Guideline for the use of the DFG program allowance at the University of Bonn

(Version: September 2018)

Basics

The German Research Foundation (DFG) grants an additional allowance (so-called program allowance) of 20 percent (and 22 percent since 2016) aimed at covering indirect project costs. It is based on the sum of all direct project costs for which evidence was provided to the DFG.

By way of introducing a program allowance, the transition to funding on a full cost basis is started. The DFG as well as the federal and regional government aim for the program allowance to primarily cover infrastructure (e.g. rental, maintenance, software and energy costs) out of project funds and for work carried out by staff that are not paid as project staff. These indirect project costs may accrue centrally and in other areas and are to be spent close to the actual project period. All other intended purposes indicated by the DFG are generally possible but must be considerably lower in amount.

The University decides on allocation of the program allowance in accordance with DFG guidelines. Please refer to circulars 46/2013 and 24/2014 for further details on the distribution process.

Basic information for the use of the program allowance

- Use of the program allowance is subject to the principle of economic efficiency. (Section 7 of the State Budget Ordinance of North Rhine-Westphalia (LHO NRW)).

- As a general rule, the program allowance must be spent in the same fiscal year it is received.

- Transfer to the following fiscal year is possible under exceptional circumstances but requires specific plans on intended use that must correspond to the program allowance’s objective to strengthen research/third-party funds eligibility. According to the DFG, particular importance will be placed on this aspect in future reviews; thus, the project leader should always document spending plans in written form.

- So far, proof of the use of the program allowance has not been requested by the DFG. The DFG and the State Audit Court (LHR) do, however, have access to this information for the purpose of inspection during project reviews. According to the DFG, such inspections are likely to increase in future.

- Non-adherence to the guidelines constitutes an inappropriate use of funds, which may result in the reclaim of the program allowance or parts thereof.

What can I use the program allowance for?

As a matter of principle, the program allowance must be used in accordance with the DFG guidelines - to cover indirect project costs. Indirect project costs are usually costs that are not immediately related to the project but necessary for its implementation. In particular, the following may be considered an intended purpose:

- Expenses which can be defined as indirect project costs. Examples:
- Rental, cleaning and energy costs
- Maintenance costs
- Shipping costs, copying costs
- Software
- Restocking of general literature for the team (technical literature/magazines)
- Other costs and travel costs that accrue during research for new research projects
- Catering costs, if related to general networking

- Personnel costs for employees who are not included in the account as direct project staff (e.g. administrative and technical staff, etc.)
- Personnel and material expenses which accrue in relation to applications for follow-up projects (interim financing of staff involved in the preparation of and application for follow-up projects)
- Innovation. Examples:
  - Incentives for new research
  - Negotiated extra-pay for outstanding achievements in research
  - Making research management more professional

In either case, in the end it is always the project leadership who decides whether expenses fall in the category of indirect project costs. The aforementioned are just examples for the use of the program allowance and do not replace case-by-case assessments. Please keep in mind that you may consult any queries with the dedicated project manager at Section 7.2.

What can I not use the program allowance for?

- It must not be used to positively impact the amount of the project funds in the balance sheet.

Please also refer to the attached DFG circular on use of the program allowance dating November 7, 2014.

- The funding of the program allowance must not be used to generate income that is subject to income or corporate tax. It must not be used to absorb any loss.

- It must not be used for direct project costs (this also applies to personnel costs partially or entirely rejected by the DFG).

Questions that assist the project leadership in assessing a planned expense

If you answer one of the following questions with “yes”, it is very likely that the expense does not qualify as program allowance.

1. Does the planned expense relate directly to my project?

2. Does the planned expense count as an addition to existing project funds?

3. Does the planned expense directly or indirectly support an economic activity?

Again, the following applies: It is the project leadership who decides on and is solely responsible for the use of the non-central share. To ensure a clear and understandable explanation of the decision process during reviews by the DFG and/or the State Audit Court (LHR) at a later stage, the project
leader shall always maintain relevant documentation. This can be done by adding a short and concise note to the accounting documents, detailing why the specific case represents indirect project costs.