

**THE CIVIL SOCIETY FUND:**

# **GUIDE TO THE ADMINISTRATION OF GRANTS FOR PROGRAMMES**

**December 2013**

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## 1 THE GUIDE APPLIES TO OLD AS WELL AS NEW GRANTS

This guide is valid for Programmes approved from December 2013.

**Notice:** The guide will be continuously updated in response to any changes in the rules, or if anything in the text turns out to be unclear. The governing body of the Danish organisation is responsible for checking whether the rules have been changed. You may always obtain the latest version of this guide at the website CISU - Civil Society in Development: [www.cisu.dk](http://www.cisu.dk).

## 2 HOW SHOULD THE GUIDE BE USED?

Recipients of Civil Society Fund grants commit themselves to meeting a series of conditions and demands as regards the way in which the funds are to be managed. In this guide, you may read about:

- Grant recipients' obligations concerning accounting, monitoring and reporting.
- How to administer the grant in practice.

It is important that you read this guide carefully and pay heed to whether you are complying with the rules throughout the course of the project.

If you fail to administer the grant correctly, you may – in the worst case – be obliged to pay it back.

If, at a later stage, you wish to seek support from the Civil Society Fund for another intervention, the application will be assessed in view of your track record, i.e. how you have managed and reported on previous undertakings.

## 3 WHO IS RESPONSIBLE FOR THE GRANT?

The grant from the Civil Society Fund is awarded to the Danish organisation featuring as the applicant. The governing body of the Danish organisation is fully responsible for the funds being managed according to the rules and in accordance with the basis on which they have been granted. This entails the following obligations, among others:

- The money must be spent on the purposes described in the application.
- Steps should be taken to prevent corruption and misuse of funds.
- Financial procedures need to inspire confidence, including proper internal controls as well as bookkeeping and accounting in keeping with sound practices in this field. This means that both the project and the applicant organisation as a whole must be subject to external auditing.
- No entity which is party to the grant can be listed by the UN or EU as a terrorist organisation. These lists can be found at [www.um.dk](http://www.um.dk).
- Significant problems and irregularities in the project must be reported as soon as possible.
- Status reports, completion report and accounts for the project must be submitted on time.

## 4 AFTER FUNDING HAS BEEN GRANTED

### 4.1 Agreements with CISU and between the partners

After approving a Civil Society Fund grant, CISU sends a signed agreement in two copies to the Danish applicant organisation. It sets out the requirements and conditions to be met as described in this guide.

One copy must be signed by the applicant organisation and returned to CISU before project implementation commences. Only when this procedure has been completed may the first disbursement of Civil Society Funds take place.

#### **PDB form**

When funding of a Programme has been approved, a summary of the undertaking must be submitted in Danish, a so-called PDB form. To this effect, CISU will email a form and guide to the Danish applicant organisation.

#### **Cooperation agreement**

The Danish applicant organisation must also submit copies of signed cooperation agreements with its local partners. In principle, this procedure must be completed before the second instalment can be disbursed.

### 4.2 Disbursements

#### **Disbursement request**

Along with the cooperation agreement between CISU and the Danish applicant organisation, a blank disbursement request will be attached. This must be filled out, signed and submitted whenever a part of the grant is to be paid out. Please note that a disbursement may cover a maximum of six months of activity.

There are no set deadlines for disbursement requests, which may be presented at any time of the year. The normal processing time is approximately one week, unless the request is made just before a holiday, which may delay the procedure.

#### **Cash-flow estimate**

The grant is paid out in instalments on the basis of disbursement requests from the Danish organisation. The amounts of the first and subsequent instalments are determined by means of a cash-flow plan. This must be drawn up in connection with the application, forecasting the need for funds along the way. You must also indicate who is authorised to sign disbursement requests.

If there are any deviations from the submitted plan, it is necessary to hand in a new cash-flow estimate regarding disbursements required from CISU. The form concerned can be obtained at the website [www.cisu.dk](http://www.cisu.dk).

### 4.3 Bank account, accounting and auditing requirements

#### **Bank account requirements**

The money from the Civil Society Fund must be deposited in a special bank account, separate from the NGO's own funds. This applies both in Denmark and in the local partner's country. However, if an organisation is receiving several Danida grants, the same bank account may be used for all of them.

When setting up the separate bank account in Denmark, the account holder must enter into a written agreement with the bank that unspent funds deposited belong to CISU, and that the bank is not entitled to set off this amount against the NGO's possible debt to the bank.

Interest earnings accrued must be entered separately as income and paid back at the end of the intervention to CISU. Accordingly, interest earnings cannot be spent on project activities.

### **Accounting requirements**

Your accounts must be up-to-date, documented by vouchers and observe good practices of book-keeping and accounting. The NGO must keep accounting records in compliance with the requirements of the Danish Book-Keeping Act (*Bogføringsloven*), storing all files for five years after completing the intervention.

### **Auditor and audit requirements**

All recipients of Civil Society Fund grants are obliged to have the annual accounts of their organisation audited by a state-authorized or chartered public accountant. Accordingly, the Danish organisation needs to choose its auditor.

The auditor in Denmark must also audit the final programme, and should conduct overall supervision of programme auditing carried out locally in the South. Consequently, it is important that the Danish auditor also is able to approve the local auditor, whose work must adhere to international standards.

The requirements regarding audits are described in the auditing instruction manual:

- Auditing instruction for programmes/Revisionsinstruks for Programmer

You may at any time obtain the latest publication of the instruction at [www.cisu.dk](http://www.cisu.dk).

The auditing of the intervention must observe the principles of good public auditing practices, and should be carried out by the NGO's auditor in accordance with the auditing instruction. It is incumbent upon the NGO to ensure that its auditor confirms in writing his/her willingness to carry out the auditing assignment in compliance with the provisions of this instruction manual. After inspecting the final accounts of an intervention, the auditor must affirm that the audit has been conducted in accordance with the aforementioned instruction manual. In addition, he/she must submit an audit report with his/her assessments and conclusions based on the exercise carried out.

Section 6.5 presents more about the requirements for drawing up the final accounts.

The money disbursed by the Civil Society Fund must be spent in accordance with the basis for approval, i.e. within the terms of the successful application, its budget and other supporting documentation. In principle, the grant must be spent within the specified intervention period. Changes in these implementation dates must be approved by CISU, and a request to this effect must be submitted before the approved intervention period has expired.

## **5 GRANT ADMINISTRATION**

### **5.1 Budget modifications**

Basically, the programme must be implemented within the framework of the budget approved. However, reallocation between the programme's components in the approved budget can take place without prior notification of CISU with up to 10% of the budget for programme activities within the current financial year. The modifications must be justified in the subsequent status report and accounts.

Conversely, if the change breaks the 10% rule, you need approval of CISU before you can alter the budget. This may be obtained by sending an email with a new budget and a justification of the desired modifications.

## 5.2 Spending of the budget margin (5%)

In the budget, an amount has been allocated as the item of 'budget margin'. At least 3% and at most 5% of total costs must be set aside for this. You may transfer funds from the budget margin to one or several of the other main budget items, if the need arises. For instance, the budget margin should cover eventual unforeseen expenses and additional expenses caused by changed course of implementation and also increases in prices, wages and exchange rates.

The transfer from the budget margin need not be approved by CISU. However, you do need a written authorisation if:

- You want to spend the budget margin on expanding or reformulating the intervention.
- You want to spend the budget margin on wage costs, staff benefits or auditing.

## 5.3 Spending of not-allocated funds (10%)

The not-allocated funds (max. 10%) can be allocated without prior approval from CISU.

**Notice:** All allocations of the budget margin and the not-allocated funds must be notified and justified in the following status report (with a revised budget) as well as in the final accounts. The allocation and spending of the budget margin and the not-allocated fund must always be in pursuit of the programme's overall objective.

## 5.4 Administration in Denmark

The budget reserves up to 7% of project costs as a contribution towards administration in Denmark. This administration fee must always be calculated as a percentage of actual use of the grant. Accordingly, if you spend less than the amount budgeted, there will be a smaller amount available for administration in Denmark.

The administration fee should cover the Danish organisation's general additional administrative expenditure in connection with the approved intervention. The boundary between general administrative costs and direct project spending may appear less than clear-cut, but the following types of expenses within the organisation can only be covered by the administration fee:

- Office maintenance (rent, cleaning, office expenses, transport, electricity and water, assistant personnel and other common operational costs).
- Staffing of head office (and field office, if any) carrying out normal administrative procedures, including:
  - the preparation of applications and other proposals,
  - costs of travel that does not form part of activity-specific monitoring.
  - recruitment and selection of personnel unrelated to any specific project, meeting activity, contacts with CISU and the Danish Ministry of Foreign Affairs,
  - reporting assignments,
  - general budgeting and accounting tasks.
- The organisational leadership's involvement in cooperation (leadership refers to members of the various governing bodies).

**Notice:** The Danish organisation is NOT required to submit accounts related to expenditure of the administration fee.

## 6 DEADLINES FOR REPORTING, ACCOUNTS AND AUDITING

After receiving a Civil Society Fund grant, you are committed to meeting a series of closing dates as explained below.

### 6.1 Status report – deadline 1 March

This deadline refers to any programme, which has begun no later than 1 December in the preceding calendar year.

The status report must account for the activities, which have been carried out in the previous year. The report can follow the format for status reports, but it doesn't have to follow a format defined by CISU. The report must as a minimum contain a description of:



- a) Progress on fulfilment of the overall objectives and results, including the organization's country and / or sector strategies that are primarily based on selected indicators of the programme,
- b) progress on achievement of immediate objectives, primarily based on output or outcome indicators
- c) variations between planned and realized activities and consequences for the programme,
- d) developments affecting key assumptions and risks, including description of how these developments could possibly affect the programme implementation,
- e) significant conclusions from reviews and evaluations at programme level held during the monitoring period.

CISUs format for status report can be obtained at [www.cisu.dk](http://www.cisu.dk). Regardless of the reporting format used, the text cannot exceed eight pages and must be written in English.

The status report must always be submitted to CISU in an electronic version to the address: [civilsamfundspuljen@cisu.dk](mailto:civilsamfundspuljen@cisu.dk). In addition, it needs to be signed, which can take place either by sending a printed version by standard post, or by scanning and inserting the signature in a pdf file.

### 6.2 Organisational accounts – deadline 1 July

The organisational accounts must be submitted by that date if the Danish organisation has received funds prior to 1 December in the preceding calendar year.

The following must be included:

- The organisation's audited annual accounts for the preceding accounting year.
- Annual report.
- Auditor's report
- Account between the parties (see Annex 12): The annual accounts must specify the year's expenses/transfers as regards activities financed by the Civil Society Fund, providing reconciled data about the account between the organisation and CISU, including a calculation of the fee for administration in Denmark, and an explanation concerning unspent grant funds.

Please note that the account between the parties should either be presented as a note in the audited organisational accounts, or be audited separately.

Organisational accounts including annual report, auditor's report and account between the parties must be sent to CISU.

### 6.3 Workshop for exchange of experiences

Every year, CISU organises workshops for exchange of experiences between all organisations that have been awarded a grant from the Civil Society Fund. On this occasion, each organisation should make a short spoken contribution on the implementation of its intervention, focusing on new experiences gained within a particular subject. This will be related to a professional field or area of project expertise, and will be communicated by CISU well ahead of the workshop.

A special workshop for exchange of experiences for programmes will be held once a year. The member(s) of the Danish organisation taking part in the workshop is/are expected to have firsthand knowledge of the project.

#### **Participation requirements**

The Danish programme organisation is required to participate once during the programme period.

### 6.4 Completion report

#### **For programmes**

Once the programme has ended, you must submit a completion report describing how it has been implemented and how it has fulfilled the objectives set out in the application.

The completion report must be submitted within six months of the end of the programme.

The completion report can follow the format for completion reports, which is available at [www.cisu.dk](http://www.cisu.dk), but programme organisations can also use their own format and follow the minimum demands mentioned under 6.1 Status report.

#### **For Joint Programme Preparation**

- The report must be submitted within one month of the end of the appraisal mission.
- The report must account for the Joint Programme Preparation, process, working methods and results.
- The report must adhere to a particular format, which is available at [www.cisu.dk](http://www.cisu.dk). It should not exceed 4 pages written in English.

The Joint Programme Preparation report should be submitted to CISU in a signed copy as well as in an electronic version to the address: [civilsamfundspuljen@cisudk](mailto:civilsamfundspuljen@cisudk).

### 6.5 Final accounts

- The accounts must contain a specification of grants received towards the agreed programme, both from the Civil Society Fund and other financial contributors, including the organisation itself.
- The accounts must include an easy-to-read presentation of expenses incurred. The 'profit-and-loss account' (i.e. a table that compares the budget with actual spending) must indicate the latest approved budget figures.
- The accounts must be accompanied by an accounting report.
- The accounts must have been audited by the Danish applicant organisation's auditor, who must also conduct overall supervision of auditing carried out abroad, and has to be a state-authorized or chartered public accountant.
- The auditor must prepare an endorsement of the accounts and an audit report.
- The audited accounts must be submitted to CISU.
- CISU must receive the final accounts no later than six months after the planned completion of the intervention.

#### **Weighted average exchange rate**

At the time of the final accounts, the conversion of accounting conducted in non-Danish currency must take place at the rate at which the disbursements have been exchanged, using the so-called 'weighted average exchange rate'. This key figure is calculated by listing

all financial transfers from Denmark to the recipient country throughout the project. The total amount transferred in Danish kroner (DKK) is then divided by the total amount received in local currency, thus arriving at the weighted average exchange rate.

#### **Transfer of project equipment**

If project equipment, stock, fixtures etc. are donated to partners or authorities in the recipient country after completion of the intervention, the final accounts must be complemented by a signed transfer document.

Unspent parts of the grant as well as interest accrued must be paid back to CISU.

## **7 REPORTING OF PROBLEMS AND IRREGULARITIES**

It is incumbent upon the governing body of the Danish organisation to immediately notify CISU:

- If significant difficulties arise in the implementation of the intervention, including compliance with the budget approved.
- If significant problems arise in the organisation's relationship with the recipient country's authorities, partner organisations or expatriate staff.
- If there is well-founded suspicion or detection of theft, fraud, corruption, misuse or similar irregularities.

Such reports must be submitted in writing, stating how the organisation plans to solve and follow up the difficulties or irregularities observed. CISU is always ready to receive calls whenever an intervention runs into problems, providing guidance as to how these should be reported and how a solution can be pursued.

Confirmed cases of irregularities will be published on CISU's website and will be simultaneously reported to the Danish Ministry of Foreign Affairs.

### **ABOUT THIS ADMINISTRATION GUIDE**

This Guide to the Administration of Grants from the Civil Society Fund is valid for:

- Programmes approved from December 2013

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