

# **Grants to Institutions:**

## *Frequently Asked Questions*

**Grant Administration Division**

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*The best sources of information about the technical and administrative aspects of your project are the responsible officer and administrative contact person identified in your grant agreement. They are most familiar with your project and are best able to deal with your concerns and questions.*

### **What happens to project funds that are received but not used?**

All unused funds must be returned to IDRC as soon as your project is completed. If you have funds remaining, please ask the administrative contact person for instructions.

### **How does IDRC account for exchange rate fluctuations?**

IDRC being a Canadian Crown Corporation with its funding appropriated and reported in Canadian Dollar restricts its total commitment to your project to the Canadian dollar amount specified in the budget attached to your grant agreement. The IDRC grant equals the forecast costs of your project based on the exchange rate between the working currency of the project and the Canadian dollar at the time the project was approved. Payments during the life of your project are determined in Canadian dollars and are adjusted to reflect ongoing changes in exchange rates. For this reason, it is important to record and report all expenditures and project payments in the working currency of your project. When the project is closed, the final project payment is adjusted to account for exchange variations, and any relatively minor shortfall is normally absorbed as part of your institution's local contribution to the project. On occasion, exchange variations may result in significant shortfalls with the potential of jeopardizing achievement of project objectives. In those cases, you may request supplementary funding with supporting justification. IDRC staffs are sensitive to these situations and such cases will be seriously

examined and discussed with your institution prior to a decision. Such cases will be easier to justify towards the latter portion of the project when actual costs are known and end-of project shortfalls can be more accurately forecasted.

**What are CAP funds?**

The Centre-administered portion (CAP) of your project budget includes funds that are held and spent on your behalf by IDRC. IDRC spends CAP funds only after consulting you about your specific needs. Please allow sufficient time for transactions to take place, especially when either difficult to obtain goods must be procured and shipped, or international travel arranged.

Expenses that are to be included in CAP must be negotiated before the grant is approved, and cannot be switched to the recipient-administered portion (RAP) without IDRC approval.

**What happens to any funds generated by the project (such as interest, sales, etc.)?**

Any funds that are generated by the project from such sources as interest paid on bank deposits or the sale of products or publications must be accounted for as project income, reported to IDRC, and included as income in the analysis of the cash portion of your financial report.

**What happens if there is a delay in the project?**

IDRC considers that the project starts on the date stipulated in the grant agreement and will move forward according to the project milestones. If there are delays in the project, you must contact IDRC as soon as possible so that a change to the project completion date and other project milestones can be considered.

**What if the project incurs costs before the grant agreement is signed?**

IDRC does not provide funds to cover any expenses incurred before the project's commencement date, which is stipulated in the grant agreement.

**What if the project incurs costs after the grant agreement expires (i.e., beyond the planned completion date)?**

IDRC does not provide funds to cover any expenses incurred after the planned completion date of the project. If serious delays are encountered, the recipient must discuss the situation with the responsible officer who may decide to proceed with an amendment to the agreement.

**How can I revise the budget for my project?**

IDRC expects all projects to remain within their budget; however, it recognizes that unforeseen circumstances can require changes in plans to ensure that projects meet their objectives. Three types of budget revisions may be considered.

Horizontal transfers (from year to year) are acceptable when the budget needs to be changed to match the timing of activities — as long as these changes do not involve an extension to the duration of your project. All changes must be explained in a note in the financial report.

Vertical transfers (between budget categories) may be required because of inflation, underestimates, or changes in the research. These changes should be discussed with the responsible officer if they exceed 10 % of the original budget category and must be noted in the financial report.

Any addition of new line items to the budget attached to your grant agreement must be approved, in advance, by IDRC.

**Will IDRC cover costs that exceed the grant amount?**

All changes to your budget must be kept within the total amount of the original IDRC grant. If there are cost overruns, discussions between you and the responsible officer should take place to see where savings can be made on other expenses. Only as a last resort will IDRC consider making a supplementary grant to cover such over-expenditures.

**How does IDRC transmit funds?**

IDRC sends funds by either electronic transfers (outside Canada) or cheques (inside Canada and in cities where IDRC has regional offices). To avoid delays in the receipt of project funds it is important that recipients discuss this issue with their bankers and make sure the necessary details are recorded on the banking information form that is included as part of the grant agreement. The bank identifier code (BIC) is essential to allow electronic fund transfers. Any changes to your institution's banking information must immediately be brought to the attention of the administrative contact person. A banking information form must be completed for each new project.

**Does my institution need to keep project funds in a separate bank account?**

Institutions that open separate accounts for each project should continue to do so. If your institution does not normally open separate accounts for each project, you need not do so unless this is specifically requested by IDRC. If a separate account is deemed necessary by IDRC, this requirement will be stipulated in your grant agreement. Please address further questions about the need for separate bank accounts to the administrative contact person.

**How long does it take for IDRC to analyze my reports and process payments?**

IDRC will advise you in writing if there are any errors, omissions, or clarifications required in your submissions. Payments are held until you provide the additional information and the reports are deemed acceptable. Normally, 30 days are required to process payments after receipt of acceptable reports.

**How do I find out about the status of my payment?**

The project leader is advised each time a payment is made to the project. If you have not heard from IDRC within 30 days, please ask the administrative contact person to trace your payment.

**Can we change the working currency of the project?**

Normally, no. However, in very exceptional circumstances, a change in the working currency of the project may be considered if, for example, the currency of the project ceases to be legal tender or the country is facing hyperinflation coupled with significant economic uncertainty. Any request for a change in the currency of the project must be thoroughly discussed with IDRC, and no recipient can proceed with such a change without prior written consent from IDRC.

**Can grant funds be used to cover the cost of local taxes or import duties?**

No, these costs must be absorbed by the recipient. In many countries, IDRC has negotiated duty and tax exemptions on all imported goods paid for with IDRC funds. Please check with the administrative contact person to determine if such an agreement is in place in your country. IDRC will issue a certificate of donation to facilitate customs clearance.

In Canada, recipients can use grant funds to pay the net goods and services tax (GST) on their purchases (i.e., the portion still payable after applying the research institution rebate from the [Canada Revenue Agency](#)).

**What accounting standards and policies should we use for the project?**

The generally accepted accounting principles that are applicable in your jurisdiction must be used by your institution to administer the grant. Interim financial reports may be prepared using accrual accounting principles. If you prepare interim financial reports on a cash accounting basis, please ensure that deferred disbursements are included in the forecast for the next reporting period. Please note that all final financial reports must include only actual disbursements made by the institution. All reports must be reconciled against your institution's accounting ledgers. IDRC reserves the right to audit these books at any time.

**Do I have to use the IDRC forms to submit the financial report?**

IDRC prefers that you use the forms in [Appendix 4](#) to ensure completeness, ease of processing, and timely processing of your payments. Further instructions on the use of these forms are available from the administrative contact person.

You cannot use the forms to report global contributions, such as when the IDRC grant goes into a pool of funding to support a project in parallel with other donors. In such cases, the IDRC portion may be indistinguishable from the rest of the budget and include non-standard budget categories. Such an arrangement would be stipulated in [Attachment C](#) of your grant agreement. For this type of project, you could report globally (i.e., a single report to all the donors) using the budget line items and categories presented in your grant agreement with IDRC. If the IDRC contribution is expressed as a percentage of the total, exactly the same information included in forms FR1, FR2, FR3, FR4, and FR5 will be required by IDRC.

**Does IDRC require submission of receipts with financial reports?**

No. However original receipts should be available to support entries in your accounting ledgers. Should IDRC want to view these receipts, it may do so by sending someone to your institution or by asking you to send original receipts to one of its offices. If your institution must retain original receipts to satisfy local rules and regulations, IDRC will accept certified copies of the receipts.

IDRC recognizes that, for certain expenses in the field, it is sometimes difficult to get receipts, and will accept expenses up to 50 CAD without receipts as long as the total of these expenses only amounts to a small percentage of the overall budget.

**How long do we need to keep receipts for?**

Recipient institutions should retain receipts for at least two years after submission of the final financial report to IDRC, or after completion of the project, whichever is later.

**How can I submit my reports to IDRC?**

No matter how financial reports are submitted to IDRC, they must be signed by both the project leader and an authorized financial officer of the recipient institution. If the required signatures are missing, the financial reports will not be accepted by IDRC. Three methods can be used for submission of financial reports:

Original, signed financial reports can be sent by mail or courier.

Financial reports can be submitted by facsimile so long as the signatures are clearly visible.

Financial reports can be sent as attachments to emails. Attachments that are scanned and show both signatures are acceptable. If electronic (word processing or spreadsheet) files are submitted, they must

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be certified by a covering letter mailed or faxed to IDRC. This letter of certification must bear both required signatures.

Technical reports do not need signatures. They can be submitted in the requisite number of hard copies stipulated in the grant agreement. An electronic copy, when available (which should be the majority of the time), must also be submitted to the IDRC representative indicated in the grant agreement.