

Approved by Rector's directive No 82 of 30 June 2017

Amended by Rector's directive No 103 of 3 October 2017

Amended by Rector's directive No 34 of 15 June 2018 (entry into force 15.06.2018, excluding clause 11.9, which shall enter into force on 01.01.2019)

Amended by Rector's directive No 20 of 14 May 2019

Amended by Rector's directive No 53 of 25 November 2019

Amended by Rector's directive No 56 of 12 December 2019

Amended by Rector's directive No 47 of 26 October 2021

In force from: 26.10.2021

Financial Regulations

1. Purpose and object

1.1 The purpose of the Financial Regulations (hereinafter referred to as "the Regulations") is to lay down the university's guiding principles for financial administration.

1.2 The Regulations lay down the basis for the preparation, approval, amendment, implementation of and reporting on the budgeting strategy, the financial plan and the budget, the structure of the budget, the basis for taking financial obligations, the measures to be taken to ensure financial discipline, the terms and conditions for using the financial resources and the pricing principles.

2. Definitions

2.1 "**Sub-budget**" - a subdivision of the university's budget, i.e. the budget of a smaller section, for which a budget is prepared and approved, and the implementation of which is monitored and reports on which are prepared.

2.2 "**Budget**" - an estimate of the university's operating income and expenditure, investment transactions, financing operations over the period of a financial year under accrual basis accounting and a cash flow estimate under cash basis accounting.

2.3 "**Financial year**" - the period from 1 January to 31 December.

2.4 "**Budgeting strategy**" - a medium-term financial estimate based on the university's strategic plan and objectives, which sets priorities by taking into account the existing financial resources.

2.5 "**Financing source**" - an account in the accounting system with its own budget, where revenues and expenditures, investment transactions, financing operations and cash flows on cash accounting basis are recorded.

2.6 "**Authorising officer**" - a university employee, who gives orders for making purchases or covering expenses (excluding salaries) and making payments from the financing source either alone, if he or she is authorised to sign, or together with the authorised signatory, and who is required to prepare the budget of and report on the financing source and is responsible for implementation and balance of the budget (incl. balance of cash flow).

2.7 "**Fund manager**" - a person appointed by the Rector, who implements the budget of a structural unit at the level of the head of the unit.

2.8 "**Financial plan**" - a plan submitted under the Higher Education Act and prepared in a format and pursuant to the terms and conditions laid down by law. [entry into force 12.12.2019]

2.9 "**Consolidated body**" - a legal person in the university's consolidation group.

2.10 "**Fund**" - the financial resources intended to be used for a specified purpose or period, including contingency reserve for unforeseen expenditure.

2.11 "**Department**" - a structural unit on the department level, including colleges.

2.12 "**Office**" - an administrative and support unit, including the library and Certification Centre of Tallinn University of Technology.

2.13 **"Project grant"** - targeted funding received from other institutions, including public sector entities and international organisations (e.g. the European Union), intended to cover the costs of an activity or set of interrelated activities with an established outcome, budget and defined time frame, for which no goods or services are directly received.

2.14 **"Surplus / deficit from operating activities"** - the difference between the total operating revenue section and total operating expenses section of the budget.

2.15 **"Year of financing"** - the financial year (calendar year) to which the financial allocation is made.

2.16 **"Structural unit"** - a part of the structure of the university defined as a structural unit in the Statutes, including a Dean's Office.

2.17 **"School"** - a school level structural unit, including the Estonian Maritime Academy.

2.18 **"Activity support"** - support, where the provider of the support does not impose strict restrictions on using the support and does not request distinction of expenditure covered from the support (incl. higher education funding, base funding of research and development institutions (hereinafter referred to as "base funding") and support for infrastructure maintenance).

2.19 **"Fixed-term financing source"** - a temporary account, where the revenue, expenses, investment transactions, financing operations and cash flows (accounted using a cash accounting scheme) related to a project, service, grant, contract or any other funding that has a fixed term and goal and requires separate accounting are recognised.

2.20 **"Permanent financing source"** - a permanent account, where the revenue, expenses, investment transactions, financing operations and cash flows (accounted using a cash accounting scheme) related to the main activity or services regularly provided by a structural unit are recognised.

2.21 **"General fund"** - a financing source, where activity support, tuition fees paid by the students of degree studies, overhead allocations from the university's revenue and other institutional support and agreed allocations and their financial breakdown are recorded.

2.22 **"Overhead allocation"** - a financial allocation into the general fund, which is determined based on the revenue and established by the Rector.

2.23 **"Surplus"** - a situation, where the revenue exceeds the expenditure in the cash flow budget.

2.24 **"Expenditure overruns"** - a situation, where the expenditure exceeds the revenue in the cash flow budget.

2.25 **"University-wide project"** - a university-wide development activity organised by the support structure.

3. Principles of financial administration

3.1 The university's financial administration shall be based on the budgeting strategy, financial plan and budget.

3.2 The university's budget is balanced if the surplus / deficit from operating activities equals zero.

3.3 The Rector has overall responsibility for preparing, implementing of and reporting on the university's budgeting strategy, financial plan and budget.

3.4 The Finance Office shall arrange and coordinate preparation and approval of a budgeting strategy, financial plan and budget in accordance with the Rector's instructions and make sure that a report on the implementation of the budget is submitted and make proposals for imposing liability. [entry into force 26.10.2021]

3.5 The heads of structural units and authorising officers shall report to the Finance Office. [entry into force 26.10.2021]

3.6 The structure of the budget of a structural unit and a financing source shall be established by Finance Office. [entry into force 26.10.2021]

3.7 The heads of the structural units shall be responsible for the implementation of the budget, the balance of the budget and the balance of the cash flows (expenditure shall be covered by revenue) of the structural unit.

3.8 The authorising officers shall be responsible for the implementation of the budget, the balance of the budget and the balance of the cash flows of the financing source.

3.9 The following signatories are authorised to sign expense receipts in sub-budgets and the constituent budgets:

3.9.1 the Rector;

3.9.2 the head of the structural unit to which the financing source belongs;

3.9.3 the university employee appointed by a written order issued by the Rector, area director or the Dean;

3.9.4 the university employee appointed by a written order issued by the head of the structural unit to which the financing source belongs.

3.10 The signatories and authorising officers shall avoid any conflict of interests, including a transaction with respect to associated persons within the meaning of the Anti-corruption Act and shall act in compliance with the principles of avoiding a conflict of interests established at the university.

4. Budgeting strategy and financial plan

4.1 A budgeting strategy shall be drawn up each year by budget sections and shall include an estimate of the new financial year and the following four financial years. [entry into force 15.06.2018]

4.2 A budgeting strategy shall be accompanied by explanatory notes. [entry into force 12.12.2019]

4.3 A budgeting strategy and a financial plan shall be drawn up for the university as a whole and these documents do not include a breakdown by sub-budgets.

4.4 The Senate makes a proposal to the Council for approving the budgeting strategy. [entry into force 12.12.2019]

4.5 A budgeting strategy and a financial plan shall be submitted to the last meeting of the Council held in the year. [entry into force 15.06.2018]

5. Budget structure

5.1 A budget shall be divided into budget sections, which are broken down into sub-budgets.

5.2 The budget sections include:

5.2.1 the operating revenue budget;

5.2.2 the operating expenses budget;

5.2.3 the investment transactions budget;

5.2.4 the financing operations budget;

5.2.5 the cash flow budget.

5.3 The sub-budgets include:

5.3.1 the budgets of the schools;

5.3.2 the budget of the support structure;

5.3.3 the capital budget;

5.3.4 the budgets of funds;

5.3.5 the budgets of consolidated bodies.

5.4 A school budget is broken down into the budgets of departments and the Dean's Office. The budgets of departments and the Dean's Office comprise the budgets of financing sources.

5.5 The sub-budget of the support structure comprises the budgets of the Rector's Office, the Council, the Student Union, Offices and university-wide projects. The budgets of the Student Union and the Offices comprise the budgets of financing sources.

5.6 The capital budget comprises the budgets of property investments and repayment of the principal of the loan and interest costs.

5.7 The sub-budget of funds comprises the budgets of the funds laid down in the university's budget. [entry into force 26.10.2021]

6. Operating revenue budget

6.1 The budget revenue shall be broken down by type of revenue, i.e. revenues from the rendering of education services, research and development or other activities.

6.2 The revenue items are divided according to sources of revenue as follows:

6.2.1 revenue from the rendering of education services - activity support for degree studies, tuition fees paid by the students for degree studies, revenue from continuing education, project grants for academic activities, grants for the rendering of education services from the budget of the Ministry of Education and Research. [entry into force 26.10.2021]

6.2.2 revenue from research and development - base funding of research and development institutions, institutional and personal research funding with support for covering infrastructure maintenance (overheads), grants for research and development from the budget of the Ministry of Education and Research, revenue from research and development contracts and services (excluding grant agreements), project grants for research and development (targeted financing);

6.2.3 other income - project grants that cannot be regarded as revenue from teaching and learning activities or research and development, assigned transfers (including allocations for study allowances and scholarships) other income, including from economic activities (e.g. publishing, book sales, rent and related revenue).

6.3 Project grants allocated to finance the operating costs are recognised as operating revenue. Project grants for the acquisition of non-current assets are recorded under the investment transactions budget.

6.4 Revenue is further broken down into general fund revenue and revenue outside the general fund, including the revenues received in the budgets of structural units.

6.5 Income from internal billing is included in the budget of a structural unit and the budget of a financing source.

7. Operating expenses budget

7.1 The budget expenditure is broken down into items of expenditure according to their category:

7.1.1 personnel expenses, including salaries, other remuneration payable to employees, labour taxes and fringe benefits and applicable taxes;

7.1.2 allowances and remuneration, including allowances and remuneration to natural persons, mediation of grants to project partners, non-targeted grants (membership fees);

7.1.3 other operating expenses, including expenses related to maintenance and administration of real estate, secondments, purchase of products and services and renting (excluding financial leasing), mediation of grants, office, transportation, representation, advertising, staff training costs and other expenses related to the activities of the university.

7.2 Expenses incurred from internal billing are recognised in the budget of a structural unit and the budget of a financing source.

8. Investment transactions budget

8.1 The investment transactions budget includes:

8.1.1 depreciation, amortisation and impairment loss;

8.1.2 project grants for the acquisition of non-current assets (targeted financing of non-current assets), sale of non-current assets, profit/loss from sale of non-current assets;

8.1.3 investment property;

8.1.4 investments in other non-current assets (including intangible assets);

8.1.5 VAT on investment;

8.1.6 receipt of non-monetary assets if it can be reliably estimated;

8.1.7 loans granted and received based on subsection 8 (3) of the Tallinn University of Technology Act and securing the obligations of other legal persons;

8.1.8 financial income and expenses.

8.2 Depreciation of non-current assets is recorded in the budget by adding the depreciation of foreseeable acquisitions of non-current assets to the book depreciation of existing non-current assets in

accordance with the depreciation rates laid down in the accounting policies and procedures and the date the asset is taken into use.

8.3 The Finance Office shall submit the source data on the amount of depreciation of non-current assets in the financial year (depreciation corresponding to existing assets for the next financial year) to the structural units.

8.4 Investments are recognised at the cost, which, as a rule, includes the purchase price (including customs duties and other non-recoverable taxes) and other expenses directly related to acquisition. Value added tax is not included in the acquisition cost of investments, but it is recorded as expenditure of the accounting period if not recoverable.

9. Financing operations budget

9.1 The financing operations budget includes:

9.1.1 financial liabilities (borrowings, finance lease or other similar transactions included in the balance sheet);

9.1.2 fulfilment of previous financial liabilities (repayments).

9.2 Decisions on assuming financial liabilities shall be made in compliance with clause 10) of § 6 of the Statutes. [entry into force 12.12.2019]

9.3 Loans are broken down into long-term investment loans and loans received for other purposes to fulfil the goals of the university and short-term overdrafts for balancing the cash flow of the financial year.

9.4 The Council sets an overdraft limit for a financial year upon approval of the budget.

10. Cash flow budget

10.1 A cash flow budget is a cash plan, where the cash receipts (inflows) and cash expenditures (outflows) are recorded as follows:

10.1.1 cash at the beginning of the financial year;

10.1.2 income in the financial year;

10.1.3 expenses in the financial year;

10.1.4 cash at the end of the financial year.

10.2 A cash flow budget provides an overview of the financial position of the university and the structural units at the end of an accounting period.

10.3 Income and expenses from internal billing are also included in the cash flow budgets of a structural unit and a financing source.

10.4 Internal billing transactions can only be made from the financing sources that have the corresponding amount of cash surplus.

10.5 Cash inflows are broken down in the same way as revenue (see clause 6.2). Deferred income, borrowings, received payments for loans are also recognised as cash inflows.

10.6 Cash outflows are broken down similarly to expenses (see clause 7.1). Advance payments made, payments for investments, repayments of financial liabilities and loans granted are also recognised as cash outflows. Non-monetary expenditure (e.g. depreciation of non-current assets) is not included in cash outflows.

11. Budgets of the schools and the support structure

11.1 Revenue is recognised in the budget of the structural unit the economic activities of which generated the revenue, or which is entitled to receive the revenue pursuant to legislation.

11.2 Expenses are recognised in the budget of the structural unit the economic activities of which generated the expenses, or which is obliged to incur the expenses, including overhead allocation into the general fund.

11.3 The structural unit that received a grant shall pay the self-financing or co-financing required for the project grant from its budget revenue, including resources applied from funds, unless decided otherwise.

11.4 The structural units shall pay overhead allocation into the general fund at the rate and in compliance with the terms and conditions established by the Rector.

11.5 The terms of covering property management costs (costs of provision of premises), space allocation, the terms for using rental income and other related terms and conditions shall be set out in the rules for the use of the assets.

11.6 The structural units shall pay for the use of the premises in accordance with the rates established by the Rector and the rules for the use of the assets.

11.7 Information technology expenses shall be covered from the budget of the Information Technology Services. Relevant financial resources shall be allocated to the budget from the general fund and partly from the budgets of the structural units in accordance with the service charges established by the Rector.

11.8 Acquisition and depreciation of non-current assets, excluding acquisition and depreciation relating to property, is recognised in the budget of the structural unit, for which the non-current assets are purchased or which uses them.

11.9 Ten per cent of the cost of each ECTS credit of degree studies declared by a continuing education student, excluding the ECTS credits of the Estonian Maritime Academy, Tartu College and Virumaa College, shall be included in the revenue of the Open University. [entry into force 01.01.2019]

12. Capital budget

12.1 Investment property and loan servicing, including repayment of the principal of loans and interest costs, as well as the loans granted and received in compliance with subsection 8 (3) of the Tallinn University of Technology Act and secured obligations of other legal persons are recognised in the capital budget.

12.2 Investments in property comprise purchase, construction of real estate or major repairs increasing its value (included in the balance sheet).

12.3 In capital budgets, investments are broken down by property investment projects.

12.4 In order to finance an investment project, the Director for Facilities shall prepare the budget of the property investment, which shall include its total value and implementation by financial year. Financing will be started only if the corresponding budget has been prepared.

12.5 The sources for covering the capital budget are:

12.5.1 revenue or income from real estate transactions;

12.5.2 revenue from targeted support;

12.5.3 loans taken;

12.5.4 financial allocations from the general fund.

12.6 Depreciation, amortisation and impairment losses related to real estate are recorded as expenses in the capital budget.

13. Budgets of funds

13.1 The volume of the Rector's reserve fund shall be laid down in the budget and the Rector is in charge of the reserve funds.

13.2 Decisions on establishment and the financial volume of other funds are made during preparation of the budget and the general principles of the funds shall be described in the explanatory notes on the budget.

13.3 Financial allocations to sub-budgets are made from the funds, or expenses are incurred based on the decision of the authorising officer of the fund to meet the goals of the university.

13.4 The budget of the general fund is recognised in the sub-budget of the funds as well.

14. Budgets of consolidated bodies

14.1 A budget of a consolidated body shall be submitted to the Finance Office by the head of the institution by the date and on the terms laid down by the Finance Office. [entry into force 26.10.2021]

14.2 A budget of a consolidated body shall be submitted on the university's budget form and it must be accompanied by an explanatory note.

14.3 All transactions between the consolidated bodies and the university shall be eliminated in the university's budget and the budget implementation report.

15. General fund revenue and its distribution principles

15.1 The general fund revenue and its distribution principles shall be set out in the university's budget.

15.2 The sources of general fund revenue include activity support, base funding, support for infrastructure maintenance, revenue from tuition fees paid for degree studies, other institutional funding and allocations and overhead allocations from the university's revenue.

15.3 The following shall be allocated from the general fund in the first place: [entry into force 26.10.2021]

15.3.1 the grant fund (authorising officer of the fund - Vice-Rector for Research);

15.3.2 the teaching and learning development fund (authorising officer of the fund - Vice-Rector for Academic Affairs)

15.3.3 the fund for the implementation plan of the Strategic Plan (authorising officer of the fund - Rector);

15.3.4 the Rector's reserve fund (authorising officer of the fund - Rector);

15.3.5 the real estate fund (authorising officer of the fund - Director of Administration)

15.3.6 the IT development fund (authorising officer of the fund - Director of Administration).

15.4 The following shall be covered from the general fund:

15.4.1 organisation of teaching and learning activities, overall process and capacity of research and development activities and functioning of the schools, including the maintenance of premises and remunerating professors emeriti and paying doctoral allowances;

15.4.2 development of study programmes;

15.4.3 sustainable development of academic units;

15.4.4 overall functioning of the university, including covering overheads of the university.

15.5 The resources of the general fund are allocated to cover the overheads of the schools and the university.

15.6 The funding of schools is distributed as follows:

15.6.1 targeted funding;

15.6.2 core funding of the school, including base funding, performance based funding and funding of study programmes;

15.6.3 [repealed – entry into force 26.10.2021].

15.7 [repealed – entry into force 26.10.2021].

15.8 First, the funding for doctoral allowances and the resources for the catering and organising seagoing practice of the students studying at Estonian Maritime Academy according to the study programmes governed by the Maritime Safety Act shall be allocated.

15.9 The funding of the schools:

15.9.1 shall cover the following: the costs of tenured positions and other permanent academic positions, teaching, organisation of studies, research and development, support activities, development and other expenses of study programmes, management costs of schools and departments, costs of the support structure of dean's offices and other general expenses;

15.9.2 80% shall be allocated for base funding, 12% for performance based funding and 8% for funding study programmes. [entry into force 14.05.2019]

15.9¹ The core funding allocations of schools are made as a block grant. The amounts calculated by the apportionment formulae are not allocated for specific purposes and are distributed in compliance with the decisions made by the persons and councils responsible for the budget. [entry into force 14.05.2019]

15.10 From core funding of a school 50,000 euros a year shall be allocated per a tenured position filled as at the beginning of the financial year which shall be transferred to the separate financing account opened for and at the disposal of the respective tenured professor. [entry into force 26.10.2021]

15.11 Each school shall be allocated base funding which is based on the proportion of its core funding in the overall core funding of schools in the last financial year. By the Rector's decision, the structure of the school may be taken into account when calculating the abovementioned proportion. [entry into force 26.10.2021]

15.12 The proportion of performance based funding shall be calculated considering the following performance indicators of the school:

15.12.1 teaching load, weight 35%; [entry into force 14.05.2019]

15.12.2 percentage of students who graduate within the nominal period of study, weight 20%;

15.12.3 revenue from continuing education and business contracts, weight 10%;

15.12.4 number of international students and visiting students, weight 5%;

15.12.5 the effectiveness of doctoral studies and additional performance based funding at the Estonian Maritime Academy, weight 10%;

15.12.6 number of high-level publications, scholarly monographs, patents and patent applications and additional performance based funding of the Estonian Maritime Academy, weight 20%. [entry into force 14.05.2019]

15.13 The study programmes specified in clause 15.9.2 are financed in proportion to the number of students and study programmes, whereas the weight of the number of students upon financing is 70% and the weight of the number of the study programmes taught at the school is 30%. Doctoral students and study programmes shall not be taken into account upon determining the amount of funding allocated to study programmes.

15.14 A reduction in core funding of a school compared to the average monetary value of core funding of the three preceding calendar years is levelled out, unless the general fund as a whole decreases or the volume of activity of the school decreases significantly. [entry into force 14.05.2019]

15.15 [repealed – entry into force 26.10.2021]

15.16 The principles of financing a school and its structural units from the general fund:

15.16.1 the funding of a school is calculated separately for each structural unit of the school;

15.16.2 the funding not directly linked to the structural unit of the school (e.g. graduation rates within the nominal duration of study, etc.) is recognised on the budget line of the Dean's Office of the school;

15.16.3 the Finance Office shall submit the data on funding of schools and their structural units from the general fund to the Dean;

15.16.4 the Dean shall allocate at least 80% of the base and performance based funding to academic structural units, taking into account the development goals of the school and its structural units, the need to establish tenured positions, the teaching load, the results of the structural units, etc.

15.17 The following shall be covered from the overheads of the university:

15.17.1 expenses of the support structure of the university, including the personnel expenses of the structural units in accordance with the composition of staff and salary rates and other operating expenses, including the expenses of the premises used or possessed directly by the support structure in compliance with the regulations set out for the use of property;

15.17.2 costs of development projects on the basis of an application of the area director;

15.17.3 expenses in the capital budget.

15.18 Funds are allocated to the capital budget in accordance with the financial plan and applications for investment projects and for the performance of contractual obligations.

15.19 The Rector's reserve fund shall be set up on account of the university's general fund and it forms 2.5% of the volume of the general fund. [entry into force 26.10.2021]

15.20 Allocations for covering the university's overheads are made based on expenditure estimates.

15.21 In order to calculate performance based funding and prepare the university's budget, the basic data of the calendar year preceding submission of the data and of the current year as of 30 April, presented on the form established by the Finance Office and signed digitally, shall be submitted to the Finance Office during the 18th week, whereas: [entry into force 26.10.2021]

15.21.1 the Office of Academic Affairs shall submit data on the teaching load broken down by departments; [entry into force 15.06.2018]

15.21.2 the Office of Academic Affairs shall submit data on the students who have graduated within the nominal period of study (effectiveness) broken down by schools; [entry into force 15.06.2018]

15.21.3 the Finance Office shall submit data on the financial volume of continuing education and business contracts broken down by departments; [entry into force 15.06.2018]

15.21.4 the Office of Academic Affairs shall submit data on international and visiting students and the total number of students broken down by schools; [entry into force 15.06.2018]

15.21.5 the Research Administration Office shall submit data on the number of publications and patents and the corresponding coefficients broken down by schools; [entry into force 15.06.2018]

15.21.6 the Research Administration Office shall submit data on the total number of defences of PhD thesis and the number of PhD thesis defended within 5 years from matriculation broken down by schools; [entry into force 14.05.2019]

15.21.7 the Office of Academic Affairs shall submit the number study programmes (excluding PhD study programmes) opened for admission broken down by schools and the number of students by study levels broken down by schools; [entry into force 15.06.2018]

15.21.8 The Director for Facilities shall submit data on the floor area of the premises used by the structural units and the estimated cost of the premises in the next financial year. The estimates shall be provided by structural units (including departments and offices) by indicating the expenses incurred by the structural units by direct use of the premises and proportionally with regard to the premises to be taken into use;

15.21.9 The Vice-Rector for Research shall submit data on the value points of large-scale research projects broken down by structural units. [entry into force 15.06.2018]

15.22 The providers of basic data shall be responsible for the accuracy of the data submitted and for submission of the data by the due date.

15.23 The principles of calculating performance-based funding:

15.23.1 The abbreviations in the formulas set out in clause 15.23 stand for:

15.23.1.1 the share of performance-based funding allocated to a school based on a performance indicator – TR_{tk} ;

15.23.1.2 value of the performance indicator – T ;

15.23.1.3 total amount of performance-based funding – TR ;

15.23.1.4 weight of the performance indicator – T_{ok} ;

15.23.1.5 number of schools to which performance-based funding is allocated – x ;

15.23.1.6 index of the particular school – n ;

15.23.1.7 the share of core funding of the school in the total amount of core funding in the previous year of funding – PR ;

15.23.1.8 additional performance-based funding of the Estonian Maritime Academy – E_{tt} .

15.23.2 To calculate the share of performance-based funding allocated to a school based on the performance indicators specified in clauses 15.23.5, 15.23.7 and 15.23.10, the value of the performance indicator of the school is divided by the sum of the performance indicator values of all schools and the quotient is multiplied by the total amount of performance based funding and the weight of the performance indicator specified in clause 15.12 of the Regulations as follows:

$$TR_{tk} = \frac{T}{\sum_{n=1}^x T_n} * TR * T_{ok}$$

15.23.3 To calculate the share of performance-based funding allocated to a school based on the performance indicators specified in clauses 15.23.6 and 15.23.8, the value of the performance indicator of the school is multiplied by the share of core funding of the school in the previous financial year and divided by the sum of the products of performance indicator values and the shares of core funding of all schools in the previous financial year and the quotient is multiplied by the total amount of performance based funding and the weight of the performance indicator specified in clause 15.12 of the Regulations as follows:

$$TR_{tk} = \frac{T * PR}{\sum_{n=1}^x T_n * PR_n} * TR * T_{ok}$$

15.23.4 To calculate the share of performance based funding allocated to a school based on the performance indicators of PhD study specified in clause 15.23.9, the number of PhD students who have

graduated within 5 years from matriculation to PhD study shall be multiplied by the coefficient 2 and the number of other doctoral graduates will be added to it as follows: [entry into force 14.05.2019]

$(TR_{tk} = \frac{T}{\sum_{n=1}^x T_n} * (TR * T_{ok} - E_{tt}),$ where

$$E_{tt} = PR_{EMERA} * TR * T_{ok}$$

$$T = T_{\leq 5a} * 2 + T_{> 5a}'';$$

15.23.5 the teaching load shall be calculated based on the number of contact hours. The teaching load of contact hours shall be calculated in compliance with the rules for calculating the teaching load of contact hours in class; [entry into force 15.06.2018]

15.23.6 the percentage of students who graduate within the prescribed period of study shall be calculated as a ratio between the number of students admitted to the school and the number of graduates. In the case of the study programmes where the nominal duration is less than 4 years, the number of students who graduated within the prescribed period plus 1 year shall be taken into account; in the case of the study programmes with the nominal duration of 4 or more years, the number of students who graduated within the prescribed period plus 2 years shall be taken into account [entry into force 15.06.2018]

15.23.7 revenue from continuing education includes the revenue recognised in the report on the implementation of the university's budget as revenue from the Open University tuition fees and income from selling continuing education courses. Revenue from business contracts includes the revenue recognised in the report on the implementation of the university's budget as revenue from research and development contracts and services;

15.23.8 the indicator for international students and visiting students shall be calculated as a ratio between the number of international and visiting students and total number of students. Students who do not have Estonian citizenship, who have not established their permanent residence in Estonia and who do not hold long-term residence permit are counted as international students. Students who are described as visiting students in the Academic Policies shall be counted as visiting students;

15.23.9 the percentage of students graduating from PhD study shall be calculated as a ratio between the number of PhD theses defended within 5 years from matriculation and the total number of theses defended. Performance-based funding shall be allocated to the school by which the supervisor appointed via the study information system ÕIS has been employed. To calculate the additional performance-based funding of the Estonian Maritime Academy, the share of the core funding of the Estonian Maritime Academy in the previous financial year is multiplied by the total amount of performance based funding and the weight of the performance indicator specified in clause 15.12.5 of the Regulations; the allocation based on the performance indicators of completion of PhD studies shall be reduced by the result of multiplication. [entry into force 14.05.2019]

15.23.10 the performance based funding for high-level research publications, monographs, patents and patent applications shall be calculated proportionately to the number of publications published in internationally recognised journals in cooperation with the school, the number of scholarly monographs and the number of the school's patents and patent applications as follows:

15.23.10.1 scholarly articles indexed by Web of Science Science Citation Index Expanded, Social Sciences Citation Index, Arts & Humanities Citation Index and/or indexed by Scopus (excluding chapters in books) - coefficient 1;

15.23.10.2 articles with more than 100 authors - coefficient 0.5;

15.23.10.3 articles with more than 1,000 authors - coefficient 0.3;

15.23.10.4 scholarly monographs that have been published by an international research publisher listed on the website of the Estonian Research Information System and that has been fully written in collaboration with the data supplier - coefficient 5;

15.23.10.5 scholarly monographs that have been published by an international research publisher listed on the website of the Estonian Research Information System and from which one chapter has been written in collaboration with the data supplier - coefficient 1;

15.23.10.6 scholarly monographs that have been published by an international research publisher listed on the website of the Estonian Research Information System and from which two or more chapters, but not the whole monograph, have been written in collaboration with the data supplier - coefficient 2;

15.23.10.7 registered patent applications - coefficient 2, and patents - coefficient 3.

- 15.23.11 If publications and patents are prepared in collaboration between the employees of TTÜ structural units, performance-based funding shall be allocated to the structural unit, where the employee is employed, and proportionately to the participation of the authors who are TTÜ employees.
- 15.23.12 To calculate the additional performance based funding of the Estonian Maritime Academy, the share of the core funding of the previous financial year of the Estonian Maritime Academy is multiplied by the total amount of performance based funding and the weight of the performance indicator specified in clause 15.12.6 of the Regulations; the allocation based on the performance indicator shall be reduced by the result obtained. [entry into force 14.05.2019]
- 15.23.13 The additional performance based funding of the Estonian Maritime Academy specified in clause 15.12.6 applies for 4 years and is recognised in the budgets for 2020-2023. [entry into force 14.05.2019]

16. Budget preparation

- 16.1 Budgets shall be drawn up in adherence to the following:
- 16.1.1 the university's strategic plan, budgeting strategy, action plans and other strategic documents;
 - 16.1.2 the structure of the university's budget approved by the Council;
 - 16.1.3 the structure of the budget of a structural unit and a financing source, schedule and other instructions approved by the Finance Office; [entry into force 26.10.2021]
 - 16.1.4 the public procurement plan of the structural unit for the financial year;
 - 16.1.5 the legislation governing the financial activities in force at the university, including the principles of calculating overhead allocation;
 - 16.1.6 the terms and conditions established by the finance providers;
 - 16.1.7 sectoral reports, such as reports on academic and teaching and learning activities and research and development, a report on the university's partnership with society, etc., and the annual report of the previous year. [entry into force 15.06.2018]
- 16.2 The Finance Office shall approve the deadlines and the terms and conditions (schedule) for drawing up the budget no later than in the 18th week of the year. [entry into force 26.10.2021]
- 16.3 In order to prepare a budget, the area directors shall submit the following to the Finance Office: [entry into force 26.10.2021]
- 16.3.1 initial estimates of each unit;
 - 16.3.1¹ initial estimates of the university's revenue in the unit's area of activity and proposals for distribution of the estimates in sub-budgets; [entry into force 15.06.2018]
 - 16.3.2 applications for financing the offices and university-wide projects in their area of responsibility;
 - 16.3.3 preliminary proposals for establishing the financial support rates, etc. in their area of responsibility and concerning the university as a whole; [entry into force 15.06.2018]
 - 16.3.4 other information for drawing up a budget and its explanatory notes.
- 16.4 The Director for Facilities shall submit the estimation of investment in property in the capital budget broken down by investment projects.
- 16.5 The Finance Office shall provide estimates of repayment of the principal of the loan and interest costs. [entry into force 26.10.2021]
- 16.6 The Finance Office shall provide estimates of the financial volume of the general fund and the resources allocated from the general fund, incl. financing of schools, the support structure, capital budget and funds. The Finance Office shall discuss the estimated allocations from the general fund with the Rector's Office. [entry into force 26.10.2021]
- 16.7 The Rector shall decide upon establishment of funds and their financial volume in the draft budget.
- 16.8 The Rector shall hold negotiations with the schools with regard to the budget, including their financing from the general fund. Before the negotiations, the Finance Office shall provide schools with information on the expected revenue of the schools that will appear in the budget of the schools, including their structural units, as well as data on the estimated funding from the general fund. [entry into force 26.10.2021]

17. Preparing, processing and approving a budget

17.1 An area director shall prepare the draft budgets of the offices and university-wide projects in his or her area of responsibility and submit the draft budgets with the accompanying explanatory notes to the Finance Office. [entry into force 26.10.2021]

17.2 The Finance Office shall: [entry into force 26.10.2021]

17.2.1 draw up a draft budget based on the draft sub-budgets of the budget;

17.2.2 add an explanatory note to the draft budget;

17.2.3 approve the budgets in the sub-budgets of the support structure, and the budgets of investment projects and repayment of principal of loans and interest costs in the capital budget after the Council has approved the university's budget.

17.3 A Dean shall:

17.3.1 distribute the allocations from the general fund between the departments and the Dean's Office;

17.3.2 in cooperation with the heads of structural units, set objectives of the structural units of the school for raising revenue;

17.3.3 prepare the draft budget of the school, including the Dean's Office and the explanatory notes, approve the departments' draft budgets and submit these to the Finance Office; [entry into force 26.10.2021]

17.3.4 discuss the school's draft budget in the school council;

17.3.5 approve the budgets of the Dean's Office and departments after the Council has approved the university's budget;

17.3.6 discuss implementation of the school's budget in the school council.

17.4 The Head of a Department shall:

17.4.1 approve the budgets of the financing sources of the department;

17.4.2 prepare the department's draft budget, discuss it in the Department Council and submit it to the Dean;

17.4.3 decide on budgetary matters of the structural unit, including issues regarding self-financing of the department's projects, covering the financing deficits, using the surplus and other similar issues;

17.4.4 discuss implementation of the department's budget in the department council.

17.5 The Rector shall submit a draft budget to the Senate no later than by the last Senate session held in a calendar year (in December).

17.6 The Senate shall submit the budget to the Council for approval.

17.7 The budget approved by the Council will be published on the university's website.

17.8 If the university's budget is not approved by the beginning of the financial year, the Rector shall, in agreement with the Council, establish a temporary procedure for covering expenses.

18. Making amendments and adjustments to the budget

18.1 The university's budget will be amended if a significant deviation from the approved budget revenue, expenses, investment transactions, financing operations or cash flows occurs or is expected.

18.2 A budget is amended according to the same procedure as the one applied upon processing and approving the budget.

18.3 In case of minor deviations from the approved budget, a Dean or an area director has the right to make adjustments to the budget of the department or office and in university-wide projects throughout the financial year provided that:

18.3.1 the estimated revenue will not decrease compared to the amount of revenue in the approved budget;

18.3.2 the overhead allocation into the general fund will not be smaller than that in the approved budget;

18.3.3 the budget complies with the terms and conditions set out in clause 19.10.

18.4 A Head of a Department and an authorising officer have the right to cover expenses that are higher than set out in the approved budget if the Dean has approved the relevant budget adjustments.

18.5 The Director for Facilities has the right to make adjustments to the capital budget:

18.5.1 by increasing funding of an investment project if an additional targeted support is allocated for that;

18.5.2 if the Rector decides to allocate additional funding for an investment project, initiate new investment projects from university funds or other financing sources.

18.6 The Rector has the right to decide, without amending the budget, on funding the investment projects specified in clause 18.5.2., or on increasing it by up to 300,000 euros compared to the approved budget.

18.7 Budget adjustments come into force if they meet the requirements set out in the Regulations and after they have been approved by the Finance Office. [entry into force 26.10.2021]

19. Responsibilities upon implementation of the budget

19.1 The Finance Office shall monitor the implementation of the budgets of the schools, support structure, funds and the capital budget. [entry into force 26.10.2021]

19.2 The Dean and the Head of the Department shall monitor implementation of the department's budget. The Dean shall monitor implementation of the budget of the Dean's Office.

19.3 The head of a structural unit and the authorising officer shall monitor implementation of the budget of a financing source.

19.4 The Finance Office has the right to give orders for appropriate implementation of the budget and to exercise control over the receipt of funds and purposeful use of funds in compliance with the goals of the university. [entry into force 26.10.2021]

19.5 The head of a structural unit has a responsibility to consistently monitor adherence to the budget of the structural unit and its financing sources, the right to receive relevant information from the heads of other structural units, the authorising officer and the Finance Office and the obligation to immediately inform the Finance Office if any problems occur. [entry into force 26.10.2021]

19.6 The Finance Office shall keep records on the implementation of the budget and ensure the communication of corresponding information. The TTÜ Intranet provides real-time information on the implementation of the budgets of all structural units and financing sources, the related revenue, expenses, investment transactions, financing operations and cash flows.

19.7 In case the overrun on expenditure of a financing source is larger than budgeted (unapproved expenditure overruns) or the expenditure exceeds the budgeted amount of expenditure and the revenue does not increase in the same amount, the Finance Office shall inform the head of the structural unit thereof:

19.7.1 the head of the structural unit shall inform the Dean or area director of the circumstances;

19.7.2 the head of the structural unit shall analyse the financial situation and decide on the measures to be taken to resolve the situation and obtain approval therefor from the Dean or area director and notify the Finance Office of the measures in writing;

19.7.3 the Finance Office has the right to suspend spending from the budget or financing source of a structural unit until a solution is provided for elimination of expenditure overruns; [entry into force 26.10.2021]

19.7.4 the spending is not suspended if the expenses shall be incurred arising from law or a contract and the suspension thereof may result in financial loss to the university;

19.7.5 The Rector may appoint a fund manager to a structural unit.

19.8 In case of possible expenditure overruns of an investment project in the capital budget, the Director for Facilities has the right to allow it to the extent that another investment project in the capital budget has adequate surplus of funds to cover the overruns.

19.9 If the funds provided in the capital budget are not sufficient to service a loan, the Finance Office shall notify the Rector of the situation and take measures to resolve the problem. [entry into force 26.10.2021]

19.10 Expenditure overruns are permitted in budgets (a credit limit is opened) and approval thereof is carried out as follows:

19.10.1 overrun on expenditure in the budget of a financing source is permitted if this has been agreed upon in a contract entered into with the finance provider and/or there is no budget overrun of the structural unit and the head of the structural unit has given the corresponding consent;

19.10.2 overrun on expenditure in the budget of a structural unit (incl. the Dean's Office) of a school is permitted if there is no budget overrun of the school and the Dean has given the corresponding consent;

19.10.3 short-term overrun on expenditure in the budget of a school is permitted with the consent of the Finance Office. The Finance Office shall inform the Rector of the expenditure overruns of a school; [entry into force 26.10.2021]

19.10.4 short-term overrun on expenditure in the budget of a department or university-wide project is permitted with the consent of the area director and the Finance Office. [entry into force 26.10.2021]

19.11 Expenditure overruns shall be covered from the budget of the structural unit, which is responsible for carrying out the activity that caused the expenditure overruns and in the budget of which the expenses, investment transactions, financing operations and cash outflows that caused the expenditure overruns are recognised.

19.12 In order to avoid expenditure overruns of a structural unit or a financing source, the head of the structural unit can apply for internal loan to cover long-term expenditure overruns as follows:

19.12.1 the Finance Office has the right to grant internal loan within the limit established by the Council at the expense of the university's cash flows; [entry into force 26.10.2021]

19.12.2 before granting an internal loan, the Finance Office shall assess the financial sustainability of the structural unit that has applied for the loan;

19.12.3 the loan granted shall be recorded in writing as an agreement and carried out as an internal billing transaction between financing sources;

19.12.4 an agreed interest rate may be applied to an internal loan, the revenue from which is treated as an allocation to the general fund.

19.13 The budget of university-wide activities can only be used for its intended purpose and in compliance with the budget.

19.14 The cash balance created upon implementation of the budget of a financial year is carried forward to the next financial year accounts as follows:

19.14.1 the cash balance of a structural unit as at the end of the financial year is carried forward into the next financial year, as a rule into the same financing source, where the balance was created;

19.14.2 on the proposal of the Finance Office and based on the Rector's decision, the funding of support units and university-wide projects is reduced in a financial year by the surplus of the previous financial year if the purpose for using the funds ceases to exist; [entry into force 26.10.2021]

19.14.3 if the cash balance of a financing source is created from project grants or targeted allocations, the cash balance is maintained until the activities have been carried out, for which the support was granted.

19.15 If the general fund at the end of a financial year is smaller than estimated due to a shortfall in receipts of overhead allocations, the Rector shall, on the proposal of the Finance Office, decide on how the budget will be balanced. [entry into force 26.10.2021]

19.16 If the general fund at the end of a financial year is larger than estimated due to budget over-performance, the cash balance created will be used to cover the expenditure of the general fund in the following periods or, based on the Rector's decision, to cover the expenditure in the university's budget.

20. Budget implementation report

20.1 A budget implementation report shall be drawn up for a financial year and semesters. [entry into force 26.10.2021]

20.2 An accrual basis budget implementation report corresponds to accrual basis accounting.

20.3 A budget report is based on the chart of accounts. The compliance of budget lines and the chart of accounts shall be approved by the Finance Office. [entry into force 26.10.2021]

20.4 The heads of structural units and the authorising officers ensure that the source documents of accounting are submitted and approved no later than by the 15th day of the following month.

20.5 A report on implementation of an annual budget shall be prepared (on the budget form approved by the Council) on the university as a whole, as well as on all the structural units (on the budget form established for structural units) no later than by 10 March.

20.6 A report on implementation of an annual budget shall be processed and approved by the governing bodies of the university in compliance with the Tallinn University of Technology Act. Additional reports shall be submitted to the governing bodies upon request.

20.7 Reports on the implementation of a quarterly budget shall be prepared for the university as a whole and shall be published on the university's website no later than by the last day of the calendar month following the quarter.

20.8 Information on the implementation of the quarterly sub-budgets and budgets of structural units shall be sent to the deans and heads of structural units by the last day of the month following the quarter.

21. Liability of the head of the structural unit and the role of the fund manager

21.1 The head of a structural unit shall be responsible for proper implementation of the budget of the structural unit.

21.2 The authorising officer shall be responsible for proper implementation of the budget of the financing source.

21.3 In case the head of a structural unit or authorising officer encounter problems in the implementation of the budget, the Rector, depending on the nature of the problem, the explanations provided by the head of the structural unit and proposal made by the Finance Office, has the right: [entry into force 26.10.2021]

21.3.1 to suspend the expenditures and reclaim the expenses incurred;

21.3.2 to suspend new commitments;

21.3.3 to give the person responsible a warning in accordance with the Employment Contracts Act, completely or partially terminate the employment contract or reduce the salary;

21.3.4 to claim compensation of the loss from the person responsible, including compensation of direct loss and loss of revenue;

21.3.5 to refuse to make payments to the person responsible until the damages caused by him or her have been compensated;

21.3.6 to resort to other legal remedies with regard to the person responsible;

21.3.7 to appoint a fund manager to the structural unit.

21.4 If a fund manager has been appointed to a structural unit, no payments shall be made from financing sources of the structural unit without the approval of the fund manager.

21.5 The following situation is an indication of improper budget implementation:

21.5.1 the actual expenditure, excluding depreciation and amortisation, exceed the budgeted expenditure and there is no additional revenue to cover the expenditure, which thus causes expenditure overruns;

21.5.2 there are expenditure overruns that are not agreed in the budget or that exceed the agreed expenditure overruns;

21.5.3 ineligible expenditure is incurred;

21.5.4 other situations that cause cash deficit to the university.

21.6 To balance the budget of a structural unit, the fund manager shall apply at least the following measures:

21.6.1 the salaries of the employees of the structural unit will not be increased; any additional remuneration and bonuses will not be paid, unless provided otherwise by legislation or valid contracts;

21.6.2 new employees will not be recruited to the structural unit, except in cases where recruitment is inevitable for generating revenue and for fulfilment of the obligations of the university.

21.7 If the fund manager fails to balance the budget of the structural unit within the specified period, the fund manager shall report to the Rector on the situation and the Rector shall decide on further measures.

22. Classification and opening of financing sources

22.1 The Finance Office opens financing sources for a fixed or indefinite period.

22.2 As a rule, the main activity of a structural unit is recognised in permanent financing sources as follows:

22.2.1 a structural unit has one financing source where permanent main activities are recorded;

22.2.2 a financing source is opened in accordance with the legal act under which the structural unit has been established;

22.2.3 the financing source will stay open until the related structural unit exists.

22.3 Other permanent financing sources are opened on a reasoned proposal of the structural unit and based on the decision of the Finance Office. [entry into force 26.10.2021]

22.4 The activities carried out during a specific period and for a specific purpose are recognised in fixed-term financing sources.

22.5 A fixed-term financing source is opened in case of a specific financing decision or availability of funding as follows:

22.5.1 in order to recognise institutional and personal research funding and other similar funding, a financing source is opened on the basis of a document confirming relevant funding;

22.5.2 the Vice-Rector for Research makes a proposal to open the financing source of a project grant, when he or she appoints, via the document management system, the project manager, project administrator and the person, who will draw up financial statements;

22.5.3 the Head of Open University makes a proposal to open a financing source for continuing education;

22.5.4 in other cases, a fixed-term financing source is opened on the basis of the decision made by the Finance Office. The head of the structural unit can make the corresponding reasoned proposal. [entry into force 26.10.2021]

23. Effectiveness and purposefulness of costs, obligations and liability

23.1 The head of a structural unit is responsible for the effectiveness and purposefulness of the costs incurred from the financing sources in the budget of the structural unit, the expenditure overruns and for fulfilling the obligations arising therefrom.

23.2 The authorising officer is responsible for the effectiveness and purposefulness of the costs incurred from the financing source, the expenditure overruns and for fulfilling the obligations arising therefrom.

23.3 If the term of a fixed-term financing source expires and the financial operations have been executed, the head of the structural unit and the authorising officer are obliged to close the financing source, whereas:

23.3.1 in case of expenditure overruns of a financing source, the authorising officer shall provide financial resources to cover the overruns;

23.3.2 in case of surplus of a financing source, the authorising officer shall, with the approval of the head of the structural unit, make a proposal to the Finance Office for further use of the surplus;

23.3.3 if the deadline of a financing source expires and no request has been submitted to the Finance Office for extension of the deadline and the financing source has not been closed, the Finance Office has the right to close the financing source and direct the corresponding expenditure overruns or surplus into the budget of the structural unit, as a rule, into the financing source where main activities are recognised. [entry into force 26.10.2021]

24. Other terms and conditions regarding financing source expenditure, self-financing and reporting

24.1 Holiday allowances, including state taxes, are recognised in the financing source, where the salaries that are the basis for calculating holiday allowances, are recognised. If a financing source has been closed by the time of calculation of holiday allowances or holiday payments cannot be made from the

financing source, the holiday allowances are recognised in the permanent financing source (of the main activity) of the structural unit, where the employee is employed at the moment when the need to calculate holiday allowance arises or in the financing source indicated by the head of the structural unit.

24.2 Self-financing and refunds of VAT shall be recognised in the financing source related to the grant (funding recognised in compliance with the guidelines of the Accounting Standards Board ASBG 12) based on a financial year.

24.3 Partial VAT is refunded (VAT expense is reduced) into the financing sources of construction and renovation projects in the capital budget underlying the calculation of the VAT and into the financing sources, where the obligation to refund VAT arises from the contracts entered into and the related budgets. The authorising officer shall inform the Finance Office of the obligation to refund VAT in writing.

24.4 The authorising officer shall submit the budget of a fixed-term financing source for the term of the financing source by calendar year using the budget form established by the Finance Office. [entry into force 26.10.2021]

24.5 In case of the financing sources, where grants are recognised, the reports submitted to the finance provider must be approved by the Finance Office. A report shall be submitted to the Finance Office for approval no later than five working days before submission of the report to the finance provider.

25. Classification of service providers and services

25.1 The types of services provided by the structural units of the university are degree level education services, knowledge-based services and administrative services.

25.2 Degree level education service means the service provided to TTÜ students based on a degree level programme, where the recipient of the service covers the cost of tuition to the extent determined by the university.

25.3 Knowledge-based services include:

25.3.1 training services, incl. in-service training courses and retraining, preparatory courses, other trainings or courses, workshops, etc.;

25.3.2 R&D services, incl. research, development, consultancy, laboratory, conference and other R&D services.

25.4 Administrative services include technical, transport, library, museum, document management and other services and rental of university premises.

26. Principles of pricing of services, excluding internal services

26.1 The prices of services are set out in the price calculation or, in case of standard services, in the price list.

26.2 The price of a service shall be based on the full cost of the service, on the basis of which the total price is obtained, i.e. the price that covers the full cost of the service (actual direct and indirect costs) and the operating margin (markup added onto the service price obtained based on full cost). VAT is added to the total price of a service in cases provided by law.

26.3 The final price of the service determined by a price calculation is set by the service provider, who may, in exceptional cases, set a price lower than the total price if the service price obtained is significantly higher than the market price and is thus not competitive. A price calculation shall be approved by the head of the structural unit.

26.4 The standard form of price calculation shall be approved by the Finance Office, who shall make sure that: [entry into force 26.10.2021]

26.4.1 the price calculation is made available electronically for the service provider;

26.4.2 necessary assistance is provided upon price calculation;

26.4.3 the price calculation is updated, if needed.

26.5 The price of a service established by a price list shall be approved by the Senate, area director or head of the structural unit as follows:

26.5.1 tuition fee rates for students and external students shall be established by the Senate;

26.5.2 the tuition fee for continuing education course participants and other price lists concerning the university as a whole shall be approved by the area director to whose area of responsibility the service belongs;

26.5.3 the price lists of the services of a structural unit shall be approved by the head of the structural unit.

26.5.4 The structural unit responsible for providing a standard service shall submit an explanation of pricing accompanied by the draft price list.

26.6 The price lists shall be approved by the Finance Office. [entry into force 26.10.2021]

27. Cost accounting upon pricing of services

27.1 Direct costs of a service are directly related to the provision of a service or performance of a contract and include the following:

27.1.1 gross remuneration of the employees providing the service and the applicable taxes and payments established by law;

27.1.2 other costs related to the provision of the service (incl. costs of materials, travel, transport, etc. and depreciation of equipment).

27.2 Indirect costs will be added to the total direct costs by multiplying the direct costs by the indirect cost rate.

27.3 The indirect costs of a service are the university's overheads that accompany provision of the service or performance of the contract but cannot be regarded as direct costs since they are not directly related to the activity or it is not considered expedient to classify them as direct costs for some reason. The indirect costs of a service include the following:

27.3.1 management, legal, marketing and communications and document management services;

27.3.2 the service of organisation of teaching and learning activities;

27.3.3 the service of organisation of research activities;

27.3.4 personnel services;

27.3.5 information technology service;

27.3.6 accounting, financial management and procurement administration services;

27.3.7 other support services, incl. library services;

27.3.8 real estate management service, incl. expenses of the premises, depreciation of buildings.

27.4 The Rector shall establish the indirect cost rates underlying pricing.

28. Supervision over pricing of services

28.1 Supervision over compliance of pricing of a service with the requirements shall be exercised in accordance with the university's legislation.

28.2 The Finance Office shall exercise supervision over pricing. [entry into force 26.10.2021]