



FINANCIAL STANDING ORDERS

As adopted at 76th Board Meeting in Sofia, Bulgaria, 9th to 11th of May 2019

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Introduction

These are the Financial Standing Orders of ESU – The European Students’ Union. The Financial Standing Orders regulate all financial matters within ESU.

Section 1: Definitions

1.1. Fiscal year

The fiscal year of ESU defines the period of validity of the budget of ESU. The fiscal year runs from January 1st to December 31st.

1.2. Budget

The budget of ESU shows the expected income and expenditure of the organisation divided into items of income and expenditure. The budget is valid for one fiscal year.

1.3. Financial Report

The financial report of ESU is a report about the financial situation of the organisation which has to be presented to every BM.

1.4. Income Statement

The income statement shows the incoming and outgoing money on ESU accounts and the actual result of the period for which the balance sheet is done.

1.5. Assets

The assets of ESU are defined as the property of the organisation.

1.6. Liability

The liability of ESU is defined as the financial obligations of the organisation.

1.7. TDI

The TDI is all income over which the member has full decision making power regarding its spending.

It includes, but is not limited to:

- all income contracted from public or private donors, over which the organisation has decision making power, either during the application or the implementation of project;
- all other incomes (sponsorships, membership fees, profits of economical activities) on which the governing bodies of the organisation has decision making power.

The following cost units are not deductible from the TDI declaration:

- costs for personnel, as long as they are decided upon by the NUS's decisional bodies;
- costs associated to grants and projects from various donors, including governments, as long as the budget is designed by the NUS's decisional bodies;
- costs for running an office (rent, utilities, consumables, communication etc.)
- costs for organising statutory meetings, as long as the NUS is not bounded by external decisions to organise them.

Deductible are costs for which the NUS is bounded by external decision, over which the NUS has no power, such as transfers to member unions. Detailed instructions for the interpretation of the TDI can be found in the TDI guidelines drawn up and agreed by the EC and the CIA. Income for the purpose of hosting of internal events of ESU can be deducted by a member union.

In case of different interpretations of the TDI definition or which income or costs are deductible, the EC shall ask the unions for clarification of the matter and in consultation with CIA decide on the final interpretation. Union whose TDI form was disputed, can appeal against this decision to the Board, who can approve the Union's appeal with a 2/3 majority.

1.8. Balance Sheet

The balance sheet shows the values of ESU's assets and liabilities, namely bank and cashier situation, capital, reservations, immobilities, immovable property.

1.9. Contracts

Contracts are Agreements that ESU may undertake with third parties and that may, or will, also result in costs or income for ESU.

1.10. Perdiem

Perdiems are daily allowances meant to cover basic needs of individuals officially representing ESU. Perdiems are also considered to be any perdiem, compensation or income received from third parties while representing ESU.

Section 2: ESU structures dealing with the finances

2.1. Presidency

2.1.1. Legal responsibility and accountability

The Presidency of ESU is legally responsible for the financial matters of ESU. With the discharge of liability of the Presidency at the end of their mandate, the liability is moved

to the following Presidency. The Presidency is obliged to report to the EC on the financial matters at every at every EC face to face meeting. Financial reports and budgets need to be approved by the EC before the can be presented to the board. The Presidency is accountable to the BM for the financial matters of ESU.

2.1.2. Presidency members responsible for Finances

The Presidency is the EC members responsible for the finances of ESU in accordance to the decision of the EC in dividing responsibilities between the Presidency members. Their task is to supervise the work of the Secretariat and to assist the Secretariat and the CIA in their work. Specifically, the Presidency has to coordinate the designing and implementation of ESU financial policies, such as fundraising, preparation of the financial report of ESU and the drawing up of the budget and supplementary budget of ESU.

The President is overseeing the work of the Vice-Presidents of the organisation as the responsible person for the overall wellbeing of the organisation.

Responsibilities for finances and human resources management cannot be delegated to a single Presidency member.

2.1.3. Responsibility for day to day management

The Presidency of ESU as responsible for day-to-day management is to assist collectively the Secretariat in preparing the budget and financial reporting towards the EC and ultimately to the Board.

2.2. The Secretariat

2.2.1. Responsibilities

The Secretariat is responsible for handling the financial affairs of ESU, namely, the bookkeeping and all daily financial operations. Additionally, the drafting of the budget and supplementary budget is done under the coordination of the **Presidency** with respect to their task division. The Secretariat is also responsible for assisting the EC, the Presidency and CIA in their work, namely with regards to sponsorships, fundraising and implementing all political decisions with regards to finances.

2.2.2. Financial Reporting

The Secretariat is responsible for preparing the financial report and the balance sheet of ESU for the BM under the coordination of the Presidency with respect to their task division.

2.2.3. Project Management

The Secretariat is responsible for the handling of finances of the ESU projects and for financial reports of the contracted projects, under the coordination of the Presidency with respect to their task division.

2.3. The Commission for Internal Auditing (CIA)

2.3.1.

Composition

The CIA is set up in accordance with the Statutes of ESU.

2.3.3. Information

The members of the CIA have the right to full information on financial matters.

2.3.4 Competencies

The Commission for Internal Auditing has the competency to act as a financial advisory body to the Presidency, the EC and the Board. The CIA can make recommendations and express opinion on all financial matters.

The CIA can assist the Secretariat and the Presidency to draw up the budgets and all other relevant financial documents of ESU.

Furthermore, the CIA carries out the internal audit of ESU and presents it every board meeting. Besides the internal audit they will present an activity report to all Board Meetings.

Section 3: Budget

3.1. Financing of ESU

ESU's activities shall be financed by: membership fees and grants, sponsorships, donations and purchases from outside sources, only if the acceptance of such revenue does not conflict with the aims and objectives of ESU as stated in the Statutes of ESU, Paragraph 3,1.

3.2. Set up of the Budget

The Budget is set up in two main categories, income and expenditure. Within these categories, specific items of income and expenditure have to be clearly divided, so that the sources of income as well as the purposes of expenditure are clearly visible. The budget has to be balanced.

3.3. Draft Budget

The draft budget for the following year will be prepared by the Presidency and the Secretariat.

3.4. Approval of the Budget

The second ordinary BM of the year will approve or reject the budget for ESU. This will have to be done before the beginning of every fiscal year and in line with the Belgian legislation.

3.5. Amendment of the budget and supplementary budgets

The Board Meeting may amend the existing budget and/or pass supplementary budgets if necessary. Proposals for amendments or supplementary budgets will be prepared by the Presidency and the Secretariat. If a budget line is projected to sum up more than 10% diverging from the planned budget, amendments to the budget need to be proposed for a vote to the next possible BM.

Section 4: Membership Fees

4.1. Claim for membership fees

The Secretariat will send out the claim for all information related to the calculation of the membership fees until 1st of March. The deadline for submitting these documents to ESU is 31st of May. The membership fee invoices must be sent out by the end of June and paid within the deadline set in the invoice. Not respecting the deadline will result in the respective NUS's suspension of voting right, until the situation is repaired. The membership fee is considered paid if the amount has been deposited to the ESU bank account.

4.2. Calculation of membership fees

The calculation of membership fees shall be based on official documentation distributed and signed by a person holding a position of trust within the member organisation. The criteria for determining the individual membership fee shall be the total disposable income (TDI) of the member. The membership fees will be calculated based on the TDI of the previous year in a bracket division (the EC after consultation with the CIA can decide to calculate the TDI of a member union based the latest available financial report), with a membership fee calculated as 1,55% of the maximum TDI in each bracket, with a minimum of 300 EUR and a maximum of 19 375 EUR, as in the following table:

Category	TDI lower limit (EUR)	TDI upper limit (EUR)	Membership Fee (EUR)
1	0	30 000	300,0
2	30 001	40 000	620,0
3	40 001	50 000	775,0
4	50 001	75 000	1 162,0
5	75 001	100 000	1 550,0
6	100 001	150 000	2 325,0
7	150 001	200 000	3 100,0
8	200 001	250 000	3 875,0
9	250 001	300 000	4 650,0
10	300 001	350 000	5 425,0
11	350 001	400 000	6 200,0
12	400 001	450 000	6 975,0
13	450 001	500 000	7 750,0
14	500 001	625 000	9 687,5
15	625 001	750 000	11 625,0
16	750 001	1 500 000	15 500,0
17	1 500 001	2 000 000 or more	19 395,0

When NUS's send in their TDI information to ESU, they also have to enclose a summary of official financial report, translated to English, approved by their normal auditor. The reports are distributed within the EC and CIA, and are not public in any other way. The financial reports in original language are to be attached to the summary.

NUS's that might be prevented to participate in ESU because of payment of membership fee can apply for the solidarity fund.

The solidarity fund represents a certain percent of the income generated by membership fees collection and it is to be included in the yearly budget proposal. It is up to the EC to practically assess and implement the use of the solidarity fund based on open and clearly stated granting rules.

4.3. Sanctions

At every BM the Secretariat will present a list of the members, whether or not they paid their membership fee and any possible or imposed sanctions.

If membership fees and/or debts persist for 2 consecutive years without following a payment plan, the member is deemed to be withdrawn from ESU, unless the BM decides for the member to remain within ESU with 2/3 majority. The concerned member needs to be notified 3 months before the procedure will be started. ESU is entitled to follow up on the debts of previous members, if necessary with the help of legal procedures.

4.4. Warning Procedures

The Presidency and Secretariat will send a warning, in the form of reminder invoice for MF or reminder TDI form, to the NUSes in danger of losing their voting rights 30 days prior to the second ordinary BM in a year. Warning will be sent by recorded mail and by email to a joint email address of the board of ESU. Additionally, phone contact will be established with the NUSes to inform them about their unfulfilled duties towards ESU.

4.4 bis. Debts between member unions

At every BM, the debts between member unions stemming from ESU events shall be disclosed. Such disclosure will only take place if the member union, who is the creditor is providing documentation about the debt to the Presidency. As a minimal standard an explanation of the nature and cause of the debt and according invoice need to be provided. Documented debts toward other member unions are followed up with the same sanctions as debts towards ESU.

Section 5: Travel Costs

5.1. General Provisions

The travel reimbursement provision for an event will be announced in the invitation, in accordance with the internal travel instructions approved by the BM. The reimbursement will not exceed € 300 for one person per NUS.

Without prejudice to the precedent paragraph, travel reimbursements of amounts exceeding € 300 have to be negotiated with the EC at least one month before and shall be granted only under extraordinary circumstances.

5.2. Board Meeting Solidarity Fund

Solidarity fund for the unions, which are not able to financially cover their participation in the BM, will be established for each BM by the EC. The EC will practically assess and implement the use of the solidarity fund based on the granting rules used for the membership fee solidarity fund.

5.3. Candidates and Associate Organisations

Candidates and Associate Organisations cannot claim travel reimbursement except when a special agreement has been made with the EC or BM prior to the respective meeting.

5.3A. Observers and Partners

Observers and Partners cannot claim travel reimbursements.

5.4. Travel reimbursements to ESU representatives

In case a member of any ESU elected body, secretariat or individual mandated by ESU is to represent ESU in an event where ESU has to cover the travel costs, travel expenditure must be approved by the Presidency.

Travel restriction rules from the paragraphs 5.2.4., 5.2.5. and 5.2.6. are applied for all representatives of ESU including ESU elected bodies, Secretariat, individuals mandated by ESU and all other official ESU bodies for all travel reimbursed by ESU. Financial documents mentioned in paragraphs 5.2.4, 5.2.5 and 5.2.6 must be sent to ESU Office with a maximum of 15 days after the closing of the meeting.

In case the financial documents are not submitted in the above mentioned deadline, reimbursement will not take place.

5.5. Perdiems

Presidency or the EC also has the possibility to mandate individuals outside the elected bodies of ESU to go to the occasional external representation if the elected officials are unable to participate.

Whilst doing external representation on behalf of ESU only staff members (excluding Presidency) being sent on representation of ESU are entitled to receive a per diem. The table and guidelines for per diems are approved by the EC and elaborated in the financial handbook. All elected representatives (including Presidency) are not entitled to receive per diems from ESU, but will be reimbursed for their actual costs.

In case elected representatives are receiving per diems from third parties, any positive difference must be transferred to ESU within 15 days from the event return date and send the proof of transfer to ESU, together with the rest of the financial documents.

In case respective person doesn't respect the deadline or doesn't transfer the compensation at all, a penalty of not doing any external representation will be applied.

5.5. Economic and ecological guidelines

ESU encourages the use of economical and environment friendly means of transport. If trains, buses or boats are at least 20 per cent cheaper than flights, they must be used up to a total travel time of 12 hours.

Section 6: Engaging ESU into financial contracts

6.1. Day-to-day financial administration of the organisation

Day-to-day financial administration of the organisation includes:

- Recurring contractual payments over 1.000 EUR adopted by the EC, such as salaries, rent, credit card payments;
- communication with the banks, at which ESU maintains bank accounts;
- bank transfers;
- cash payments;
- debit card payments;
- credit card payments.

6.2. Expenditure of up to € 1000

Expenditure of up to 1000 Euro are the competency of any member of the Presidency. Each of them individually can engage ESU for these matters after agreement from the rest of the Presidency.

The EC can mandate through a minuted decision of the Executive Committee a member of the Secretariat to assist the Presidency in the day-to-day financial administration of the organisation, while Presidency remaining responsible for the actions of the Secretariat on these matters. All expenditures of under 1000 Euro have to be signed by at least one member of the presidency or a mandated member of the ESU staff.

6.2bis. Expenditures and engagements between € 1000 and € 3000

Financial expenditure and engagements exceeding 1000.00 EUR but less than 3000.00 EUR have to be approved by the Presidency of ESU and documented in writing.

All expenditures of between 1000 EUR and 3000 EUR have to be signed by two members of the Presidency or one member of the Presidency and a mandated member of the ESU staff.

6.3. Expenditures and engagements exceeding € 3000

All other financial expenditure and engagements exceeding 3000.00 EUR have to be approved by the Executive Committee of ESU and documented in writing. This includes project contracts.

All expenditures above 3000 EUR have to be signed in addition by two members of the Presidency or one member of the Presidency and a mandated member of the ESU staff

6.4. Expenditures not mandated by the budget

The EC or the Presidency cannot engage ESU into a contract, if the purpose is not mandated by the budget or plan of work or if the arising costs exceed existing budget lines.

Section 7: Sponsorships

While engaging with sponsors ESU will use the UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: make sure that they are not complicit in human rights abuses;

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour;

Principle 6: the elimination of discrimination in respect of employment and occupation;

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility;

Principle 9: encourage the development and diffusion of environmentally friendly technologies;

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

Section 8: Bookkeeping

The books of ESU are kept in a double bookkeeping procedure. The results of each month have to be sent to the Presidency by the Secretariat within 15 days after the end of the respective month.

Section 9: Auditing

9.1. Accounts

Full accounts are submitted to the BM once per fiscal year, and a detailed report of the current financial position will be made to each BM. The BM takes notice and approves or rejects the internal auditing report.

9.2. External Audit

The External audit of ESU will be arranged by the Presidency and the Secretariat and will be carried out in accordance with the country, where the ESU Secretariat is established and operating legal provisions.

9.3. Internal Audit

The internal audit of ESU will be done by the CIA preferably twice a year prior to the ordinary BMs. In any case, the internal audit has to be done at least once per year after the closing of the books for the previous fiscal year before the external audit.

Section 10: Financial report

10.1. General Provisions

The financial report will be in accordance with the legislation of the country where the ESU Secretariat is established and operating.

10.2. Report to the EC

The Presidency will present a monthly report about the financial situation of ESU to the EC.

10.3. Reports to the CIA

The EC will update the CIA every three months about the financial situation of ESU.

10.4. Reports to the BM

Financial reports have to be prepared for each BM. They shall consist of:

1. A table showing the realised figures, the adopted budget and the budget of the preceding year;
2. A balance sheet;
3. The internal audit report, the external audit report and letter from the external auditor. This will only be presented at the first ordinary BM of the year after the closure of books for the preceding year;
4. Notes explaining the presented figures, a forecast of the financial situation of ESU in the nearest future and risk analysis.

Section 11: Amendment of the Financial Standing Orders

The Board Meeting may amend the financial standing orders by a 2/3 majority. The rules for proposing amendments are the same as for the Statutes and Standing Orders.