

ASSET MANAGEMENT RULES OF USB

Article 1

General provisions

- (1) The University of South Bohemia in České Budějovice (hereinafter referred to as 'USB') follows the Act No 111/1998, on Higher Education Institutions and on Amendments and Supplements to Other Acts (the Higher Education Act), as amended (hereinafter referred to as the 'Act'), other generally binding legal regulations¹, internal regulations and other internal norms of USB (hereinafter referred to as 'other USB regulations') in the area of asset management.
- (2) In its financial management, USB also follows the decisions and contracts on the provision of contributions and grants from the state budget or other public budgets, which determine their purpose, manner of use, and settlement.

Article 2

Asset management of USB

- (1) USB manages its assets according to a budget that it prepares for the period of a calendar year. The budget may not be prepared as a deficit budget.
- (2) USB owns the assets necessary for the activities for which it was established. It is obliged to keep proper asset records. The Rector or the Bursar decide on the management of the USB assets within the scope set in the USB Statutes or in a Rector's ordinance. In the cases stipulated under Section 15(1)(a) to (d) of the Act, the Rector decides after the prior written consent of the USB Board of Trustees. In managing USB assets, USB is governed by the Act and other special legislation. Specific procedures in this area are stipulated in an internal regulation.
- (3) The basic source of the asset management of USB are resources from the state budget. The Ministry of Education, Youth and Sports (hereinafter referred to as the 'Ministry') determines the main part of the resources for the operation and development of USB according to the published rules, which are specified annually and discussed with the representation of universities. Another source is the resources obtained from special-purpose grants from the state budget earmarked

¹ E.g. Act No 218/2000, on Budget Rules and Amendments of Some Related Acts (Budgetary Rules), as amended, Act No 320/2001, on Financial Control in Public Administration and on the Amendment to some Acts (Act on Financial Control), as amended, Decree of the Ministry of Finance No 560/2006, on State Budget Participation in Financing Asset Reproduction Programmes, Act No 130/2002, on the Support of Research and Development from Public Funds and on the Amendment to Some Related Acts (the Act on the Support of Research and Development), as amended.

for research and development from the Ministry and other providers. The main source of providing for the upgrade and development of the material and technical base of USB are capital grants provided by the Ministry according to special legal regulations.²

- (4) USB is legally entitled to a contribution from the state budget for the execution of accredited degree programmes and lifelong learning programmes and related scientific, research, development, artistic or other creative activity (hereinafter referred to as the 'state budget contribution') and to a grant from the state budget (hereinafter referred to as the 'grant') for the development of USB. It may receive a grant from the state budget for the accommodation and catering for students.
- (5) In managing the funds provided from the state budget, USB is obliged to make economical and efficient use of these funds in accordance with the law and other special legislation,³ in accordance with the decision of the Ministry on the provision of grants and contributions from the state budget and in accordance with the conditions set by other providers and in accordance with the in-kind contribution. The Rector is responsible to the Minister of Education, Youth and Sports and the statutory bodies of other providers for the efficient use of state budget contributions and grants, for the settlement of the funds provided with the state budget and for the proper management of assets.
- (6) In order to ensure the economical, efficient, and effective use of public funds, USB is required to ensure the existence of a functional internal control system in accordance with the special legal regulation.⁴ The principles of the internal control system are to be set by USB in an internal regulation.

Article 3 Accounting

- (1) USB keeps its records under the double-entry system. It keeps accounting records in accordance with the general regulations on accounting for accounting units whose main activity is not conducting business.⁵ In its accounting procedures, it follows its own chart of accounts and accounting procedures based on these regulations. The

² E.g. Sections 12 and 13 of Act No 218/2000, on Budget Rules and Amendments of Some Related Acts (Budgetary Rules), as amended, Decree of the Ministry of Finance No 560/2006, on State Budget Participation in Financing Asset Reproduction Programmes.

³ E.g. Act No 218/2000, on Budget Rules and Amendments of Some Related Acts (Budgetary Rules), as amended, Act No 130/2002, on the Support of Research and Development from Public Funds and on the Amendment to Some Related Acts (the Act on the Support of Research and Development), as amended.

⁴ Act No 320/2001, on Financial Control in Public Administration and on the Amendment to some Acts (Act on Financial Control), as amended.

⁵ E.g. Act No 563/1991, on Accounting, as amended, Decree of the Ministry of Finance No. 504/2002, on the Implementation of Certain Provisions of Act No 563/1991, on Accounting, as amended, for the accounting units whose main activity is not conducting business if they keep their records under the double-entry bookkeeping system, as amended, Czech Accounting Standards for the accounting units that keep their records in compliance with Decree No 504/2002, as amended.

chart of accounts of USB is established for each calendar year by an internal regulation.

- (2) In its accounting, USB is required to separate costs and revenues associated with its ancillary activities from costs and revenues from its educational and scientific, research, development, artistic or other creative activity (hereinafter referred to as the 'core activity'). The methodology for keeping analytical accounting records is adapted to this.
- (3) USB obtains the funds to secure its activities particularly:
 - a. from contributions and grants from the state budget,
 - b. from the study-related fees,
 - c. from asset income (mainly sales, rentals, financial income),
 - d. from other revenues from the state budget, state funds, budgets of regions and municipalities,
 - e. revenue from the European Union budget,
 - f. income from abroad not listed under (e),
 - g. from donations and inheritances, income from foundations and endowment funds,
 - h. by pooling funds,
 - i. from its own funds generated,
 - j. from loans from financial institutions,
 - k. from revenues from the sale of services and goods and other revenues from its own activities under the core activity,
 - l. from the revenues of ancillary activities.
- (4) Fees related to studies are not subject to the general fee regulations.
- (5) Tuition fees pursuant to Section 58(3) of the Act are income of the Scholarship Fund.
- (6) Study-related fees not included in paragraph 5 are income from the core activity.
- (7) USB may set a fee for studying in a lifelong learning programme. The fee is set with regard to the costs associated with the provision of this service. Fees for studies in a lifelong learning programme are income from the core activity.
- (8) The amount of the fees under paragraphs 5, 6 and 7, the method of payment and the grounds for waiving the fees are regulated by law, the USB Statutes, and the Rector's ordinance on setting tuition fees for the period of the corresponding academic year.
- (9) USB is entitled to accept loans, repayable financial aid and loans for investment as well as operating expenses, provided that their acceptance does not give rise to claims against the state budget and that their repayment is ensured within the framework of the USB's asset management. The state does not guarantee the obligations of USB.
- (10) USB pays the contributions according to the concluded association agreement from the resources it is entitled to use for the activity for which it is associated. The

pooled investment funds are the income or expenses of the Capital assets replacement fund.

- (11) USB may not acquire securities other than securities issued by the State or securities, the repayment of which is guaranteed by the State or securities of a business corporation into which USB has put assets.
- (12) The settlement of payments of a sanction nature is part of the costs of USB.

Article 4 USB funds

- (1) USB has established the following funds:
 - a. Reserve fund
 - b. Capital asset replacement fund
 - c. Scholarship fund
 - d. Fund for bonuses
 - e. Fund for earmarked financial resources
 - f. Social fund
 - g. Fund for operational purposes
- (2) The Reserve fund consists of the allocation of profit after tax and from the transfer of funds from the Capital assets replacement fund, the Fund for bonuses and the Fund for operational purposes. The Reserve fund may be used in particular to cover losses in subsequent accounting periods, to transfer funds to the Capital asset replacement fund, the Fund for bonuses and the Fund for operational purposes.
- (3) The Capital assets replacement fund consists of:
 - a. an allocation of after-tax profits,
 - b. a proportionate part of the accounting depreciation of long-term assets ascertained on the basis of the difference between the purchase price and the grant or contribution received from the state budget for the acquisition of the asset and the total purchase price of the asset,
 - c. a proportionate part of the residual value of the long-term assets being disposed of determined in a manner similar to the accounting depreciation referred to under (b),
 - d. by the transfer of funds from the Reserve fund, the Fund for bonuses and the Fund for operational purposes,
 - e. from the balance of contributions from the state budget as of 31 December of the current year pursuant to Section 18(2)(a) of the Act; the fund's resources obtained by the transfer of the balance of the contribution may be used only to finance such activities by which USB does not participate in the competition on the common market and cannot influence it by this activity,
 - f. pooled funds for joint investment activities.

The Capital assets replacement fund also consists of funds transferred from the institution's own assets originating from grants, contributions from the state

budget and donations intended for the acquisition of long-term assets, solely for the purpose of recording resources in connection with their use during the accounting period.

The resources of the Capital assets reproduction fund can be used:

- a. to finance the acquisition of tangible and intangible long-term assets;
- b. to provide funds to other persons under a concluded contract on joint investment activities;
- c. to pay instalments of investment credit and loans;
- d. as an additional source of funding for repairs and maintenance of long-term assets recorded in the revenue of USB;
- e. to transfer funds to the Reserve fund, the Fund for bonuses and the Fund for operational purposes.

(4) The Scholarship fund consists of:

- a. tuition fees (except for tuition fees imposed on students studying in a foreign language programme),
- b. transfers of tax-deductible expenses under special legislation.⁶

The resources of the Scholarship fund can be used to disburse scholarships in accordance with the USB Scholarship Regulations. USB keeps records of the use of the Scholarship fund through revenue and expense accounts.

The source of the Scholarship fund are not funds provided to USB from the state budget contributions and grants and earmarked for scholarships; these funds remain part of USB's revenues and are subject to annual settlement with the state budget.

(5) The Fund for bonuses consists of an allocation from after-tax profits and transfers from the Reserve fund, the Capital assets replacement fund and the Fund for operational purposes. The resources of the Fund for bonuses may be used in accordance with the USB Wage Regulations. USB keeps records of the use of the Fund for bonuses through revenue and expense accounts. The Fund for bonuses may also be used to transfer funds to the Reserve Fund, the Capital assets replacement fund and the Fund for operational purposes.

(6) The Fund for earmarked financial resources is constituted and used in accordance with Section 18(7) and (9) to (11) of the Act. The source of the Fund for earmarked financial resources are:

- a. earmarked donations, with the exception of donations for the acquisition and technical appreciation of long-term assets,
- b. earmarked funds from abroad,
- c. earmarked public funds, including earmarked and institutional support for research and development from public funds, which could not be used by USB in the budget year in which they were granted to it, may be transferred by USB to the Fund for earmarked financial resources up to 5% of the volume of earmarked public funds granted to USB for individual research and development projects or research plans in a given calendar year; in the case of other support from public funds, up to 5%

⁶ Section 24(2)(zr) of Act No 586/1992, on Income Taxes, as amended.

of the volume of the support granted to USB in the given calendar year. USB shall notify the provider of the earmarked funds of the transfer.

USB may use the resources of the Fund for earmarked financial resources only for the purpose for which they were provided.

- (7) USB may make the Social fund by a basic allocation charged among USB costs of up to the maximum of 2% of the annual volume of USB costs accounted in wages, wage compensations and remuneration for standby.

The Rector determines the specific amount of the basic allocation and the principles for the use of the Social fund's resources for each calendar year by his or her ordinance.

The resources of the Social fund may be used particularly for:

- a. a contribution to the catering for employees,
- b. reimbursement of the costs of preventive health care for employees beyond the scope of occupational preventive care,
- c. reimbursement of the costs of improving the work environment,
- d. supplementary pension insurance for USB employees.

- (8) The Fund for operational purposes consists of:

- a. an allocation of after-tax profits,
- b. the balance of contributions from the state budget as of 31 December of the current year,
- c. by a transfer of funds from the Reserve fund, the Capital assets replacement fund and the Fund for bonuses.

Funds of the Fund for operational purposes may be used:

- a. to cover the costs of the core activity in the current calendar year;
- b. as the institution's own source of co-financing for educational, research and development projects, the execution of which is conditional on co-financing; the fund's resources obtained by the transfer of the balance of the contribution may be used only to finance activities by which USB does not participate in the competition on the common market and cannot influence it by this activity,
- c. to transfer funds to the Reserve fund, the Capital assets replacement fund and the Fund for bonuses.

- (9) Profit after tax can only be distributed to the USB funds on the condition that any losses from previous periods have been settled.

- (10) The resources of the funds obtained by the allocation of profits originating from the conduct of basic research, applied research, or experimental development and the dissemination of their results through instruction, publishing or technology transfer that were supported by public funds may be used retroactively only for these activities or for the dissemination of their results or for instruction.

- (11) Proposals for the allocation of after-tax profits to the USB funds are submitted by faculties and other constituent parts of USB in their annual asset management reports while taking into account their specific needs and their share of the total profit

generated by USB. The Rector submits the proposal for the allocation of after-tax profits together with the annual asset management report to the USB Academic Senate for approval.

- (12) Proposals including justifications for transfers between funds are submitted to the Rector for approval by deans and directors of other constituent parts of USB.

Article 5 Ancillary activity

- (1) In its ancillary activities, USB performs activities for remuneration, which are related to its core activity or activities serving to make more efficient use of its assets and human resources. Ancillary activities must not compromise the quality, scope, and availability of the activities for which the USB was established.
- (2) USB owns assets that it is required to use for the performance of tasks under its core activity. In accordance with Section 20(1) of the Act, these assets may also be used for ancillary activities.
- (3) The conditions and areas of the performance of ancillary activities at USB are defined in greater detail in an internal regulation.
- (4) Ancillary activities are recorded in the accounts separately (Article 3(2)).

Article 6 Asset management of individual constituent parts of USB

- (1) Faculties and other constituent parts of USB manage the funds obtained
- a. from the allocated part of non-capital grants and contributions from the state budget,
 - b. from the allocated part of capital grants and contributions from the state budget,
 - c. from study-related fees,
 - d. from asset revenues,
 - e. from other income from the state budget, state funds and budgets of regions and municipalities,
 - f. from the income from the European Union budget and other income from abroad,
 - g. from income from donations and inheritances, income from foundations and endowment funds,
 - h. from the revenues of its own ancillary activities,
 - i. from the USB's own funds (from that part of them which the USB component is entitled to dispose of, in the case of the Capital assets replacement fund from the part remaining after the deduction of the levies to the central Capital assets replacement fund approved for the calendar year by the USB Academic Senate).
- (2) The basic source of the asset management of faculties and other constituent parts of USB are grants and contributions from the state budget. State budget contributions

and grants, the financial amount of which is provided to USB on a normative basis, are distributed among the constituent parts of USB units according to the principles and schedule proposed by the Rector and approved by the USB Academic Senate.

- (3) Faculties and other constituent parts of USB manage assets according to a sub-budget of costs and revenues, which may not be prepared for the period of the calendar year as a deficit budget. After the end of the year, they are to submit the documents necessary for settlement with the state budget and accounting for the grants provided in accordance with the instructions and within the deadlines set by the USB Rectorate to the USB Rectorate. Deans, director of higher education institutes, D&R, and, the bursar – in the case of the USB Rectorate – are responsible to the Rector for the economical and efficient use of the funds provided from the state budget and for the proper management of the assets entrusted to them.
- (4) Faculties and other constituent parts of USB manage the part of the USB assets that are entrusted to them in accordance with the internal regulation of USB.
- (5) All constituent parts of USB are obliged to comply with the general regulations on accounting⁵ and the internal regulations of USB when keeping partial accounting, preparing partial financial statements and partial financial reports.
- (6) USB is a taxpayer in accordance with general tax regulations. The calculation and payment of taxes are executed with regard to their nature as follows:
 - a. personal income tax on employment income and functional benefits is paid by USB on behalf of its employees according to the place of payroll processing, i.e. according to the payer's cash desk;
 - b. the corporate income tax is paid by the USB Rectorate on the basis of a single tax return for USB prepared on the basis of the documents of the individual constituent parts of USB as a whole; the share of faculties and other constituent parts of USB in the tax is accounted for in the costs of the respective USB constituent part; faculties and other constituent parts of USB are responsible for the factual accuracy of the initial tax return documents;
 - c. value-added tax is paid for the monthly accounting period by the USB Rectorate on the basis of one tax return compiled on the basis of tax documents prepared by the Economic Section of the USB Rectorate;
 - d. advances for the road tax are paid by the USB Rectorate on the basis of documents submitted by the faculties and other constituent parts of USB presented to the Economic Section of the Rectorate within deadlines set by the Rectorate; the tax return for the road tax is prepared by the USB Rectorate; faculties and other constituent parts of USB submit the documents necessary for the tax return according to the instructions of the Rectorate; the share of faculties and other constituent parts of USB in the tax is accounted for in the costs of the respective constituent part of USB;
 - e. property tax returns and tax levies are handled by the USB Rectorate; the share of faculties and other constituent parts of USB in the tax is accounted for in the costs of the respective constituent part of USB;
 - f. inheritance, gift and real estate transfer tax returns and any related tax levies are handled by the USB Rectorate; faculties and other constituent parts of USB submit

the documents required for the tax returns in accordance with instructions of the Rectorate.

Deans and directors of other constituent parts of USB are responsible to the Rector for the accuracy of the documents submitted on behalf of the faculties and other constituent parts of USB.

- (7) USB processes the social security insurance and health care insurance levies and the premium for the statutory liability insurance of an organisation considering damages in the case of injuries or occupational diseases according to the place of payroll processing, i.e. according to the payer's cash desk.

Article 7

Financing of special-purpose facilities

- (1) USB finances the current and capital expenses of its special-purpose facilities of the nature of refectories, dormitories, facilities for the education of youth and adults, operation of libraries, gymnasiums and other sports facilities if such facilities serve USB staff or students. It finances these expenses from grants and contributions provided from the state budget, from the USB's own revenues, or those of its constituent parts, and particularly from the actual revenues arising from the activities of these facilities.
- (2) Should USB use the special-purpose facilities jointly with another entity, it shares the costs or revenues according to the usage ratios agreed in the concluded contract. The payment of the proportionate part of the use of special-purpose facilities in a lump sum may be contractually agreed upon.

Article 8

Provision of contribution to other persons

- (1) USB is entitled to pay for the operation of its own catering facilities, excluding the value of food, providing catering for USB employees in the form of one main meal per day or to contribute to its employees up to 55% of the price of one main meal per day but not more than 70% of the meal allowance during the course of a work trip of 5 to 12 hours in accordance with special legislation if meals are provided through other entities.
- (2) USB is not entitled to contribute to students' meals, but it is entitled to pay, excluding the value of food, for the operation of its catering facilities providing meals for students up to the actual costs.
- (3) USB is entitled to provide contributions to other natural persons other than USB employees in accordance with general regulations.