Conditions applicable to the opening and use of Third-Party Accounts

These conditions have been adopted by CERN\(^1\) in its capacity as host of the Experimental collaborations, taking into account contemporary practices in terms of transparency, accountability and other relevant standards. Compliance with these conditions will ensure the responsible administrative functioning of the Collaborations and of CERN as their Host Laboratory.

These conditions cancel and replace any previous version\(^2\). CERN will communicate any future changes to the account holders.

For detailed guidance on the practical application of these conditions, please consult the relevant admin e-guide.

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\(^1\) Adopted by its Finance and Administrative Processes Department, in accordance with Article 17 of the CERN Financial Rules.

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1 Introduction

CERN’s statutory mission of fostering cooperation in particle physics research and related domains includes the hosting of scientific collaborations, that perform Experiments using CERN’s accelerator complex (“Collaborations”). The Collaborations are comprised of institutions, universities and other partners from all over the world.

As an integral part of its role as Host Laboratory, CERN provides a variety of services aimed at facilitating the functioning of the Collaborations. Among these services is the provision of a system of Third-Party Accounts that record funding and expenditure related to the Collaborations. They are offered on a discretionary basis as administrative support and do not constitute banking services.

Third-Party Accounts and their use are subject, either directly or by analogy, to:

- the conditions set out in this document (“Third-Party Account conditions”);
- the relevant principles, processes and financial thresholds of the CERN Staff Rules and Regulations and admin e-guides;
- the CERN Financial Rules and Regulations;
- any relevant decision of the CERN Management.

Any grant agreement, contract or similar instrument which funds a Third-Party Account must comply with all of the foregoing.

By opening and operating a Third-Party Account, the account holder agrees to comply with these Third-Party Account conditions without reservation.

2 Scope of Third-Party Accounts

Third-Party Accounts are cost centres in CERN’s accounts. They are made available for the exclusive purpose of permitting the account holder to manage and keep track of incoming funds and expenditure related to its participation in an Experiment, hosted by CERN and registered in the “CERN Grey Book”. They may not be used for any other purpose.

Payments and accounting entries are executed by CERN at the request, and for the exclusive account, of the account holder. CERN will make best efforts to administer third-party accounts and process transactions in a timely manner, but provides no warranty in this regard.

Third-Party Accounts are funded externally and are reported under the heading “Teams and Collaborations” in CERN’s Financial Statements.

3 Categories of Third-Party Accounts

There are two categories of Third-Party Accounts:

3.1 Visiting Research Team Account

A Visiting Research Team Account is a Third-Party Account that is opened at CERN at the request and in the name of a single institution (“the account holder”). An institution can have one or more Visiting Research Team Accounts.

Request for opening a Visiting Research Team Account shall be made either by the Head of the institution concerned, or that institution’s Head of Finance. They shall also designate the “account manager” for the account who is the account holder’s authorised representative for the purposes of managing the account.

The account is funded through contributions by the account holder. In exceptional cases CERN may authorise funding of a Visiting Research Team Account by a competent government body of the country
of the account holder, always provided that the account holder remains responsible for compliance with these Third-Party Account conditions.

Transactions on a Visiting Research Team Account may only be instructed by the account manager, it being understood that he or she may, in turn, delegate signature authority on the account to one or more additional authorised representatives.

The account is used to cover the account holder’s ordinary expenses as agreed by the institution and incurred in the course of its participation in one or more Experiments at CERN.

A Visiting Research Team Account cannot be used to pay for the construction (this term to include any infrastructure investments), upgrade, maintenance, operation or dismantling of the Experiment(s), including any related procurement activity, as these activities fall within the responsibility of the Collaboration as a whole. For these purposes, Collaboration Accounts must be used (see 3.2 below).

3.2 Collaboration Account

A Collaboration Account is a Third-Party Account that is opened at CERN at the request of and in the name of a Collaboration (“the account holder”) by the respective Resources Coordinator. The Spokesperson or the Resources Coordinator of the Collaboration will serve as the “account manager”.  

Transactions on a Collaboration Account may only be instructed by the account manager.

The account is used to cover the account holder’s ordinary expenses agreed by the Collaboration. A Collaboration Account can only cover a single Experiment.

The account is funded through contributions by one or more institutions of the Collaboration (including, where applicable, their Funding Agencies). Collaboration Accounts that are funded by all the institutions are called ‘Common Funds’.

Collaboration accounts may only be used to pay for the cost of the construction, upgrade, maintenance, operation or dismantling of the Experiment, including any related procurement activity, and not for any other purpose. The following sub-categories of Collaboration Account are available:

- **Construction Account**: to pay for the construction of a new Experiment;
- **Upgrade Account**: to pay for upgrades to an Experiment;
- **Maintenance and Operation Account**: to pay, *inter alia*, for:
  - Detector components, such as magnets, magnet controls, magnet power supply, detector cooling systems;
  - Communications, such as GSM phones;
  - On-line computing, such as data acquisition and storage, including hardware and software license and personnel;
  - Core computing, such as offline computing, including processing and analysis of recorded raw data and detector simulation, and user support;
  - Laboratory facilities, such as assembly areas, clean rooms, workshops, laboratory instruments;
  - General infrastructure services, such as heavy transport, cranes, cars, cooling and ventilation, power distribution systems;
  - Scientific and technical manpower support as well as spare parts;
  - Electricity consumption;
  - Secretarial services, such as assistance, stationary, printing and publishing;
  - Outreach activities.

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3 If no Resources Coordinator has been appointed, the Spokesperson of the Collaboration is the de facto Resources Coordinator for the purpose of these Collaboration accounts.

4 **Category A** accounts are funded through contributions by all the institutions of the Collaboration, to cover the cost of the maintenance and operation of an Experiment; **Category B** accounts are funded through contributions by one or more institutions of the Collaboration, to cover the cost of the maintenance and operation of sub-systems of an Experiment.
Institution Account: to cover the costs of construction, upgrade, maintenance or operation, where such cost is covered by a single institution of the Collaboration.

4 Responsibilities related to Third-Party Accounts

4.1 Responsibilities of the account holder

The account holder is responsible, through its account manager, for making sure that all transactions on a Third-Party Account comply not only with these Third-Party Account conditions, but also with any instructions, rules and other legal instruments, including but not limited to any internal rules of the account holder, and any tax or money laundering laws and regulations to which the transactions are subject. In particular, Third-Party Accounts shall not misuse the fiscal exemptions granted to CERN by national governments on account of its status as an intergovernmental organisation.

By authorising a transaction for payment by a Third-Party Account, the account holder warrants to CERN that the transaction is compliant and is accountable as such.

In addition, the account holder shall:

- only permit the Third-Party Account to be used to pay for permitted cost items;
- authorise CERN to debit the Third-Party Account for the benefit of CERN for any expenditure incurred by CERN in the correct processing of financial transactions requested by the authorised representative(s) of the account holder;
- monitor all transactions on the Third-Party Account and inform FAP of any errors or discrepancies;
- inform CERN in writing of any change of name, address, legal status, account manager, other authorised representative(s) and of any other pertinent information; and
- indemnify CERN for any loss resulting from non-compliance with these Third-Party Account conditions;
- answer any enquiry from the FAP department on the use of the Third-Party Account.

4.2 Responsibilities of CERN

Within CERN, the Finance and Administrative Processes Department (“FAP”) is responsible for the opening, administration and follow up of Third-Party Accounts. Processing by FAP of financial transactions using Third-Party Accounts, including verification of authorisation, accounting, invoicing, recovery and monitoring of compliance with these Third-Party Account conditions, does not diminish the account holder’s exclusive responsibility to ensure compliance.

FAP activities include:

- opening (following appropriate due diligence) and management of Third-Party Accounts;
- issuing invoices, receiving funds and registering them on the Third-Party Account concerned;
- granting of full access to financial information to the account holder in respect of its Third-Party Account;
- financial reporting in a standard format, upon request by the account holder;
- verification of compliance with these Third-Party Account conditions;
- establishing detailed implementing instruments, issuing of interpretations and rulings in respect of these Third-Party Account conditions and;
- revision of these Third-Party Account conditions.

5 Permitted cost items

The following are the permitted cost items that may be paid for through Third-Party Accounts.
5.1 Payments to or for the benefit of individual members of research teams

CERN will process the following payments to individual research team members in relation to their participation in the Collaboration:

- Subsistence allowances, subject to applicable limits and regulations;
- Duty travel expenses and daily travel allowances, in respect of duty travel coordinated by CERN in accordance with AC33;
- Sundry expenses.

CERN will also process, under conditions, payments of invoices for services procured from CERN suppliers for the benefit of individual members of research teams but which have not been procured through CERN’s Procurement Service ("Third-Party Payments").

Third-Party Accounts can, in no event, be used to process salaries or other similar employment-related payments in respect of Associated Members of the Personnel.

5.2 Costs of supplies and services procured through CERN’s Procurement Service

The Collaborations and their institutions can use Third-Party Accounts to pay for supplies and services procured through CERN’s Procurement Service.

Such procurement is subject to the CERN Procurement Rules, including, inter alia, Chapter 5: Procurement rules for approved or recognized Experiments at CERN.

5.3 Costs incurred in respect of CERN on-site services

The Collaborations and their institutions can use Third-Party Accounts to pay for the following services at CERN:

- Logistics services;
- Standard material requests from CERN's central stores, for use on CERN's site;
- Rental of electronic equipment;
- Manufacturing services by CERN workshops;
- CERN hostel accommodation;
- Telecom services;
- Transport and mobility services;
- Library and bookshop services;
- Training programmes;
- Other standard on-site services, such as catering or printing services.

5.4 Costs incurred in respect of the provision of temporary expertise by Employed Members of the Personnel

Where CERN makes available its employees to provide temporary expertise to a Collaboration, then the related cost(s) will be recharged against the Collaboration’s Third-Party Account.

5.5 Transaction costs

CERN reserves the right to charge the Third-Party Account for any costs, including fees and charges, incurred in the execution of a transaction.

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5 Here, the term Third-Party refers to the CERN supplier receiving the payment.
6 Transactions on Third-Party Accounts

6.1 Invoices, funding, payment and set-off

Funds can only be paid into a Third-Party Account when CERN has issued an invoice\(^7\) which (i) states the purpose of the incoming funds and (ii) reflects either actual expenses incurred or a financial plan (see 11.6.1) provided by the account holder.

No spontaneous or surplus payments will be accepted.

CERN reserves the right to set-off any debt owed to it in respect of an account holder’s Third-Party Account against any other Third-Party Account held by the same account holder.

Funds held in Visiting Research Team Accounts cannot be used to fund Collaboration Accounts.

Payment of invoices issued by CERN shall be done by bank transfer and must mention the invoice reference(s).

Invoices issued by CERN are to be settled in full within the deadline marked on the invoice, in the currency of the invoice and net of any banking costs.

6.2 Currency and exchange rate

As the Swiss franc is the official currency of CERN, all Third-Party Accounts are maintained in Swiss francs and all amounts on the accounts are reported in Swiss francs.

Transactions in a currency other than the Swiss Franc are converted into Swiss Francs according to CERN’s accounting practices.

The exchange rate risk is born solely by the account holder.

6.3 Account discrepancies

Further to 4.1 above, the account holder, through its account manager, shall monitor all transactions related to its Third-Party Account, and inform CERN of any discrepancy promptly upon its identification and, in any event, within thirty (30) calendar days of issuance of an invoice where the discrepancy concerns such invoice.

Notwithstanding the foregoing, if an amount is identified as having been erroneously charged by CERN to a Third-Party Account and the error is identified within eighteen (18) months of the error occurring, CERN shall reimburse such amount, either by crediting the Third-Party Account or by bank transfer where applicable.

6.4 Liability for misuse

CERN is not liable for any misuse of the Visiting Research Team Account by the account manager, or any other authorised representative of the account holder.

7 Suspension or closure of a Third-Party Account

CERN shall have the right to suspend or close a Third-Party Account in the following circumstances:

- where CERN considers there is no longer a justification for the Third-Party Account;
- where the Third-Party Account is unused for a period of 18 consecutive months;

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\(^7\) CERN issues two types of invoices:
- Periodic invoices are issued by CERN when the Organization has advanced the funds and the account holder is required to reimburse it. The advancement of funds is normally only offered to Visiting Research Team Accounts; and
- Requests for Funds are invoices initiated by the account holder through EDH. They provide advance funds to a Third-Party Account so that the account holder can meet agreed financial commitments. For Visiting Research Team Accounts these commitments must fall due within a maximum one-year horizon.
where, in the case of a Visiting Research Team Account, the Head of the institution that is the account holder, or that institution’s Head of Finance, or the account manager, requests its closure;

where, in the case of a Collaboration Account, the Spokesperson or the Resources Coordinator requests its closure;

where the mandatory account information is missing, invalid or outdated; or

where there is persistent non-compliance by the account holder with these conditions.

Closure of a Third-Party Account is subject to the following conditions:

- all expenses have been invoiced;
- all invoices have been paid; and
- the cash balance is zero.

Where, prior to closure, the cash balance on a Visiting Research Team Account is positive, the surplus will be transferred to the account holder, unless the account holder, acting through its Head, its Head of Finance or the account manager, requests to transfer it either to another account held by the same account holder, or into an account of a Collaboration at CERN in which the account holder is also a member institution. In the latter case, CERN will execute such a request provided that there is a written agreement in place between the relevant parties.

Where, prior to closure, the cash balance on a Visiting Research Team Account is positive and, despite its best efforts, CERN has not been able to return the surplus to either the account holder or its authorised successor, then CERN reserves the right, of its own initiative, to dispose of the surplus as it deems appropriate.

Where, prior to closure, the cash balance on a Collaboration Account is positive, the Collaboration shall decide on the distribution of the surplus, and such decision shall be communicated to CERN by the Spokesperson or the Resources Coordinator for that Collaboration.

8 Reviews, audits and investigations

Further to 4.2 above, Third-Party Accounts are subject to reviews, audits and investigations by

- FAP;
- CERN’s internal and external auditors;
- CERN’s Audit Committee8;
- any other audit structures agreed by the Organization.

In addition, information on Third-Party Accounts may be provided to the CERN Council or its Finance Committee, upon their request, as well as to competent bodies appointed to undertake investigations into the potential or actual misuse of a Third-Party Account.

CERN is not under any obligation to accept requests for reviews and audits other than those stated in this Article.

9 Dispute Resolution

Any dispute in relation to a Third-Party Account that cannot be resolved amicably between the parties to the dispute shall be submitted to the President of the CERN Council as sole arbitrator, whose reasoned decision shall be final and binding, without right of revision or appeal.

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10 Additional conditions applicable to Visiting Research Team Accounts

10.1 Account Manager
As per 3.1 above, the account manager is the account holder’s authorised representative and may, in turn, delegate signature authority on the account to one or more additional authorised representative(s).

To avoid any conflict of interest, all such representatives must be Associated Members of the Personnel. Transactions on a Visiting Research Team Account may only be instructed by such authorised representative(s).

10.2 Access to account information
CERN shall grant the account holder, through the account manager, access to the detailed account and financial transactions data registered on its Visiting Research Team Account. Except as provided under 8, above, CERN shall not communicate any information related to a Visiting Research Team Account to any external party without the prior written approval of the account holder.

10.3 Invoicing by CERN
Invoices on Visiting Research Team Account shall be addressed to:

- the account manager and:
- the account holder’s accounts payable service.

For this purpose, the account holder shall provide a generic e-mail address for its accounts payable service (e.g. accounts.payable@institution.com).

10.4 First expenditure budget
The expenditure budget granted on a newly-opened Visiting Research Team Account shall not exceed 200,000 CHF. The amount can be revised at a later stage, after review of the use of the account.

10.5 Advanced funding
Advanced funding is permitted on a Visiting Research Team Account as long as it does not exceed one year of spending. Parking of money is not permitted.

11 Additional conditions applicable to Collaboration Team Accounts

11.1 Access to account information
CERN shall grant the Collaboration, as the account holder, and through the account manager, access to the detailed account and financial transactions data registered on the Collaboration Account. Except as provided under 8, above, CERN shall not communicate any information related to a Collaboration Account to any party not participating in the Collaboration.

11.2 Resources Coordinator
The Resources Coordinator:

- must have the authority to commit the Collaboration’s financial resources;
- is accountable towards the Collaboration and CERN for the proper financial management, planning and reporting of all Collaboration Accounts held by the Collaboration in accordance with these Third-Party Account conditions;

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9 Placing or accumulating idle funds while awaiting the availability of other investment opportunities
may delegate signature rights to another Member of the Personnel; however, this does not diminish the responsibilities of the Resources Coordinator with respect to the Third-Party Accounts held by the Collaboration;

shall initiate the issuing of invoices by CERN corresponding to the decisions of the Collaboration and shall ensure that such invoices are paid;

shall ensure that all Collaboration Accounts are used for the sole purpose and benefit of the Collaboration, according to its decisions and agreements;

shall ensure the correct allocation of expenses to the Collaboration Accounts; and

has the authority to reallocate funds from one Collaboration Account to another, within the limits foreseen in 3, 5 and 6.

The Resources Coordinator shall inform FAP of any problems or issue encountered with regard to their responsibilities.

11.3 Reporting

In order to maintain a Third-Party Account, CERN requires that the Collaboration and the institutions of the Collaboration (including their Funding Agencies) are regularly kept informed by the Resources Coordinator on the use and the situation of the Collaboration Account.

FAP can provide standard financial reports on the situation of the Collaboration Accounts and Contributions, either upon request or by agreement between CERN and the Collaboration.

FAP shall have access to all financial documents presented during a Resources Review Board or Finance Review Committee of an Experiment.

The Resources Coordinator shall have access to all financial documents presented by FAP for the purpose of monitoring the Collaboration Accounts.

11.4 Sales

Where CERN sells any items, on behalf of one or more institutions of a Collaboration, then the proceeds of such sale shall be allocated in accordance with the instructions received by CERN from the Resources Coordinator. In principle, the choice of the accounts receiving such sale proceeds shall reflect the ownership of the item(s) being sold.

11.5 Disclosure of arrangements with financial commitments

Where the Collaboration puts in place any arrangement whereby one or more institutions of the Collaboration contract either between themselves or with external parties who are not institutions of the Collaboration to perform work for the benefit of the Collaboration, and such arrangement has a financial element, then the arrangement must be disclosed to FAP.

11.6 Funding of Collaboration Accounts

11.6.1 Financial Planning

Each Collaboration shall communicate to FAP a binding financial plan, approved by its Funding Agencies, detailing the use of the contributions per Funding Agency, and the costs per project, always in Swiss Francs. Any amendment or information which alters the financial plan must equally be communicated.

11.6.2 Invoicing of contributions

Invoices for contributions from Funding Agencies are normally only issued following receipt by FAP only following receipt of the afore-mentioned financial plan. Unless agreed otherwise with FAP, the Resources Coordinator shall ensure that the all invoices are issued in due time and contacts the Funding Agencies in case of missing payment.

Upon the request of the Resources Coordinator, FAP can send reminders.
Funding Agencies wishing to pay their contribution in advance can request an invoice prior to approval of the financial plan. However, any advance contribution remains subject to the requirements of said plan and any surplus or shortfall must be compensated accordingly.

11.6.3 Availability of funds

Expenditure on a Collaboration Account is subject to the availability of funds. Whilst CERN cannot grant financial loans, budget authorisations for delayed funding may be granted under specific conditions, upon request of the Collaboration.

11.6.4 Other financial contributions

The receipt of funds other than contributions from Funding Agencies in the Collaboration must be accompanied by:

- an underlying agreement between the party making the contribution and an institution of the Collaboration;
- a corresponding invoice.

Where contributions are received via sponsorship, they must comply with the rules applicable to fundraising at CERN, including the CERN Ethical Fundraising Policy, and the Partnerships and Fundraising Unit must be involved in a timely manner.