

Bocconi

ADMINISTRATION, FINANCE AND ACCOUNTING REGULATIONS

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Università
Bocconi
MILANO

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CHAPTER I - General principles

Art. 1 - Legal sources, principles and purposes of the Administration, Finance and Accounting Regulations of Bocconi University

These Administration, Finance and Accounting Regulations (hereinafter referred to as the "Regulations") of Bocconi University (hereinafter referred to as the "University"):

- a) constitute a normative source for the University in accordance with the provisions of articles 2.2b) and 21.2c) of the Statute and are adopted in the context of the autonomy recognized by articles 6 and 7 of Law 168/89 in compliance with Law 243/91 and Law 240/2010;
- b) define the accounting system, its structure and purposes and, for the part relating to universities not considered public administrations, the various accounting processes in compliance with Legislative Decree no. 18 of 27 January 2012 and the Education Ministry's Decree no. 19 of 14 January 2014;
- c) take into account the instructions contained in the Technical Operations Manual pursuant to art. 8 of Decree 19/2014 and, for matters not envisaged in it, the Civil Code, the National Accounting Standards issued by the Italian Accounting Body (OIC) and current tax legislation apply;
- d) explain the system of controls in place for economic and financial matters at the University;
- e) are approved, together with any subsequent additions and amendments, by the University Board pursuant to art. 21.2c) of the Statute and are subject to review in accordance with art. 6, paragraph 9, of Law 168/89.

Art. 2 - Principles and purposes of administrative and accounting management

- a) The administrative and accounting processes comply with the principles laid down in art. 1b) and c) of these Regulations through specific deeds by which the University Board delegated certain functions to managers on the basis of the organizational structure in force at the time. These deeds of delegation establish the operating areas and limits of the various functions.
- b) The University's administrative activity:
 - i. is designed to achieve the institutional aims of training, qualification and dissemination of learning, continuously adapting its areas of intervention to the changing conditions of the social and economic system, also with reference to the various activities involved in the internationalization of business;
 - ii. is geared to monitoring economic and financial equilibrium in the short, medium and long term;
 - iii. is inspired by criteria of legality, transparency, efficiency and economy and the principle of accountability in the management of resources and the achievement of set objectives.
- c) The University's accounting system:
 - i. follows the principles of financial accounting in compliance with the regulations in force for universities pursuant to art. 1b) and c);



- ii. is designed as a whole to meet the following needs:
 1. to record day-to-day transactions and operating situations with a view to creating interim and annual reports on the University's performance;
 2. to have suitable tools to analyze management's efficiency and effectiveness in the use of resources;
 3. to make planning and management processes increasingly effective;
 4. to allow for mechanisms of decentralization and accountability in the use of resources;
 5. to monitor the financial and economic equilibrium of operations;
 6. to help control financial resources and ensure that they are managed properly;
 7. to establish how costs and revenues are to be accounted for in order to fulfil tax obligations correctly.
- d) It operates by means of an integrated management information system, which ensures the completeness, uniqueness and consistency of the data produced.
- e) The University also has a cost accounting system which, together with the financial accounts, constitutes a fundamental part of the accounting system. The accounting system records transactions in the financial accounts according to their nature and reflects the organizational structure by identifying the cost centers to which they are to be attributed in accordance with art. 5 of these Regulations.

CHAPTER II - Structure and rationale of the accounting system

Art. 3 - Accounting periods

The accounting year has a duration of 12 months and coincides with the calendar year.

Without prejudice to the fact that accounts are prepared on an annual basis, reports can also be drawn up for periods of several months or years to satisfy specific management requirements.

Art. 4 - Accounting sectors

The structure of the accounting system used by the University makes it possible to keep separate records for the three accounting sectors identified in Chapter IV below, also in order to comply with current tax legislation.

Art. 5 - Types of accounting records, recognition and aggregation

- a) The accounting system adopted by the University provides for two distinct types of accounting:
 - i. financial accounting, kept in accordance with the rules mentioned in art. 1b) and c) of these Regulations;
 - ii. cost accounting, which classifies costs and revenues on the basis of their destination using



cost and revenue entries from financial accounting, as well as purely cost accounting entries.

- b) The types of accounts used for recognition are:
- i. Financial accounting records, which identify the nature of costs, revenues, assets and liabilities;
 - ii. Cost accounting records, which identify the destination of the financial accounting entries, splitting them into:
 1. Cost centers - for the attribution of ongoing or recurring costs that are directly related to the functioning of individual organizational units;
 2. Job orders - for the attribution of costs and revenues, sporadic or recurring, related to individual initiatives or projects carried out over a specific period of time with the assignment of objectives, resources and a budget.

At the time of its creation, each cost recognition account is assigned a unique and non-modifiable sector to which the accounting entries are attributed.

- c) Aggregation involves groupings of cost centers and job orders which, according to the University's needs and structure, consist of:
- i. Profit centers - aggregations that represent a set of cost centers and related job orders;
 - ii. Groups of profit centers - aggregations that may coincide with a formally defined organizational unit or represent a set of profit centers.

The financial accounting entries of all transactions affecting the income statement have to indicate the cost center or job order to which they are being allocated.

The financial accounting entries of all transactions affecting the balance sheet, on the other hand, do not have to provide this kind of information.

Art. 6 - Accounting documents of external and internal relevance

Documents that summarize accounting information are divided into two categories: documents of external relevance and documents of internal relevance.

Accounting documents of external relevance are drawn up exclusively with reference to the University as a whole, while those of internal relevance may refer to individual structures or organizational units, as well as to cost centers or job orders.

- a) Accounting documents of external relevance, presented by the Managing Director for the approval of the University Board, include:
- i. the Strategic Plan, a forward-looking document that usually covers a time span of 5 or 10 years with the aim of identifying the specific objectives to be achieved and the lines of action for their pursuit, taking into account the resources that are available to the University;
 - ii. the Financial Statements, which have to be approved by 30 April of the year following the period of reference and drawn up in compliance with the standards referred to in article 1b) and c) of these Regulations;
 - iii. the Annual Budget, which has to be approved by the end of December of the year preceding



the period of reference and prepared on the basis of internal procedures and methods in compliance with the standards referred to in article 1b) and c) of these Regulations.

- b) Accounting documents of internal relevance can refer to various accounting periods, relate to the University as a whole or to organizational units in greater detail and be drawn up in any form deemed suitable to give a clearer picture of whatever is being analyzed.

The criteria used in documents of internal relevance for management purposes may differ from those used for financial accounting purposes. Where necessary, suitable reconciliation schedules should be prepared.

CHAPTER III - Responsibility for accounting and administrative processes

Art. 7 - Principle of segregation of duties in accounting and administrative processes

All accounting, administrative and financial processes are based on the principle of the segregation of duties and the related separation of signature powers, as specified in art. 12 below, in order to guarantee an adequate authorization, execution and control process in line with the University's organizational structure.

Art. 8 - Planning and control process: purposes and guidelines

- a) The purpose of the planning and control process is to establish short-, medium- and long-term plans for the University as a whole or for the various underlying levels of aggregation and organization, as well as to maintain overall conditions of economic and financial equilibrium over time.

The results of this process are summarized in the Annual Budget, a formal document submitted for approval by the University Board, in various interim documents (quarterly and half-yearly reports) and in the long-term forecasts resulting from the Strategic Plan, which are management documents that analyze the impact of medium- and long-term decisions and monitor the situation.

- b) The general principles for preparing the Annual Budget are defined on the basis of the strategic guidelines identified by the Board in compliance with the guidelines laid down by the Managing Director. They are formalized in a manual for internal use, updated every year and made available to all organizational structures involved in the process. The budget proposals made by the managers of the organizational structures through a "bottom-up" process are integrated by the estimates made centrally by the organizational structure in charge, relating to the provision of training courses, research activities and the development plans of the main resources – Faculty, Staff, Investments – as agreed with the Academic and Administrative Managers.
- c) If the Board is unable to approve the University Budget within the terms established in the previous paragraph, it can pass a resolution to authorize provisional running of the budget in order to ensure that day-to-day operations can continue. This provisional running of the budget can be authorized for a period not exceeding three months, during which essential day-to-day expenses



and those relating to long-term projects already underway in the previous year and falling due in the provisional period can be incurred. Essential expenses refer generally to commitments already undertaken or expenses which, if not incurred, could damage the normal performance of day-to-day activities.

- d) During the year, revisions may be made to the budget, both as a consequence of significant changes to the activities that were being forecast, and for the start of new initiatives with an impact on costs, revenues and investments. New initiatives and changes with an impact on costs and margins, proposed by the organizational units responsible for them, are authorized according to the procedures and methods laid down in the Management Accounting Manual.
- e) A summary of the main variances with respect to the approved budget is prepared at the end of the first half of the year for presentation to the Board by the Managing Director.

Art. 9 - Management process

Transactions and other operational events are accounted for as part of the management process in order to record them and measure their impact on the balance sheet and income statement.

This process is carried out in compliance with the standards referred to in art. 1b) and c) on the basis of the responsibilities attributed in accordance with the organizational structure in force at the time.

Art. 10 - Management of the University's assets

- a) The University's assets consist of all of the capital goods, movable and immovable, tangible and intangible, as well as the medium- and long-term investments and other funds available to pursue its institutional purposes.
- b) Management of the University's capital assets aims to achieve the institutional purposes laid down in the Statute, in compliance with the laws and regulations in force for the assessment of risks and prevention and safety of workers.

The University also manages its capital assets in compliance with the Environmental, Social and Governance (ESG) policy defined in specific internal regulations.

- c) Management of the University's investments is defined by specific internal regulations approved by the Board.

The University makes investments with the aim of supporting the long-term institutional goals of the University over the time horizon laid down by the Board.

The operating procedures for the management of capital goods that are considered fixed assets are explained in the specific internal regulations referred to in the previous points, in accordance with the principles applicable to non-state universities established by law.

Art. 11 - Final accounting process: purpose

- a) The final accounting process has the purpose of determining the actual amounts to be included in the accounting documents mentioned in art. 6.
- b) These are documents of internal relevance, prepared for management purposes and consist of the final operating income statement, supplemented where necessary by explanatory reports.



Art. 12 - Legal representation, responsibility and signature power

- a) Legal representation is assigned to the President of the University Board by art. 26.2b) of the Statute.
- b) Contractual responsibilities and signature powers are assigned according to the principle of the segregation of duties:
 - i. Active contracts and passive contracts: contracts with public and private entities, national and international, can only be signed by the Legal Representative and by persons authorized for this purpose on the basis of a power of attorney or delegation of powers granted by the University Board or by persons specifically delegated by it.
 - ii. Financial management: contracts relating to financial and banking operations can only be signed by the Legal Representative and by persons authorized for this purpose on the basis of a power of attorney or delegation of powers granted by the University Board or by persons specifically delegated by it.
- c) All powers referred to in these Regulations are delegated by the University Board on the basis of the organizational structure in force at the time, both for administrative and accounting management and for other activities and deeds that fall within the scope of these Regulations.:

CHAPTER IV - Coordination with tax laws

Art. 13 - Accounting sectors for tax purposes

Administrative facts and accounting events are recorded in compliance with the regulations indicated in art. 1b) and c) of these Regulations and divided into three accounting sectors:

- a) Institutional, which involves the accounting entries for transactions relating to the activities carried on by the University for the pursuit of its own purposes – as defined by the Statute in art. 9 – the contents of which are approved by the Academic Council or do not impose reciprocal obligations.

The entries attributed to the Institutional sector do not fall within the scope of VAT and on the cost side do not allow the deduction of the related VAT in accordance with current tax legislation.

- b) Commercial, which involves the accounting entries for transactions relating to activities the contents of which are not subject to approval by the Academic Council and, at the same time, do impose reciprocal obligations.

The entries attributed to the Commercial sector fall within the scope of VAT and on the cost side do allow the deduction of the related VAT in accordance with current tax legislation.

- c) Mixed, which involves the accounting entries for transactions with costs for activities that relate inseparably to both the Institutional and the Commercial sector. The costs of the Mixed sector are charged proportionately to the Institutional and Commercial sectors based on an objective criterion in accordance with current tax legislation.

The entries attributed to the Mixed sector allow partial deduction of the VAT on purchases in accordance with current tax legislation.



CHAPTER V - Responsibility for controls

Art. 14 - Control structure

The control structure is made up of the following bodies:

a) The Board of Statutory Auditors

The composition of the Board of Statutory Auditors is governed by art. 63 of the University's Statute.

The Board of Statutory Auditors exercise its powers of control in the preparation of reports on the Financial Statements and the Annual Budget.

The Board of Statutory Auditors:

- i. carries out all of the checks necessary to ensure regular performance of financial, accounting and asset management, overseeing compliance with the law, the Statute and these Regulations;
- ii. gathers information from the managers of the various areas, both directly and by coordinating with the Independent Auditors, monitors the adequacy of the organizational structure, compliance with the principles of correct administration and the proper accounting of all transactions;
- iii. holds periodic meetings with the Independent Auditors so that it is kept constantly up-to-date with the checks that they have carried out in order to ensure the regular performance of economic, accounting and asset management and the regular keeping of the books and accounting records.

b) The Independent Auditors are appointed by the University Board on the proposal of the Managing Director and:

- i. verify that the books are kept regularly during the year and that all transactions and operational events are entered correctly in the accounting records;
- ii. verify that the financial statements agree with the results of the accounting records, the checks carried out and that they comply with the Education Ministry's Decree no. 19 of 14 January 2014 and with the Technical Operations Manual;
- iii. express an opinion on the annual financial statements in specific reports.

c) The Regulatory Body is a collective body appointed by the University Board to ensure compliance with the rules on the organizational responsibility of the entities mentioned in Legislative Decree 231/2001. It is made up of three members who are external to the organizational structure of the University, with the necessary qualifications to guarantee skills in the legal field and in matters of organization and control, as well as specific knowledge of the rules governing universities and how they are organized.

For its activities, the Regulatory Body, which has its own regulations, also makes use of the Internal Audit activity with roles and responsibilities defined in the document entitled "Principles of the Organization, Management and Control Model," which is available on the University's website.



CHAPTER VI - Final rules

Art. 15 - Final rules and effective date

- a) These Regulations are issued by decree of the President of the University Board, subject to a resolution passed by the Board and approval by the Ministry of Education in accordance with art. 6 paragraph 9 of Law 168/1989.
- b) Any amendments to the Regulations follow the same procedure for their approval.
- c) The date on which these Regulations take effect is laid down in a decree by the President of the University Board.

