

## OPERATING AND ADMINISTRATIVE OVERHEADS AT FSV UK

<b>DIRECTIVE S_EO_004</b>		
Version: 001		
Issued by Dean's Measure: 02/2023		
Date of issuance: 03.02.2023	In effect from: 03.02.2023	Validity: Indefinite period of time
<b>Related regulations and documents:</b> Directive S_DEK_008 Management of projects and other activities at FSV UK  <b>The following directives will be issued during the first half of 2023:</b> Directive S_EO_007 Complementary activities at FSV UK Directive S_OV_002 Submission of project applications to the Research Office and economic management of project funds		
<b>Repealed regulations:</b> OD 37/2018 - Operating and administrative overheads for grant projects and donations at FSV UK OD 42/2018 - Setting of overheads for summer schools and other forms of education offered at FSV UK OD 50/2018 - Determination of the rates of operating and administrative overheads and the amount of contributions to the Social Fund		
<b>A lead (unit, staff member):</b> the Account Office, Bc. Hana Pokorná, DiS., head of the Account Office  <b>Elaborated by:</b> Bc. Hana Pokorná, DiS., head of the Account Office, Ing. Ondřej Blažek, Faculty Secretary (only version 001).		
<b>Appendices:</b>		
<b>Brief summary of the regulation:</b> The Directive establishes overhead rates and procedures ensuring the coverage of overhead costs for all activities funded outside the framework of the Schedule of Contributions and Subsidies of the Ministry of Education, Youth, and Sports and other income from the Rector's Office of a similar nature.		
<b>Discussed with AS FSV UK:</b> Not requested	<b>Approved by AS FSV UK:</b> Not requested	<b>Discussed with trade unions:</b> Not requested
<b>Discussion with or approval by another body:</b> Not requested		
<b>In charge of accuracy:</b> Ing. Ondřej Blažek, Faculty Secretary		
<b>Issued by:</b> PhDr. JUDr. Tomáš Karásek, Ph.D., Dean of the Faculty		

### Part I – Information about the Regulation

#### 1. Reasons and Explanation for the Changes

Content of the change	Point

New regulation	All
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## 2. Purpose and Scope of the Measure

This measure issues a new version of the Directive - Operating and Administrative Overheads at FSV UK, which sets out the overhead rates and procedures to ensure coverage of overhead costs of the Dean's Office, institutes, and centres in all activities funded outside the Schedule of Contributions and Subsidies of the MŠMT (the Ministry of Education, Youth, and Sports) and outside other revenues from the Rector's Office in the form of institutional support. (and not revenues that are allocated on the basis of internal competition. These revenues are subject to this Directive).

## Part II – Basic Terms, Rules, and Roles

### 3. Definition of Terms

3.1. The total amount of accounting income from a given financial resource that is further used up by FSV UK generally forms **the basis for the deduction of overheads from the revenue source to the owner's main centre**. The basis for the overhead deduction for specific projects and activities is determined in accordance with the rules for the given financial resource (for more details see Part III - Deduction of overhead from revenue sources for more details).

3.2. **By the overhead deduction from the revenue source to the owner's main centre** we mean the overhead charge to the accounting centre of the given project or activity, which is deducted from the main centre of the project or activity owner (institute/centre/Dean's Office) on the other side of the accounting operation. The overhead is always deducted in accordance with the rules for the given financial resource, usually at the time the revenue has been booked or, in the case of a large number of payments - after the end of the accounting month (for more details see Part III - Deduction of overheads from revenue sources).

3.3. **Administrative overheads** are funds used to cover the costs incurred for salaries and statutory deductions from salaries of employees (health, social security and statutory accident insurance) employed at the Dean's Office of FSV UK or at the secretariats of institutes and centres.

3.4. **Operating overheads** are the funds used to cover the costs incurred in the operation of FSV UK (e.g. electricity, water, gas, repairs and maintenance, overhead services, etc.). The costs of operating FSV UK are normally charged to chapter of the faculty-wide activities.

3.5. **The basis for the deduction of share of the overheads of the Dean's Office** is generally determined as the sum of the costs consumed by FSV UK for the calendar (financial) year of a given institute (or centre) at accounting centres covered by returns from revenues outside the contribution and subsidy of the MŠMT and outside the settlement of the fund of operational resources (see Part IV – Deduction of share of the overheads of the Dean's Office).

3.6. **By the deduction of share of the overheads of the Dean's Office** we mean the overhead charge to the main centres of the institutes, which is deducted from the main centre of the Dean's Office (administrative overhead) and the faculty-wide activities (operating overhead) on the other side of the accounting operation. It occurs once a year as the last accounting operation before the closure of the main centres of the institutes (or centres), the Dean's Office, and the faculty-wide activities (for more details, see Part IV - Deduction of share of the overheads of the Dean's Office).

## 4. Determination of Rates

4.1. **The administrative and operating overhead rates** to be charged from the revenue source **to the main centres of the project or activity owner** are as follows:

The rate of **the administrative overhead** is set at **11%** by this Directive.

The rate of **the operating overhead** is set at **9 %** by this Directive.

**The overall rate** for overhead costs charged from the revenue source to the main centre of the project or activity owner (institutes or centres, chapters of the faculty-wide activities or the Dean's Office) is thus set at 20%. This rate covers the cost of standard services provided by the Dean's Office and the secretariats of the institutes/centres. If the administration of the project requires extra services that are not normally provided by the Dean's Office and the secretariats of the institutes/centres and the rules for the given revenue source allow this, a higher rate may be applied.

4.2. **Rates for the deduction of share of the overheads of the Dean's Office**

4.2.1. **The standard rate for the deduction of share of the overheads of the Dean's Office** is set at **13%**. This rate is also applied to all **summer schools** regardless of the source of funding.

4.2.2. **The reduced rate for the deduction of share of the overheads of the Dean's Office** is set at **7%** and is applied to:

- a) all projects and activities funded from resources provided to the Faculty:
  - i. by international and foreign public institutions, including their representative bodies in the Czech Republic,
  - ii. by foreign public entities,
  - iii. by foreign foundations,
- b) projects funded from operational programmes,
- c) projects funded from the National Recovery Plan.

4.2.3. The **full rate for the deduction of share of the overheads of the Dean's Office** is set at **20%** and is applied exclusively to the revenues from **self-payers of foreign language degree programmes**. This overhead is charged directly to the main centre of the Dean's Office and faculty-wide activities.

4.3. The amount of the deduction of share of the overheads of the Dean's Office is then divided between the main centre of the Dean's Office (administrative overhead) and the main centre of faculty-wide activities (operating overhead) in a ratio of 11:9.

## 5. Roles

5.1. For the purposes of this Directive, **the owner of a project or activity** is either

- **the institute (or centre)** that is the main employer of the main investigator of the project at the faculty (unless it is explicitly stated that the investigator is submitting the project at another institute), or
- **two or more institutes** in so-called "inter-institute" projects - here it must always be specified which institute is the main owner and which institutes are partners. At the same time, a participation ratio should be established (e.g. 60:40), or

- **the Dean's Office** in so-called faculty-wide projects. A project where the institutes are unwilling or unable to effectively fulfil the role of project or activity owner may be regarded as a faculty-wide project by the decision of the Dean based on a proposal of the project committee.

5.2. **Within the Faculty, the Dean acts as the owner** in the case of a faculty-wide project, in the case of institute or "inter-institute" projects - the director of the institute, and in the case of centre projects - the head of the centre or persons authorised by them.

5.3. **The owner** of the project or activity **decides** (subject to the conditions of other relevant regulations) **whether the project or activity will be implemented**. S/he, therefore, **has the right to implement** (subject to the conditions of other relevant regulations) even a project or activity where **the tender documentation or other conditions for a given source of income do not allow the overheads to be covered to the full extent in accordance with this Directive**. This decision **does not affect the amount of the deduction of share of the overheads of the Dean's Office**, which - in case of the projects and activities owned by one or more institutes (or centres) - is always set in accordance with this Directive, without any exception.

5.4. For the accounting of overheads in accordance with this Directive, the Faculty Secretary is always the **operation transactor** and the head of the Account Office is the **budget administrator**, while **this accounting operation must always be discussed with the owner** of the project or activity or a person authorised by him/her **before it is carried out**.

### Part III – Deduction of Overhead

#### 6. The overhead charged from revenue sources to the owner's main centre

6.1. **The subject** of overhead deductions in accordance with this Directive are all revenues of FSV UK from external entities outside the Schedule of Contributions and Subsidies of the MŠMT (Contribution A plus K, Subsidy for Long-term Conceptual Development, Specific University Research), outside other revenues of institutional support from the Rector's Office of a similar nature (e.g. PGS scholarships from contribution "C", institutional plan, PPSŘ, etc.) and outside revenues to the scholarship fund.

6.2. **The amount of the deduction** of overhead from revenue sources is always set as **the maximum possible** under this Directive while accepting the limitations imposed by the provider or other rules applicable to the given source. The provisions stipulated in para 5.3 also apply.

6.3. Unless the rules for a given source of income provide otherwise, **overhead is deducted at the time** the source is booked to the revenues or on a monthly basis (e.g. for fees from self-payers of foreign language degree programmes). In the case of charging overhead on a monthly basis, this is done only in the second half of the year.

6.4. **The revenue booked** in a given calendar (fiscal) year forms the **basis for calculating** the overhead deduction.

6.5. The overhead deduction is implemented in such a way that **the cost side** of the accounting centre of a given **project or activity is burdened with overhead costs**, which are deducted from the main centre of the owner on the other side of the operation (with an exception of the accounting centres of foreign language degree programmes with income from self-payers, where overhead costs are deducted on the other side of the operation directly from the main centre of the Dean's Office and

faculty-wide activities). In the case of "inter-institute" projects, costs are deducted on the other side of the operation from the main centres of the project owners in an agreed proportion.

6.6. If the provider requires specific items of administrative costs instead of these "general" overhead costs, this may be done with the approval of the Faculty Secretary.

## 7. Deduction of Share of the Overheads of the Dean's Office

7.1. The basis for the deduction of share of the overheads of the Dean's Office is the sum of the costs and acquisition of property for the calendar (fiscal) year on the owner's accounting centres with revenues as defined in Part III/6.1. The basis amount is reduced by exchange rate losses (accounts 545xxxx), by the settlement of the subsidy - co-researcher costs (account 5491346) and by the scholarships paid by the main coordinator of joint degree programmes to students during their studies at partner universities (account 54913271).

7.2. In order to calculate the deduction of share of the overheads of the Dean's Office based on cost turnover, either the standard, reduced or full rate is applied at each accounting centre in accordance with Part II/4.2.

7.3. From the calculated deduction of share of the overheads of the Dean's Office, the items of settled specific administrative costs with the nature of overhead are deducted in accordance with Part III/6.6.

7.4. In the case of "inter-institute" projects, the relevant part of the deduction of overhead share **according to the agreed ratio** is realised for all owners, i.e. a proportional part is deducted from the calculated level of deduction of the main owner and added to the level of deduction of the partner institutes.

7.5. The actual **deduction** of share of the overheads of the Dean's Office **is implemented** in such a way that the main centres of the institutes (or centres) are burdened with overhead costs, which are deducted on the other side of the operation from the main centre of the Dean's Office and faculty-wide activities in a mutual ratio of 11:9.

7.6. In case of **faculty-wide projects** where an institute or several institutes could be the owner but have become faculty-wide by decision of the Dean, if these represent an administrative **burden for the secretariats of the institutes**, the Dean may **individually** determine the share of overhead attributable to these institutes.