary and service activities.

(3) The University may carry out business activities in accordance with its Founding Charter in a manner that does not jeopardise its public benefit activities.

II. General rules of financial management

Section 5 Basic principles of financial management

(1) Within the limits of the annual budget approved by the Maintainer, the University shall be managed primarily in accordance with the principles of economy, efficiency, effectiveness and transparency, in compliance with the requirements and conditions laid down in the applicable legislation.

(2) The University shall be divided into organisational units as defined in the Organisational and Operational Procedures (hereinafter: OOP), the heads of which shall be responsible for the implementation of the revenue plan expected in the budget approved by the Board of Trustees for the activities falling within the scope of duties of the respective organisational unit and for the observance of the budget available for the performance of their duties.

(3) In order to ensure financial management transparency, predictability and accountability, as well as the availability of information for management decisions, the financial management system (SAP) shall represent revenue plans and cost limits in accordance with the approved budget, as well as the actual financial management processes during the financial year, in cost centres structured according to the organisational structure. Organisational units have several types of cost centres, which by their nature have revenues and costs directly related to the activity (activity-type cost centres), such as

- i. the cost centres for programmes (broken down by programme, including by delivery mode, and by language and location of programme),

- ii. cost centres for research and other tenders, grants subject to accounting obligations, independent projects, and
- there are cost centres which, by their very nature, represent costs indirectly linked to activities (indirect cost-type cost centres), such as
- i. infrastructure operating cost centres,
 - ii. cost centres for administration, sales (communication) and other overheads,
- which are allocated to the cost units (programmes, research projects, etc.) as set out in the Programme Cost Accounting Regulation.
- (4) Cost centres and functional areas shall be identified and linked by codes:
- a) a system of 10-digit logical codes is used to identify cost centres;
 - b) a system of 6-digit logical codes is used to identify functional areas.
- (5) If the mid-year budget plan is amended, the budgeting figures adopted by the Board of Trustees shall be recorded in the financial management system in the appropriate cost centres according to the amendment, in order to keep track of the plan.
- (6) In accordance with the Regulations on Commitments, heads of organisational units may use their delegated powers to enter into commitments to generate revenue and incur costs in the cost centres for which they are responsible, in accordance with the “four eyes principle”.

Section 6 Responsibility of financial management

- (1) According to the Nftv., the University's Founding Charter and the OOP, the Rector, the President and the Chancellor act as executives and representatives of the higher education institution in the performance of their duties.
- (2) The Rector, the President and the Chancellor shall exercise employer powers over the employees of the organisational units under the OOP in accordance with the one-over-one principle, as well as principal powers in connection with the agency relationships falling within the scope of their duties and powers, and powers of other commitments in accordance with the four-eyes principle, as set out in the Regulations on Commitments.
- (3) Under the applicable internal regulations, the right of employment and commitment may be delegated by the executives. Rights-holders are responsible for respecting the budgets of the cost centres they manage and for meeting the revenue targets set for the cost centres.
- (4) The Chancellor, as the head of the University's legal, financial, infrastructural and internal control organisation, shall be responsible for the economic, efficient, effective and compliant operation of the University, for which he/she shall exercise the right of financial countersignature, which he/she may delegate to an employee who fulfils the professional prerequisites. The legal organisational unit within the Chancellor's organisation exercises legal countersignature to ensure that the financial management is lawful and compliant. The Chancellor shall support the educational, research and other activities of the institution by creating and maintaining the harmonisation of the

economic conditions available, and by continuously ensuring the consistency of financial resources and commitments.

Section 7 Internal control systems, internal audit, risk analysis and risk management

(1) The Chancellor shall be responsible for the operation of the internal control system for economic and financial processes. In doing so, he/she shall

- a) organise, operate and develop a process-integrated system of ex-ante, ex-post and management controls (FM/C, Audit Trail);
- b) manage the internal audits of the University, ensures their effective operation, and ensures the use of the findings and recommendations of the internal audit;
- c) regulate the University's risk analysis activities and carry out risk analysis by operating a risk management system.
- d) if initiated by the Rector or the President, the Chancellor must order an internal audit.

Section 8 Duties and responsibilities of the financial organisation, the Chancellor and the Head of Finance

(1) The University shall have an economic organisation, which shall be the organisational unit responsible for the operation of the University, for budget planning, financial management, the execution of tasks related to financing, data reporting, accounting and the use and protection of assets, as well as for the observance of financial and accounting regulations.

(2) The duties and powers of the economic organisation shall be regulated by the OOP. The name of the economic organisation under the OOP is "Finance".

(3) The Head of Finance shall be the Vice-Chancellor for economic and financial functions related to the operation of the University, and shall perform his/her duties under the direct direction and control of the Chancellor. He/she shall have general powers of instruction and control in economic and financial matters.

(4) The Head of Finance shall be responsible for planning, bookkeeping and reporting, operating the management information system, cash management procedures, operating the payroll and labour processes, as well as performing and operating the process-integrated ex-ante, ex-post and management controls (FM/C) of financial management, and implementing the related external and internal data reporting at university level.

(5) The Head of Finance shall, under the direct management of the Chancellor,

- a) prepare the University's budget proposal and supervise its implementation;
- b) organise and monitor the financial management and administrative activities of the University, including documentation procedures in compliance with legal requirements,
- c) ensure the fulfilment of the University's economic and financial obligations and the enforcement of its claims;

- d) ensure the financial execution of the University's payroll management and the keeping of employment records in accordance with the law;
- e) lay down the procedure for issuing payment orders, ensure the implementation and observance of management and financial legislation;
- f) be responsible for reporting on the financial management of the University;
- g) carry out any duties assigned to him/her by law, regulation, resolution or the Chancellor.

IV. The actors of financial management and a classification of organisational units according to their financial management characteristics

Section 9 Academic matrix

Section 9/A Financial management of educational programmes and research projects

(1) The basic financial management units of the University shall be

- a) the programme directorates responsible for educational programmes, within which each educational programme is identified as an independent revenue-generating cost unit in accordance with the organisational structure defined in the OOP, such as
 - i. Programmes of the programme directorate responsible for the study programme portfolio of Bachelor programmes,
 - ii. Programmes of the programme directorate responsible for the study programme portfolio of Master programmes,
 - iii. Programmes of the programme directorate responsible for executive degree programmes and specialist postgraduate programmes,
- b) Corvinus Doctoral Schools, within which the individual doctoral programmes appear as independent revenue-generating cost units,
- c) Research Centres, within which independent research projects appear as independent revenue-generating cost units.

(2) The programme directorates are supervised by the Vice-Rector for Education and headed by the programme Deans. Corvinus Doctoral Schools (hereinafter: CDS) are supervised by the Vice-Rector for Research and are headed by the Director General of CDS. The Research Centres are supervised by the Vice-Rector for Research and may have an independent appointed head. The executives responsible for programmes and research projects shall have powers and responsibilities covering financial management according to the internal regulation on the delegation of employer powers and commitment powers.

(3) The following programme-related revenues and costs are posted to the individual educational programme: revenues, such as

- a) initial aid for students in the programme, as long as students holding state scholarships study in the programme,
- b) revenue collected from fee-paying students,

- c) other fees paid by students in the programme (except: language fees, tennis fees, fees for credits not taken and fees for over-achievement of credits).

costs, such as

- a) costs and expenses directly attributable to the programme as incurred
- b) the overheads allocated to the programme according to the principles set out in the Programme Cost Accounting Regulation, including the resource requirements of education which are primarily incurred by the institutes as the organisational units responsible for educational and research resources.

(4) The following items realised in relation to research and other projects are posted to the relevant research and other project:

revenues, such as

- a) revenue from a grant contract awarded to the winner of a call for tenders,
- b) other revenues, e.g. from business sales orders,

costs, such as

- a) costs and expenses directly attributable to research and other projects
- b) the overheads allocated to the programme according to the principles set out in the Programme Cost Accounting Regulation.

(5) Having regard to the scopes of competence established under the OOP, primarily the executive competences including employer powers in education and research and resource responsibility within the Academic matrix, the heads responsible for educational programmes shall have direct economic responsibility for the revenues generated in the programmes. Executives responsible for programmes are jointly responsible with the executives who exercise employer powers over educational and research resources for the level of coverage available on training programmes, which includes all costs related to education, as opposed to revenue, and excludes indirect costs from organisational units outside the academic matrix.

Section 9/B Financial management of institutes and competence centres

(1) The basic units responsible for the educational and research resources of the University shall be the institutes and the competence centres, which shall be under the supervision of the Vice-Rector for Academic Workshops, and headed by the head of the institute and the head of the competence centre. The executives shall have powers and responsibilities covering financial management according to the internal regulation on the delegation of employer powers and commitment powers. The University's institutes and competence centres are listed in the OOP.

(2) The institutes do not have direct revenue from programme activities, but they may have research or other projects of their own account which, mainly because of their non-priority importance, do not belong to one of the research centres supervised by the Vice-Rector for Research (e.g. OTKA applications, specific corporate orders in line with the institute's profile, etc.)

(3) Institutes are basically organisational cost centres where the costs of the University's educational and research resources are accounted for, which are used for the University's educational programmes and research projects.

(4) Such costs shall be charged to educational programmes in accordance with the University's Programme Cost Accounting Regulation, taking into account that the resource costs of unused capacity shall not be charged to programmes.

(5) For research projects, the costs of the institutes' educational and research resources are recognised immediately as incurred in the form of cost sharing.

(6) Competence centres may generate revenue in the course of their financial management (e.g. revenue from the organisation of language exams, rental of a gym), which reduces the amount of costs to be charged to the educational programmes.

Section 9/C Financial management of colleges for advanced studies

(1) The colleges for advanced studies may finance their activities from dedicated budgets of separate cost centres in the budget adopted by the Board of Trustees. The right of financial management over and above the budget is set out in the internal regulation on the delegation of the right to commit.

Section 9/D Financial Management of the service units of the academic matrix

(1) The internal service units in the academic matrix shall carry out their tasks directly in order to support the efficient and effective performance of the University's core tasks within the budget approved in the annual budget, under the leadership of a Vice-Rector, it being understood that, in accordance with the OOP, the Library is managed by the Director General of the Library under the supervision of the Vice-Rector for Research.

(2) Over the budgets of the service units of the academic matrix, their heads shall have powers and responsibilities covering financial management according to the internal regulation on the delegation of employer powers and commitment powers.

(3) The academic matrix has the following service units under the OOP:

- a) Academic Management, which supports the activities of the Vice-Rector for Academic Workshops;
- b) Programme Management, which supports the activities of the Vice-Rector for Education and the programme directorates;
- c) Research Management, which supports the activities of the Vice-Rector for Research.

(4) The costs incurred by the cost centres of the academic service units shall be borne by the educational programmes and research projects as set out in the Programme Cost Accounting Regulation.

Section 10 Financial management of service units

(1) The functions of the university-level service units are defined partly in the Presidential and partly in the Chancellor's division on the basis of the OOP. The heads of the organisational units shall have powers and responsibilities covering financial management according to the internal regulation on the delegation of employer powers and commitment powers.

(2) The financial management responsibility shall cover the budgets of the cost centres of the organisational units in the budget adopted by the Board of Trustees.

(3) The costs incurred by the cost centres of the service units shall be borne by the educational programmes and research projects as set out in the Programme Cost Accounting Regulation. If the nature of the service unit's activities permits, e.g. real estate exploitation for occasional or permanent rental, it may generate revenue which reduces the amount of the service unit's costs to be allocated. The head of organisational unit shall be responsible for the realisation of the revenues in the budget.

Section 11 Financial management of dormitories

(1) The dormitories are separate financial management units from the education and research activities, whose operation is managed by the Head of Operations of the Közgáz Campus and the Head of Operations of the Székesfehérvár Campus under the supervision of the Head of Infrastructural Services. The executives shall have powers and responsibilities covering financial management according to the internal regulation on the delegation of employer powers and commitment powers.

(2) Within the budget approved by the Board of Trustees, the revenues generated in connection with the operation and renovation of the dormitory shall be accounted for in the cost centres assigned to the dormitory, in particular

- a) state aid received for students holding state scholarships in connection with dormitory accommodation,
- b) dormitory fees paid by students holding state scholarships, up to the maximum amount allowed by law,
- c) dormitory fees paid by fee-paying students according to the Regulation on Student Fees and Benefits,
- d) In the case of a dormitory renovated under a PPP scheme, the amount of state support for the PPP,
- e) the amount of state housing allowance approved in the annual budget,
- f) revenues from utilisation during the summer.

(3) Dormitory operating costs shall be charged directly to dormitory cost centres.

Section 12 Financial management of central management units

(1) According to the division of functions by the OOP, the management and administrative tasks of the University shall be carried out by the Rectoral, the Presidential and the Chancellor's division within the cost limits allocated to the cost centres in the budget approved by the Board of Trustees.

(2) Management costs shall be charged to the cost centres of the Rector, the President and the Chancellor and the organisational units directly supporting their activities.

(3) In addition to Subsection (2), the costs of other tasks at the management level are also entered in a separate cost centre, in particular the cost of central IT applications (study system, management system support), bank charges, insurance premiums, aid limits, etc.

(4) The organisational units and functions of the central management shall have their own financial management powers within the cost limits approved in the annual budget, and may make commitments based on them in accordance with the Regulations on Commitments.

(5) The costs of the organisational units and functions of the central management are not included in the cost of the cost units on the basis of the Programme Cost Accounting Regulation established under the Szt., i.e. they are charged directly to the profit and loss account in the financial accounting. However, in the production of executive information, it is allocated to cost units as set out in the Programme Cost Accounting Regulation.

Section 13 Student organisations and functions

(1) The Student Union and the PhD Student Union shall manage the resources made available for its operation on the basis of the budget approved by the Board of Trustees, which shall essentially

- a) be calculated on the basis of the rules of the RSFB established in line with the Government Decree on the state support available for student benefits, and
- b) the funds provided for this purpose by the Maintainer may be allocated to these cost centres.

(2) The right of commitment over the cost centres of the Student Union and the PhD Student Union is laid down in the internal regulation on the delegation of commitment.

V. Main sources for funding financial management

Section 14 Net sales

(1) Net sales shall be deemed to be all revenue earned by the University from educational and research activities and the provision of other services or from the sale of products, whether such sales are part of its core activity or its business activities, and in particular

- a) revenue from the programme costs and other fees paid by students,
- b) research and consultancy services provided on the basis of engagement contracts or works contracts,
- c) revenue from the utilisation of assets (in particular, income from the leasing, transfer of possession or transfer for operation of fixed assets for valuable consideration),
- d) other sales revenue (e.g. from events, language examination fees).

(2) Net sales shall be contrasted to all direct costs of the activity sold and the share of all overhead costs incurred by the University in its operations attributable to that activity in order to determine the profitability of the activities.

(3) Asset utilisation revenues shall be assigned to the buildings, reducing the operating costs to be charged to programmes and research as a return on operations.

(4) Activities carried out under a separate contract and other projects shall be accounted for in a separate cost centre. The person authorised to enter into commitments shall initiate the creation of a new cost centre with Controlling.

Section 15 Other revenues

Section 15 Funding by the Maintainer

(1) For the performance of the core activities of the University, the Maintainer shall funding support within the framework of a financing agreement.

(2) The Maintainer shall provide the funding under the following entitlements:

- a) Funds provided by the Maintainer to cover the Corvinus Scholarship,
- b) Funds provided by the Maintainer to cover student's study, social and extracurricular benefits,
- c) Other support for operating, investment and development purposes.

(3) The utilisation of the funds provided by the Maintainer shall be accounted for in the annual report. The amount of the funds for which costs and expenses have not yet been incurred in the current financial year shall be recognised as deferred income, regardless of whether the Board of Trustees requests repayment of the unused funds or whether the funds are provided to the University as a cover for costs and expenses in the following year.

Section 15 Funding provided by the Hungarian State for programmes funded through state scholarship

(1) The Hungarian State shall provide funding to the University under a financing agreement for students holding state scholarships in accordance with the Nftv. and the related Government Decree.

(2) The funding may be provided under the following entitlements:

- a) initial aid,
- b) student benefits,
- c) special support,
- d) PPP support.

(3) After the financial year, the support shall be accounted for in accordance with the terms of the agreement. The profit or loss for the year shall be adjusted by accrual or deferral for the amount of support receivable or repayable based on this accounting, if the information is available at the time of preparation of the accounts.

Section 15/C Calls for applications and other support subject to accounting obligations

(1) Revenues from calls for applications shall consist of the funds received from public sources, domestic and foreign institutions, companies and funds and awarded for specific tasks in the context of a call for applications and subject to accounting.

(2) Revenue subject to accounting obligations may also be generated under cooperation agreements entered into outside the context of calls for applications as well as financing agreements.

(3) Calls for applications and grants shall be recorded separately, in a separate cost centre and in a manner suitable for accounting purposes.

(4) Responsibility for the purposeful use of calls for applications and grants and for the fulfilment of the accounting obligation rests with the professional leader and the person authorised to enter into commitments, under own authority, which the University is entitled to assert against its employees in justified cases in accordance with the applicable legislation and internal regulations. (e.g. repayment obligations arising from failure to fulfil accounting obligations under the call for applications, use of funds for purposes other than those of the call for applications, procedures not in accordance with legislation in force or the terms of calls for applications.)

(5) The calls for applications shall contribute to the reimbursement of the costs of the University's infrastructural, administrative and financial services required to achieve the purpose of the calls for applications, subject to the provisions of the financing agreement. The process for the management of grants subject to accounting requirements and the requirements for their financial accounting should be laid down in internal regulations.

Section 16 Human resources management

Section 16A Exercising employer powers

(1) Employer powers shall be vested in the Rector, the President and the Chancellor, and may be delegated to an executive employee of the University within the framework of the internal regulations governing this matter. Employer powers may be exercised based on the one-over-one principle. Delegated employer powers shall not be transferable. Employment Requirements and the Provisions of the Presidential Committee under the authorisation of the Employment Requirements include the way in which employer powers may be delegated and the designation of the executives who have employer powers under the delegated powers.

Section 16/B Management of personnel expenses

(1) The management of personnel expenses means the planning and payment of regular and non-regular income and benefits related to job positions and benefits payable to persons not in an employment relationship with the University, and the preparation and submission of the related data.

(2) The organisational structure of the University shall be based on the organizing principle for planning and meeting human resources and related personnel costs. Within the limits of the budget adopted by the Board of Trustees, the costs allocated to the cost centres of the organisational units may not be exceeded. Deviation from this is only possible in the case of revenue (extra revenue) in excess of the budget or the availability of revenue from calls for applications or other revenue in excess of the budget.

(3) The main rules relating to employment are set out in the Employment Requirements, in the context of the remuneration and performance development policy.

(4) Salaries may be paid retrospectively from the University's main account on a monthly basis by transfer to the bank account provided. The University disclaims any further liability for payments transferred to and received by the designated credit institution. If the employee or the person working on a contract basis does not provide a bank account, the University will make the payment by postal transfer.

(5) Finance shall be responsible for the payroll and related payment functions and for the fulfilment of the statutory obligations to file returns and make payments to the public tax authority.

Section 17 Financial management of material expenses

(1) Material expenses include the following purchases and purchase orders:

- a) material costs,
- b) services used, in particular:
 - a. use of educational services,
 - b. use of research and other expert services,
 - c. costs of temporary postings (excluding per diem),
 - d. communication services, advertising and propaganda costs,
 - e. operating costs,
 - f. rentals,

(2) The University's internal procedures on the procurement of services subject to the Public Procurement Act of Hungary are contained in the University's Public Procurement Regulations.

(3) The University's annual budget shall not include any material expenses not planned by the organisational units. Deviation from this is only possible in the case of revenue (extra revenue) in excess of the budget or the availability of revenue from calls for applications or other revenue in excess of the budget.

(4) The detailed procurement rules are set out in the University's Regulations on Commitments.

Section 18 Student benefits

(1) Entitlements to student benefits and the opportunities for their use shall be determined by the legislation in force and by the University's Regulation on Student Fees and Benefits (hereinafter: RSFB).

(2) The source of student benefits may include in particular:

- a) funds provided by the Maintainer,
- b) grants received under a financing agreement with the Hungarian State,
- c) grants received under a national, EU or other grant agreement (e.g. ERASMUS),
- d) funds received through a partnership.

(3) Student benefits may take the form of:

- a) study, social and extracurricular scholarships for students,
- b) operational resources (e.g: operating costs of the Student Union, dormitory operating costs)

c) available funds for renovation (e.g. housing allowances from public support)

(4) The student benefits received in the form of public support shall be managed and accounted for in accordance with the terms of the financing agreement, and the amount received from the Maintainer for student benefits shall be accounted for in the annual report.

(5) The planning of the funds that can be used for the operation of the Student Union and the PhD Student Union from student benefits, the procedures for commitments and the method and schedule of reporting are set out in these Regulations and in line with the financial management rules that form part of the Statutes of the Student Union and the PhD Student Union.

Section 19 Profit and loss of previous years

(1) The University's profit or loss for the reporting year shall be the profit after tax shown in the profit and loss account and shall be transferred to the retained earnings at the beginning of the year following the reporting year.

(2) The retained earnings may be used to finance the operations of the following years and for investment and development purposes in accordance with the annual budgets adopted by the Board of Trustees.

VI. Financial management of assets

Section 20 General rules on the financial management of immovable and movable property

(1) The University has received its movable assets and real estate property, which are in its asset management as of 30 June 2019, for the performance of its activities, from the Hungarian State in the form of a property transfer free of charge pursuant to Act XXX of 2019 on the Maecenas Universitatis Corvini Foundation and the asset transfer to the Maecenas Universitatis Corvini Foundation and the Corvinus University of Budapest, it being understood that it shall use, exploit and manage such property as owner for the performance of its tasks as defined in the Founding Charter, subject to the following restrictions

- a. by virtue of Subsection (1) of Section 6 of the said Act, a prohibition of alienation and encumbrance exists on the real estate registered under parcel No. 37058 in District 9 of Budapest (Fővám Square building) and transferred free of charge
- b. the University may use the real estate transferred to its ownership for the performance of the educational and academic research tasks specified in the Nftv. If the University sells the real estate transferred to its ownership, it shall use the remainder of the proceeds from the transfer of the real estate, after the costs of the transfer have been paid, for the purposes of infrastructure development for its core activities. The University may not use the proceeds from the sale of real estate to finance operating expenses.

(2) Subject to the restrictions set out in Subsection (1), the University shall have the right to sell its movable property, including intellectual property and property rights, and immovable property (hereinafter collectively referred to as "institutional property"), and the right to acquire property as owner.

- (3) The University shall use the institutional property for its intended purpose, to bear the related expenses, to ensure its operation and maintenance, and to carry out the necessary conservation, maintenance and renovation tasks.
- (4) The Chancellor shall be responsible for the asset management of the institution of higher education, including technical, facility utilisation, operational, logistics, service, procurement and public procurement matters, and shall direct the operation in this area.
- (5) The Chancellor of the University and, by subdelegated authority, the heads of the organisational units and the inventory managers shall be primarily responsible for the existence, preservation and proper use of the property.
- (6) The places of operation of the assets shall be the premises of the University. Deviation from this is only possible with written permission (export licence). A permission may only be granted free of charge in justified cases in the interest of the University, i.e. in the interests of the University's mission. In all other cases, the user shall pay a fee. The permission shall be granted jointly and in writing by the line manager and the Chancellor.
- (7) Foreign assets may be brought in only with a written permission (permission to bring in) and with due justification. The University disclaims liability for the condition or existence of the assets brought in.
- (8) The condition and quantity of the assets shall be verified by means of an inventory. Detailed rules are set out in the Regulation on keeping and taking inventory.

Section 21 Utilisation of immovable and movable property owned by the University

- (1) Institutional property may be utilised for non-university purposes at the current market price, but at least at cost. Utilisation shall be understood to mean the transfer of the use of property on a permanent or case-by-case basis (leasing), as well as the various forms of disposal of property, in particular the form of sale, it being understood that the transfer of assets as contribution in kind, such as in the event of establishing business associations or the acquisition of shares in them, shall be regulated in a separate section of this Regulation.
- (2) The University's asset management plan shall be adopted by the Board of Trustees. The Chancellor shall be responsible for implementing the asset management plan. According to the OOP, Infrastructural Services shall be responsible for the use and exploitation of real estate. The following principles shall govern real estate exploitation:
- a) any utilisation which endangers or degrades the condition of University real estate or movable property or puts the reputation of the University at risk shall not be permitted,
 - b) if the nature of the utilisation makes it feasible and it is in the interests of the University, efforts should be made to select the partner for the utilisation through calling for competition.
- (3) The revenues from the occasional and regular real estate exploitation, after deduction of the expenses due to them, shall be used in full to cover the costs of its operation, thereby reducing the operating costs of the educational programmes.
- (4) The conditions and procedures for the ad hoc real estate exploitation and the use of rooms shall be regulated by the Chancellor in internal regulations within the framework of this Regulation.
- (5) Sale of real estate

- a) the University shall be entitled to sell real estate within the limits of the asset management plan approved by the Board of Trustees, subject to the restrictions set out in Subsection (1) of Section 20/A. The Presidential Committee shall be responsible for submitting the sales proposal.
 - b) if the nature of the real estate to be sold makes it feasible and it is in the interests of the University, efforts should be made to select the buyer through calling for competition.
- (6) The University utilises movable property only in exceptional cases, typically by selling scrapped assets or the sale of assets in the personal use of an employee after the end of their useful life or, on an ad hoc basis, at the employee's request on termination of employment.
- (7) If it is possible and is in the interests of the University, in the sale of movable assets, efforts should be made to select the partner for the utilisation through calling for competition and to achieve an utilisation value that exceeds the cost calculated with a methodology appropriate to the type of use, it being understood that the sale of movable property with a (net) book value of HUF 500,000 or more shall be subject to the prior approval of the Chancellor.
- (8) The transfer of any movable property of the University shall be carried out jointly by the Infrastructural Services and the Economic and Labour Law Services in accordance with the OOP.

Section 22 Investment, development and renovation activities

- (1) The Board of Trustees shall decide on the renovation of the real estate of the University and other development of the University's assets as part of the asset management plan submitted as part of the annual budget.
- (2) In preparing the University's budget, real estate-related investment and renovation expenses are planned centrally by Infrastructural Services, after the necessary consultations with the organisational units involved in the development.

Section 23 Use of assets under a lease contract

- (1) The University may use movable property or real estate space on a temporary basis for the performance of its tasks through the use of a service, i.e. on the basis of a rental/use contract, if the capacity of its own assets is not sufficient for the performance of its tasks.

Section 24 Management of financial assets and investment rules

- (1) The University may invest the financial resources necessary for its annual operations in risk-free financial instruments on the financial markets or hold or deposit them on a bank account.
- (2) The sale of Receivables may take place in justified cases on the basis of a decision of the Chancellor. In this respect, the expected impairment of a receivable or its irrecoverability from the original debtor may be a justified case.

Section 25 Rules on the formation of business associations, acquisition and sale of shares in business associations

- (1) The University may, subject to the prior approval of the Board of Trustees, establish a business association, acquire shares in a business association or sell its shares, provided that it promotes the more efficient implementation of the University's activities and is in line with the University's strategic vision.
- (2) It shall be the responsibility of the Presidential Board to present the sales proposal. The submission shall include all preliminary information enabling the Maintainer to assess whether the provisions of Subsections (1) apply.

VII. Planning

Section 26 Medium-term planning

- (1) The medium-term strategy of the University shall be set out in the Institutional Development Plan adopted by the Board of Trustees.
- (2) In order to achieve the strategic goals set out in the Institutional Development Plan, the University shall prepare a business plan for the period of the Institutional Development Plan, including a medium-term concept for asset management and a budget forecast, which shall be presented by the Presidential Committee.

Section 27 Annual planning

Section 27/A Purpose and principles of annual planning

- (1) The framework for the financial management of the University shall be determined by the annual budget approved by the Board of Trustees, at the level of the University as a whole and at the level of the organisational units defined in the OOP, in accordance with the principles set out in this Regulation.
- (2) The budget of the University shall include the revenues realistically expected for the planning period and the market value of the resources necessary to achieve the revenue, i.e. the costs and expenses, on the basis of the information available at the time of planning.
- (3) The annual budget shall include a presentation of the actions planned to be implemented in the following year from the University's medium-term asset management plan and their impact on the budget, including the financial implications of renovation and other development plans.
- (4) The University shall become entitled to the funds provided by the Maintainer, approved in the context of the budget approved by the Board of Trustees, under a financing agreement to be established with the Maintainer.
- (5) The Presidential Committee shall submit the University's budget plan to the Board of Trustees.

Section 27/B Annual budgeting

(1) Annual planning shall begin in the last quarter of the year preceding the financial year, on the basis of the annual planning schedule. The schedule details the planning steps, who is responsible for each step and the specific deadlines for each task.

(2) In order to lay the foundations for the budget, the Presidential Committee shall submit a budget concept to the Board of Trustees, detailing the budget's alignment with the strategy and its relationship with the external business environment and identifying the issues requiring decisions for the preparation of the annual budget submission together with the proposed solutions.

(3) The Chancellor shall prepare the budget submission on the basis of the concept approved by the Board of Trustees. The annual budget should be drawn up in the breakdown by cost centre of the organisational units in order to ensure the traceability of financial management during the year and the possibility of drawing up mid-year financial reports.

(4) The Chancellor shall be responsible for the execution of the annual budget of the University.

VIII. Reporting

Section 28 Annual report

(1) According to the Szt., the University shall prepare an annual report, including a public benefit report in accordance with the NGO Act.

(2) The Chancellor shall be responsible for the preparation of the report, which shall be presented to the Board of Trustees by the Presidential Committee.

(3) Tasks, deadlines and responsibilities for compliance with accounting procedures are set out in the University's Accounting Policy.

Section 29 Periodic financial reports

(1) The University shall prepare a quarterly report on the development of its key financial indicators, for which the Chancellor shall be responsible. The interim report is presented to the Board of Trustees by the Presidential Committee.

(2) The deadline for quarterly reports shall be the last day of the month following the end of the quarter or the next meeting of the Board of Trustees, whichever is later.

(3) At the same time, the University shall, at least quarterly, prepare a detailed report on the use of its resources, indicating its funding needs and justifying any deviation from the plan to the Board of Trustees, and shall prepare a short-term budget forecast on a rolling basis of the expected use of resources, for which the Chancellor shall be responsible. The report on the use of resources, the funding request and the budget forecast are submitted to the Board of Trustees by the Presidential Committee.

(4) Controlling shall prepare a statement at least quarterly on the development of the key financial indicators at the level of organisational units, which shall be sent to the heads of the organisational units.

(5) In the event of a threat to the fulfilment of the plans, the heads of the organisational units shall report on the fulfilment of the plans of their own organisational unit, as ordered by the Chancellor.

(6) On special request, statements and reports shall be prepared on a case-by-case basis for the Board of Trustees and the heads of university organisational units, in addition to the reports specified in Subsections (1) to (4).

Section 30 The financial management system

(1) The financial management system is a business administration system established in accordance with the relevant legislation, which includes the recording of assets, the accounting of costs, expenses and revenues in accordance with the accounting requirements, and provides information as required by the Maintainer and for official data reporting, tax return obligations, and management information for the senior executives of the University.

(2) The integration of the parts of the Single Institution Management System (hereinafter: SIMS), i.e. the SAP-based financial management system, the SAP-based HR system, the Poseidon Records and Document Management System and the Neptun study system, is supported by the repository module and interfaces ensuring the immediate transfer of data between the systems.

(3) The possibility of up-to-date data processing and data reporting is ensured by the use of cost centres, organisation codes (function area) and identifiers for clear differentiation of tasks, activities and projects.

a) In the SAP financial management system, the organisation code (function area) is used to identify the organisations and organisational units, which corresponds to the organisational structure of the Neptun study system.

b) A new cost centre may be requested from Controlling by filling in the "Cost Centre Request Form". Controlling shall be responsible for setting up cost centres.

(4) Persons with financial management authorisation shall receive an aggregated and detailed statement per cost centre (Cost Centre Reports), published through the Neptun study system, of the budget data of their cost centres and the evolution of the revenues, costs and expenses actually incurred, according to their level of authorisation, and executives with SAP licence shall have direct access to the SAP system.

IX. Closing provisions and provisions on entry into force

Section 31

(1) The Chancellor shall be responsible for updating of the Regulation on Financial Management on an ongoing basis.

(2) This Regulation was adopted by the Board of Trustees at its meeting on 30 January 2020 and shall enter into force on 1 February 2020, and the Regulation on Financial Management adopted by Senate Resolution SZ-101/2014/2015 and amended several times shall be repealed.

(3) This Regulation shall form an annex to the Organisational and Operational Procedures.

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