

NICHE - Financial Rules and Regulations (FRR)
Frequently Asked Questions (FAQs)

Grant modality

1. Q: The grant states that Party B will be responsible for the careful and legitimate use of project funds and the financial administration of projects expenditures. Does this mean that Party B is *financially* responsible for the project?

A: No, both parties are jointly responsible for the project as a whole and for the finances as well, but Party B is responsible for the financial *administration*. All financial budgets and reports have to be signed and approved by *both* parties.

2. Q: The grant only mentions one Requesting Organization and one provider while in fact both parties consist of a group of consortium partners. How do we deal with that?

A: The lead party of each consortium is responsible for the management of the project and is therefore awarded the grant.

Financial format

3. Q: The Financial format has been filled in with all the budget information, but the summary page has an error code and we can't figure out why. What can we do?

A: First check if all your budget lines have been allocated a cost category. Check all rows: if a row contains a budgeted amount it must contain a cost category (a-g). Second, check if you have perhaps added rows to result areas which have not been calculated in the sums of the subtotals. Finally, check if you haven't accidentally exceeded the grant amount. If none of these checks have resolved the error code please contact your Financial Officer at Nuffic for further assistance.

4. Q: One of the conditions in the grant is specification of certain budget lines. What does specification mean?

A: The NICHE financial format requires you to specify expenses by input and cost category. For example, if you have a planned mission for curriculum development you must specify the result (i.e. curriculum development), the activity (i.e. a mission), and the required inputs. This may include staff time of staff X in the Netherlands, staff time of staff X in the country of the Requesting Organization, staff time of staff Y in the Netherlands, staff time of staff Y in the country of the Requesting Organization, ticket costs, DSA, hotel expenses et cetera. These inputs must all be allocated a budget line which reflects the quantity of the input (i.e. the number of days) and the corresponding price or fee. This is what is meant by specification. Please include all specifications in the budget itself and not in separate documents.

Project management and salary Requesting Organization (6% rule)

5. Q: In order to meet our project obligations we are doing administrative tasks that go beyond our routine activities. We have specifically allocated time for these tasks. Can this be paid from the project budget?

A: Yes (3.3.2 FRR). You can use up to 6% of the project outline budget for this, as long as the costs are incremental (i.e. they are specific project-related costs and not routine staff duties).

6. Q: Our project has been granted a budget neutral extension. We have already spent the maximum 6% for administrative and project management activities. Can we adjust the budget due to the extension?

A: No (3.3.2 FFR). The amount for project management by the Requesting Organization has been fixed at the start of the project (up to 6% of the budget in the project outline) and cannot be changed during the project, not even if the project is extended. The fixed amount cannot be exceeded.

7. Q: We will employ ten staff, who will train others to become qualified professionals. Can we pay their salaries from the project budget?

A: No (3.3.2 FRR). In order to ensure post-project sustainability, the programme regulations stipulate that local salaries and local salary top-ups, cannot be paid from the project budget.

8. Q: We will hire an external consultant to help design the teacher-learning materials for the course the teachers will follow. Can we pay these costs from the project budget?

A: Yes. (3.5 FRR). The costs of enlisting the services of local or regional experts can be covered by the programme. Please note that these external experts should not be employed by you (either full-time or part-time). If you employ an external expert (part-time) the costs for his or her services cannot be paid from the project budget.

9. Q: We have hired a local expert for the project and have charged the costs (made and paid) to the project. We also employ this expert part-time for non project related activities. Can we pay the expert's project-related activities from the project budget?

A: No, when the expert is part-time employed by your organization, you cannot charge these costs to the project, see page 15 of the FRR.

10. Q: Our employees follow a training for the project. Can we charge sitting allowances to the budget?

A: No, these costs cannot be charged to the project.

Travel costs

11. Q: In order for staff members to actually provide coaching, some of them may have to travel considerably throughout the country to reach the target groups. Can these travel costs be paid from the project budget ?

A: Yes (3.3.2 FRR), but you can only charge transportation costs, fuel et cetera to the project. You cannot charge salary costs to the project.

12. Q: We use one of our own cars for in-country transport. If we fill up the tank with fifty litres of fuel and use part of the fuel for non project-related transport can we charge the fuel receipt to the project?

A: Yes, but only the fuel consumption for project-related transport.

13. Q: Our project partners are staying in Groningen. They are flying out early in the morning and have to leave for Schiphol Airport before trains start running. Are they allowed to use a different mode of transport to get to the airport?

A: Yes, they can choose to either travel to Schiphol the day before and arrange accommodation at or near the airport or they can arrange alternative transport to the airport. Please make sure that your expenses remain reasonable. If you are not sure, please contact your Financial Officer at Nuffic.

14. Q: One of our coordinators will be travelling to the Netherlands to attend a two-day NICHE meeting. We have budgeted a daily allowance of € 100. Is this allowed?

A: Yes (3.2.2 FRR). But you can only claim € 75, upon proof of payment and supporting documentation. You cannot charge the remaining €25 to the project.

15. Q: My staff has taken a taxi for local transport. Can we charge these costs to the project?

A: Yes, provided no other means of transport was available and you have kept a receipt.

16. Q: My staff is staying at a friend's place instead of in a hotel. Can we still charge costs for a medium-range hotel for his stay?

A: No, we can only reimburse actual costs. See page 12 of the FRR.

17. Q: I have a late flight and plan to check out of the hotel after regular check-out time. The hotel has charged me an additional amount for this. Is this part of the DSA or can it be claimed under accommodation costs?

A: This can be claimed under accommodation costs.

Contingencies

18. Q: Due to exchange rate fluctuations, the costs for equipment now exceed the costs stated in the budget. Can we add these additional costs to our budget?

A: No. Costs in local or other currencies are converted into euros using the prevailing exchange rate when the costs were incurred.

19. Q: Due to a natural disaster (e.g. a volcanic ash alert) my travel plans have changed and I will spend more than the amount originally budgeted for this visit. Can I claim the additional expenses, caused by the natural disaster, under the contingencies budget?

A: Yes, but only after prior written approval from Nuffic. Please make sure to include a comment in your annual report describing the cause of the contingencies claim and the approval from Nuffic.

Value Added Tax (VAT) & discounts

20. Q: Should we include VAT on goods acquired in the Netherlands or other EU countries in the project budget?

A: No (3.4 FRR). VAT on goods acquired in the Netherlands or other EU countries and destined for export will be reimbursed by the tax office, on request, at the time of export. These goods should therefore be included in the budget *without* VAT.

21. Q: I have received a good discount on the purchase of equipment for our skills lab. Should this discount be refunded to the project?

A: Yes (2.4.1 FRR). Any discounts on purchased equipment, materials, airline tickets et cetera. should be refunded to the project.

Audit

22. Q: Can we include the costs for audits in the project budget?

A: Yes (3.6 FRR). The costs for the annual audit must be included in the project budget. These should be based on the fees that are actually being charged.

Financial administration and bank account

23. Q: Our organization's internal policy does not allow us to open a separate bank account for the project. We will use our current bank account to administer project expenses and receive the interest earned on advance payments. How do we proceed?

A: Please contact your Financial Officer at Nuffic and explain why your organization is unable to comply with this obligation.

24. Q: We have paid DSAs from petty cash. Can these costs be part of the budget?

A: Yes, when administered properly and you have proof of receipt (e.g. by asking your staff to sign a receipt).

25. Q: We have opened a special interest paying account for the project administration. Do we have to manage the interest earned separately?

A: Yes, please refer to page 4 of the FRR. The interest earned should be added to the project budget.

Investments and delivery

26. Q: The grant has been awarded and the inception budget has almost been completed, but we have not yet decided on the list of investments to be procured. Can we (partially) leave out the budgeted amount for

investments when we submit our inception report and budget. In other words is it OK to simply mention a lump sum “investments”)?

A: No, the investment budget must be allocated and specified in the budget.

27. Q: I have to pay an additional fee for delivery of equipment for which I have not received a receipt. Can I include these costs?

A: No, only costs supported by receipts can be charged to the budget.

28. Q: On 8 March 2011 I make and pay costs for an activity on 20 April 2011. Do I convert the costs from our local currency to euros using exchange rate of 20 April 2011?

A: No, use the exchange rate of 8 March 2011, the day the costs are incurred.