



# Methodical Letter No. 2

## to the Rules for Applicants and Beneficiaries – General Part, version 4.

**Chapters 2. Term definitions**

**Chapters 5.2.6 Cost benefit analysis**

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EVROPSKÁ UNIE  
Evropské strukturální a investiční fondy  
Operační program Výzkum, vývoj a vzdělávání



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**Chapters 8.7.1 General conditions for the eligibility of expenses**

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**Annex 11: Methodology of reporting economic activities in terms of public support**

**Operational Programme Research, Development and Education (OP RDE) for the period  
2014–2020**

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<b>IN FORCE FROM:</b>	On the date of publication of the website of the MEYS—OP RDE
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This methodological letter is issued for a transitional period from the date of effectiveness to incorporation in Rules for Applicants and Beneficiaries – General Part. The methodological letter ceases to be valid upon incorporation in Rules for Applicants and Beneficiaries – General Part.

The above paragraph is irrelevant for recipients bound by this methodical letter under the legal act on granting/transferring support. For these beneficiaries, the methodical letter shall remain in force throughout the duration/sustainability of the project, if relevant. Or until the moment when the recipient asks for transition to a higher RAB, in which the methodical letter will be incorporated.

**Methodical Letter No. 2 amends Chapter 2 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

Effective project implementation starting date (estimated/actual)

The last sentence of the first paragraph “The reporting (monitoring) project period starts from by the date of commencement of the physical implementation of the project, or the issuance of a legal act granting/transferring support, whichever occurs later” is replaced by “The reporting (monitoring) project period starts starts by the date of issue of a legal act providing/transferring support.”

**Methodical Letter No. 2 amends Chapter 5.2.6 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

A new paragraph was added under the paragraph “**Economic analysis** includes assessment of risks and the foreseeable impact on the sector and the socio-economic situation of the Member State or region and, if possible and appropriate, of other regions of the European Union”. The new paragraph reads “The obligation to perform CBA (financial and economic analysis) applies to projects with financial volumes of eligible project costs of CZK 100 mil. and higher.”

**Methodical Letter No. 2 amends Chapter 6.4 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

The paragraph “The Applicant is required to demonstrate a modified application for support in IS KP14+ as instructed by the MA OP RDE administrator, including an updated pre-financing and billing plan (if necessary to make budget cuts based on the evaluation/selection), which will serve to set binding financial indicators of the project and to determine the amount of the first advance payment to be specified in the legal act on granting/transferring support” was replaced by the following paragraph:

“The Applicant shall submit a modified application for support in the KP14 IS+, as instructed by the MA OP RDE administrator, including:

- updated pre-financing and billing plan (if necessary to make budget cuts based on the evaluation/selection), which will serve to set binding financial indicators of the project and to determine the amount of the first advance payment to be specified in the legal act on granting/transferring support;
- updated dates of commencement of project and commencement of (physical) project implementation (these data will be subsequently provided in the act on granting/transferring

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support).”

**Methodical Letter No. 2 amends Chapter 7.2.2.1 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

The point addressing changes in the person of the grant recipient, bullet “change of beneficiary due to legislative reasons, when their company name or legal form changes from a specified date” was supplemented by the following text: “(this is considered a minor change).”

**Methodical Letter No. 2 amends Chapter 7.2.2.2 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

The text ““change in the planned working times of key/excellent staff” was cancelled and replaced by the following text:

- “Decrease of the planned working time for a key/excellent employee.
- Increase of the planned working hours to a total of 1.2 time job for persons involved in the project (i.e. the beneficiary and their partners). Amendments can be approved only for the excellent staff of expert project team, see Chapter 8.7.2, point B. Expenses on direct activities – Non-investment activities, Personal expenses.”

**Methodical Letter No. 2 amends Chapter 5.2.3 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

The following sentence was added to point 2) Final RfP, after Paragraph 2: “Within the final RfP, the beneficiary shall document (as one of the mandatory annexes) eligibility of direct expenses (including expenses lower than CZK 10,000) by a report of project accounts on the basis of which the MA administrator will be able to enter the expenses into the project’s accounts.”

**Methodical Letter No. 2 amends Chapter 8.1.2 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

A new paragraph was added before the last paragraph of this chapter. The new paragraph reads: “The first advance payment is paid to the beneficiary by the Provider usually within 30 working days from the issuance of an act granting/transferring support, but no later than 60 calendar days prior to commencement of the physical implementation of the project<sup>1</sup>.”

**Methodical Letter No. 2 amends Chapter 8.2 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

At the end of the paragraph “Separate project accounts shall be kept no later than from the date of issuance of a legal act on provision/transferring support, otherwise the beneficiary risks that the expenses incurred may not be properly checked and could be deemed ineligible. When buying property, the beneficiary shall ensure that the property’s records contain the information the

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<sup>1</sup> This applies to projects whose physical implementation started more than two months after the date of issuance of an act granting/transferring support.

property was purchased within one or more specific projects”, the following text was added: “Each interim payment request submitted by the beneficiary shall contain (as a mandatory annex) a report of project account for the reporting period.

A new paragraph was added at the end of the chapter. The new paragraph reads:

“Determining the amount of eligible expenses and reimbursements in relation to possible exchange rate differences occurring within classification of expenses into the list of documents

The amount of an eligible expense may be determined from:

- a) Tax/accounting document in CZK, payment in CZK – the eligible expense is the amount paid in CZK, including the eligible part of VAT;
- b) Tax/accounting document in CZK, payment in a foreign currency – the eligible expense is the amount in CZK calculated by multiplying the amount in foreign currency and CNB exchange rate valid on the date of payment. Therefore, the resulting amount in CZK generally differs from the amount invoiced;
- c) Tax/accounting document in a foreign currency, payment in the same foreign currency – the eligible expense is the amount calculated by multiplying the amount paid (excluding VAT) and CNB exchange rate valid on the date of payment. For multiple payments in a foreign currency, the eligible amount in foreign currency is multiplied by the average exchange rate rounded to three decimal places. The rate is calculated by dividing the sum paid converted into CZK by the total invoice price in the foreign currency (see example below);
- d) Tax/accounting document in a foreign currency, payment in CZK – the eligible expense is the whole amount paid. In case the invoice includes VAT and/or other ineligible expenses, the eligible expense is calculated by multiplying the eligible amount in the foreign currency and the exchange rate of the payment indicated in the bank statement. It is necessary to clearly identify the amount of the foreign currency paid. It is not enough provide the amount in CZK only, without a clear reference to its equivalent in the foreign currency. If the bank statement does not include the amount paid in the foreign currency, it is possible to document the amount by, for example, a notice of foreign payment or another bank-certified document containing this information;
- e) Tax/accounting document in a foreign currency, part of the payment in the same foreign currency, part in CZK – eligible expenses are calculated in the same manner as in point c)”.

**Methodical Letter No. 2 amends Chapter 8.6.1 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

In the 'Documenting expenses" section, part of the original text was replaced:

**„Expenses:**

- where the total amount reported as eligible is higher than CZK 10,000<sup>2</sup>, or if the MA OP RDE explicitly asks for scanned documents evidencing an expense:

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<sup>2</sup> The limit applies to payroll expenses, the eligible amount is the super-gross salary claimed for the project (i.e. the gross

- accounting documents;
  - proofs of payment;
  - and other supporting documentation specified in the description of documenting individual categories of eligible expenses set out in Chapter 8.7.2;
- documents which do not meet the above conditions are included in the list of documents, but the beneficiary does not make and send the above scans.

General conditions for inclusion in the list of documents are:

- emergence of expense in the reporting period or earlier;
- proof of payment of the expense by the beneficiary (they incurred the expense); the reimbursement may not fall within the same reporting period (see General conditions for time eligibility of expenses)<sup>3</sup>, see Chapter 8.7.1.

Expenses not supported by the above method are always considered ineligible expenses.

Exceptions are expenses that fall under the regime of one of the forms of simplified expense reporting. The procedure for simplified documentation of expenses is described in Chapter 8.6.2.”

by the new text which reads as follows:

**„Expenses:**

General conditions for inclusion in the list of documents are:

- emergence of expense in the reporting period or earlier;
- payment of the expense by the beneficiary (they incurred the expense) which may not fall within the same reporting period (see General conditions for time eligibility of expenses)<sup>4</sup>, see Chapter 8.7.1.

Expenses whose total amount reported as eligible is higher than CZK 10,000<sup>5</sup>, or if the MA OP RDE explicitly asks for scanned documents evidencing an expense:

- accounting documents;
- proofs of payment;

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salary including personal allowances and the statutory health and social insurance). In case a person has more part-time jobs in one project, the amounts from accounting documents shall be summarized. The decisive amount in other documents is the total amount of eligible expenses claimed.

<sup>3</sup> Example: salary for June, which is the last month of the reporting period, is paid in July.

<sup>4</sup> Example: salary for June, which is the last month of the reporting period, is paid in July.

<sup>5</sup> The limit applies to payroll expenses, the eligible amount is the super-gross salary claimed for the project (i.e. the gross salary including personal allowances and the statutory health and social insurance). In case a person has more part-time jobs in one project, the amounts from accounting documents shall be summarized. The decisive amount in other documents is the total amount of eligible expenses claimed in one accounting document.

- and other supporting documentation specified in the description of documenting individual categories of eligible expenses set out in Chapter 8.7.2;

Expenses not supported by the above method are always considered ineligible expenses. Exceptions are expenses that fall under the regime of one of the forms of simplified expense reporting. The procedure for simplified documentation is described in Chapter 8.6.2.”

Expenses whose total amount reported as eligible is equal or lower than CZK 10,000 Expense for which the total amount reported as eligible is equal to or lower than CZK 10 000 shall be documented through the List of documents up to CZK 10,000. The List of documents up to CZK 10,000 is part of individual lists documents in MS2014+, i.e., the lists of documents contain also lists of documents up to CZK 10,000, but without the scanned documents referred to above.”

**Methodical Letter No. 2 amends Chapter 8.6.2 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

The following new text was added to point c): “The fixed rate should reflect the size of the project, as well as the degree of outsourcing utilized by the beneficiary. Generally, the indirect costs (relatively) decrease with increasing size of the project and the share of outsourced activities (not performed by the beneficiary himself).

Before signing the act of granting/transferring support, the MA OP RDE may decrease the maximum flat rate set out in the call – if this was agreed with the Applicant. Similarly, when reviewing eligible expenses, the Provider may decrease the rate with respect to the actual extent of outsourcing used by the beneficiary.

If direct project expenses need to be cut based on results of the review, it is not possible to set a higher flat rate than the rate calculated from direct expenses included in the project’s budget prior to the cuts.”

**Methodical Letter No. 2 amends Chapter 8.7.1 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

In Chapter “Substantive eligibility of expenses”, paragraph “If the purchased property, material, or service is used only partially within the project, only the used part is considered the eligible expense. The beneficiary shall document the partial use of the purchased item/service in the project via device logs or by their qualified estimates attached to the electronic list of invoices”, the following sentence was removed The beneficiary shall document the partial use of the purchased item/service in the project via device logs or by their qualified estimates attached to the electronic list of invoices”.

**Methodical Letter No. 2 amends Chapter 8.7.2 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

In point A. Expenses on direct activities – Investment, Chapter “Machinery and equipment”, the following new text was added: “For projects implemented under Priority Axis 1 and Priority Axis 2 OP RDE, the beneficiary shall keep device logs for all devices used for professional activities of the project and whose purchase price was higher than CZK 5 mil. (including). At the same time, however, it is required to keep device logs for the most expensive devices whose purchase prices together represent at least 70% of cost of all equipment purchased through the OP RDE within the project. It is

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not necessary to keep device logs of machines/devices used for the project's implementation team for administrative activities (i.e. laptops, printers, data projectors, MFPs, etc.)."

In point B. Expenses on direct activities – Non-investment, part "Tangible assets and material", the following text was removed:

"The beneficiary shall prove the use of a property for the project by a device log diary containing at least the following information:

- Project name (project name and registration number);
- Name of the beneficiary;
- Device (its name);
- Device Reg. No.;
- Device location (room, workplace);
- Date and time of use of the device (from-to);
- Description of use of the device (for what purpose has the device been used – grant, project, contract);
- Grant/project/contract leader, team member
- Signature of the device's user".

In point B. Expenses on direct activities – Non-investment, part "Direct support", the original paragraph "catering – the price limit for meals/snacks for participants is CZK 300 per person and day for all-day local events (i.e. event that take place within one day and last at least 8 regular hours) or CZK 400 for transfer events with accommodation of participants (unless the beneficiary's internal regulations set out a lower limit) abroad at common local prices" was amended as follows: "catering – the price limit for meals/snacks for participants is CZK 300 per person and day for all-day local events (i.e. event that take place within one day and last at least 8 regular hours) or CZK 400 for transfer events with accommodation of participants (unless the beneficiary's internal regulations set out a lower limit) abroad at common local prices."

**Methodical Letter No. 2 amends Chapter 8.7.4.3 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

Point 4) bullet two "•purchases of water (water and sewage charges), fuel and energy (electricity, heating, etc.) in the premises used for the project implementation" was replaced by a new text: "• purchases of water (water and sewage charges), fuel and energy (electricity, heating, etc.) in the premises used for the project implementation where no particular professional project activities are performed (for example offices of the administrative and professional team, etc., not research centres, infrastructures, or classrooms where trainings take place, etc.)."

**Methodical Letter No. 2 amends Chapter 8.8 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:**

After the bullet "–payroll costs of employees who do not participate in the project (in case of managers it is necessary to assess their actual involvement in the project implementation, personal



expenses of statutory body representatives who are not directly involved in the project, or are involved only formally, can not be considered eligible);” the following new bullet was added:

- “personal expenses for periods not belonging to implementation of the ESI Funds, i.e. the period when the employee was not actively participating in the project (e.g. salary during vacation between maternity leave and parental leave, or a period of work outside state service due to organizational reasons, etc.).”

**Methodical Letter No. 2 amends Chapter 15.2 Public funding for education and research and development not constituting State aid as follows:**

The text “Details on the definition of the relevant entity, capacity calculation, and reporting of its use can be specified in more detail by the MA OP RDE depending on interpretation and decision-making practice of the EC in Methodology of reporting of economic activities in terms of public support (Annex . 11). This methodology will be published on the MA OP RDE website, it shall be binding for applicants/beneficiaries from the date of its effectiveness” was replaced by the following text: “Details on the definition of the relevant entity, capacity calculation, and reporting of its use are described in Methodology of reporting of economic activities in terms of public support (Annex . 11). The Methodology shall be binding for beneficiaries from the date of its effectiveness.”

**Methodical Letter No. 2 amends Annex 11 Methodology of reporting economic activities in terms of public support as follows:**

The text “After its approval, this annex shall be posted on the website of the MA OP RDE.” was replaced by the following text: “Methodology of reporting economic activities in terms of public support is posted on the website of the MA OP RDE at this link: <http://www.msmt.cz/strukturalni-fondy-1/analyza-verejne-podpory-op-vvv> .”