

Grant Management Guide  
Civil Society Fund

# GUIDE TO THE MANAGEMENT OF GRANTS FROM THE CIVIL SOCIETY FUND



*Photo: Henrik Woer, Denmark Lesotho Network*

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## 1. VALIDITY OF THE GUIDE

This guide is valid for grants approved by the Civil Society Fund. Please note that different grant management guides apply for CISUs other funds.

Please note that the guides will be continuously updated in response to any changes in the rules, or if anything in the text turns out to be unclear. Your organisation is responsible for always using the latest version.

The table below outlines how the guidelines apply, if you have received a grant *before* January 1<sup>st</sup>, 2025. As an example, an organisation with a Citizens Participation Intervention given before 2025 must follow the guidelines for a Large Project, as written in this guide.

Old support type	Neighbourhood fund	New support type
Small-scale Intervention	Small-scale Intervention / Small project	Small project
Citizens Participation Intervention	Citizens Participation Intervention / Large project	Large project
Development Intervention	Development Intervention / Resilience and Democratic Development Ukraine	Small Programme
Programme	n/a	Medium Programme & Large Programme

## 2. HOW SHOULD THE GUIDE BE USED?

When you, as an organisation, receive a grant from one of CISU's funds, you commit yourselves to meeting a series of conditions and requirements as regards to the way in which the funds are to be managed.

In this guide, you can read about:

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

It is important that you read this guide carefully and pay attention to sections relating to your grant type, and whether you are complying with the rules throughout the intervention. If you fail to manage the grant correctly, you may – in the worst case – be obliged to refund the amount granted in whole or in part.

If, at a later stage, you wish to apply 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 grants.

## 3. WHO IS RESPONSIBLE FOR THE GRANT?

Funds from the Civil Society Fund are granted 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.

For the governing body of the Danish organisation, this entails the following obligations, and local, national and international laws where applicable:

- The money must be spent on the purposes described in the application. However, it may be necessary to make adjustments to the intervention, which needs prior approval from CISU (see section 5.1 about change requests).
- 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, for instance, that the intervention, the Danish applicant organisation and any partner organisations must be subject to external auditing.
- Reports, accounts, and other mandatory documents regarding the intervention must be submitted according to the deadlines in the contract.
- Significant problems and irregularities in the intervention must be reported as soon as possible, and no later than 14 days after they have come to the attention of the grant holder.
- Steps should be taken to prevent corruption and misuse of funds.
- Steps should be taken to prevent sexual exploitation, abuse and harassment (PSEAH).
- Steps should be taken to prevent child labour.
- To ensure that persons or organisations receiving support from a CISU grant are not listed on the [United Nations Security Council Consolidated List](#) or [EU](#) list of sanctions.

## 4. AFTER FUNDING HAS BEEN GRANTED

### 4.1. Contract with CISU

Once an application has been approved, CISU submits a signed contract through “Vores CISU” for the Danish grant holder to sign. The Danish grant holder must live up to the requirements and conditions in this grant management guide and meet the deadlines written in the contract. If the deadlines for the grants are not met, this can lead to sanctions for the grant holder.

The contract must be signed by the grant holder, either by hand or using a recognized, digital signature, and returned to CISU via “Vores CISU” before the implementation of the intervention begins. When CISU has received the signed contract, the grant holder can submit the first request for disbursement to CISU.

The intervention start date cannot exceed 6 months from the approval of the grant.

### 4.2. Cooperation agreement with local partner(s)

It is a requirement for all grants, regardless of size, that a cooperation agreement is made between the Danish organisation and the local partner(s). CISU recommends that a cooperation agreement is made with all partners of the intervention. The cooperation agreement should reflect the nature of the mutual partnership. Accordingly, it is important that the cooperation agreement describes the responsibilities and obligations as well as the rights of all parties involved.

Inspiration to draw up a cooperation agreement can be found at CISU’s website.

For small and large projects: CISU does not require a copy of the cooperation agreement, but you must be able to show a copy to CISU upon requests, i.e. when CISU monitors the grants.

For small, medium and large programmes: Copies of the signed cooperation agreements must be uploaded in “Vores CISU”. This must be done before the second instalment of the grant can be disbursed.

It is important that all partners, suppliers and contractors are screened against the [UN](#) and [EU](#) sanction lists, before entering into cooperation. Actors on these lists cannot receive funding from CISU.

#### 4.2.1. Clauses

The cooperation agreement(s) must contain the Danish Ministry of Foreign Affairs' four clauses. For more information on how to comply with the clauses, see CISU's website:

[www.cisu.dk/en/funding/accountability/](http://www.cisu.dk/en/funding/accountability/).

##### **The anti-corruption clause**

*No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practice, shall be made, promised, sought or accepted - neither directly nor indirectly - as an inducement or reward in relation to activities funded under this agreement, incl. tendering, award or execution of contracts. Any such practice will be grounds for the immediate cancellation of this agreement/contract and for such additional action, civil and/or criminal, as may be appropriate. At the discretion of the Royal Danish Ministry of Foreign Affairs, a further consequence of any such practice can be the definite exclusion from any tendering for projects, funded by the Danish Ministry of Foreign Affairs.*

##### **The PSEAH clause**

*The Danish MoFA has a zero tolerance for inaction approach to tackling sexual exploitation, abuse and harassment (SEAH2) as defined in UNSG Bulletin ST/SGB/2003/13 and the definition of sexual harassment in UNGA Resolution A/RES/73/148. The Implementing Partner, and its sub-grantees, will take appropriate measures to protect people, including beneficiaries and staff, from SEAH conducted by its employees and associated personnel including any sub-grantee staff and take timely and appropriate action when reports of SEAH arise. In the event that the Implementing Partner receives reports of allegations of SEAH, the Implementing Partner will take timely and appropriate action to investigate the allegation and, where warranted, take disciplinary measures or civil and/or criminal action. Any violation of this clause will be ground for the immediate termination of this Agreement.*

##### **The anti-child labour clause**

*The Implementing Partner shall abide by applicable national laws as well as applicable international instruments, including the UN Convention on the Rights of the Child and International Labour Organisation conventions. Any violation will be ground for immediate termination of the Agreement.*

##### **The anti-terror clause**

*If, during the course of implementation of this Project/Programme, the Implementing Partner discovers any link whatsoever with any organization or individual associated with terrorism, it must inform the Danish MoFA immediately and explain the reasons for such transfer, including whether it was made or provided knowingly, voluntarily, accidentally, unintentionally, incidentally or by force. The Implementing Partner agrees that it and/or its implementing partners (including contractors, sub-contractors and sub-grantees) will take all reasonable steps to secure that no transaction made in relation to the Project/Programme will – directly or indirectly – benefit a person, group or entity subject to restrictive measures (sanctions) by the UN or the EU. Any violation of this clause is ground for immediate termination of the Agreement returning to the Danish MoFA of all funds advanced to the Implementing Partner under it.*

#### 4.3. Disbursements

To request a disbursement of the grant, the disbursement format must be used. The format is available on CISU's website at the material site for the Civil Society Fund and must be submitted through "Vores CISU". .

The first instalment of the grant can be paid no earlier than one month before the intervention begins, and only after CISU has received a signed grant contract from the Danish organisation. Organisations with small, medium and large programmes must upload copies of the signed cooperation agreements in “Vores CISU” before the second instalment of the grant can be disbursed.

Please note that each disbursement may normally cover a maximum of six months. The requested amount must adhere to the approved budget for the grant.

There are no set deadlines for disbursement requests, which may be submitted through “Vores CISU” at any time of the year. The processing time is approximately one week, although the procedure may take longer in periods with public holidays and CISU closing days.

#### **4.3.1 Grant cycle for medium and large programmes**

When a medium or large size programme is approved, only the budget for the first year is granted. The budget for the whole programme period is approved, but the funding for the following years is conditioned by the overall financing basis for the Civil Society Fund. The funding for the following years will only be finally granted, when an addendum is issued by CISU for the given year, which will take place when CISU has received the grant letter from the Ministry upon the parliament’s approval of the fiscal act for the year.

#### **4.4. Bank account requirements**

It must be possible to separate the grant funds from the organisation's and partner organisation's other funds. This can be done either by setting up a separate bank account or through the accounting system. If an organisation is receiving several grants funded by CISU and/or the Danish Ministry of Foreign Affairs, the same bank account can be used for all of them, if it is possible to differentiate between funds from each of the various grants.

If the grant funds have not been deposited in a separate bank account, it is mandatory for the organisation to enter into a written agreement with the bank that any unspent grant funds deposited in the bank account at any time belong to CISU, and that the bank is not entitled to set off this amount against the organisation’s possible debt to the bank or to seize any part of it.

Such an agreement with the bank may say: *“As previously agreed, it is hereby confirmed that the bank will not set off deposits in the aforementioned account against any type of credit balance. The bank renounces this right based on the premise that the account balance consists of funds disbursed by CISU or of interest accrued on such funds.”*

If a separate bank account is set up, it must be used for transfers to and from the local partner and spending in Denmark must also be paid into and from this account.

**Keep in mind** that when you have a grant from CISU's funds, separation of duties in your organisation is required. In relation to the bank, this means that you cannot have a sole power of attorney for the bank account to which the grant is deposited. Therefore, there must always be at least two people approving a payment at the bank.

#### **4.5. CISUs accountability requirements to the organisation**

Grantees are required to work with anti-corruption, prevention of sexual harassment, exploitation, and abuse (PSEAH), anti-child labour, and anti-terrorism. Policies on the four areas can be developed separately or consolidated into an ethical code of conduct. The Ministry of Foreign Affairs' anti-corruption, PSEAH,

anti-child labour, and anti-terrorism clauses must be included in contracts and cooperation agreements. The requirements for policies and procedures for these four clauses should be adjusted to the nature and scale of the grant portfolio an organisation holds, as well as the grantee's professional and administrative capacity.

On CISU's website <https://cisu.dk/puljer/accountability/> you can find inspiration, examples and tools on how to develop an ethical code of conduct or policies on the four areas required. Each year CISU offers trainings on how to comply with the accountability requirements. CISU member organisations can also book advisory sessions on the development or improvement of policies within your organisation.

The visualization below shows the requirements and recommendations for the grantees and implementing partners depending on the total grant portfolio of the organisation.

CISUs requirements for grant holders	Grant Portfolio under 1 mill. DKK	Grant Portfolio over 1 mill. DKK	Grant Portfolio over 5 mill. DKK
<b>Overall /all four topics</b>			
The four clauses are included in contracts	X	X	X
The four clauses are included in cooperation agreements	X	X	X
Code of Conduct	Recommended	Recommended	Recommended
<b>PSHEA (Safeguarding)</b>			
Policy for prevention of sexual harassment, exploitation and abuse	Recommended	X	X
<b>Anti-terror</b>			
All partners are screened acc. To UN/EU-terror lists	X	X	X
<b>Anti-corruption</b>			
A written policy	X	X	X
Reporting of irregularities	X	X	X
<b>Anti-child labour</b>			
A written policy	Recommended	X	X
<b>Complaint Acces</b>			
Possibility to complain to grant holder (email/phone)	X	X	X
Publicly accessible complaint mechanism with procedures for how, who, case handling, deadlines etc.	Recommended	Recommended	X
Inform about CISU's complaint mechanism (e.g. link to CISUs website in English)	Recommended	Recommended	Recommended

#### 4.6. CISU's requirements for financial management

When organisations receive a grant from CISU, the partners must ensure that the funds are managed properly in all phases of the grant:

- when the intervention is planned and adjusted (budgeting)
- during the implementation of the intervention (bookkeeping and supporting documents)
- when the intervention is followed up upon (reconciliations and financial reporting)

The requirements for the organisation's policies and procedures in connection with this are in accordance with the nature and size of the grants, as well as the organisation's professional and administrative capacity.

The Danish organisation must comply with CISU's requirements for financial management from the beginning of the intervention. The local partner has six months from the implementation begins to live up to the financial requirements.

The Danish organisation is required to go through the requirements for financial management with the local partner both during the application process and during implementation of the intervention to ensure that the requirements are complied with.

##### 1. WRITTEN PROCEDURES

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- 1.1. The procedures for your financial management must be written down. The larger grants you have from CISU, the more detailed CISU also expects the procedures to be. At a minimum, the procedures must describe how you meet CISU's requirements for financial management.
- 1.2. The procedures must describe the separation of functions in the organisation. That is the personal separation (two or more) between the access to dispose, approve, bookkeep, and pay.
- 1.3. For organisations that make larger purchases, the procedures must describe amount limits and process for approvals of purchases. E.g. must the person with budget responsibility always approves a purchase, before the purchase takes place. A major purchase must be approved by at least two people and be based on more offer.

##### 2. BUDGETS

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- 2.1. Budgets and budget changes are approved by those responsible in the organization. Who is responsible appears from the organisation's statutes or from written procedures.
- 2.2. If the organisation has either A) fixed operating expenses, B) multiple donors/income sources, or C) salaries paid of CISU-funds, the organisation has drawn up an overview of the organisation's expected total expenses and from which sources the expenses are covered (e.g. *core cost budget*).

##### 3. BOOKKEEPING AND SUPPORTING DOCUMENTS

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- 3.1. Accounting system
  - The Danish and local partners with budget responsibility above DKK 500,000 bookkeep the project's income and expenses in an electronic accounting system. Excel is not an accounting system but a digital tool.

**Note:** The Danish applicant (grant holder) is always considered responsible for the total approved project budget and must therefore bookkeep the entire project in an electronic accounting system

if the total approved budget exceeds DKK 500,000, regardless of any internal distribution of budget responsibility between partners.

- The Danish and local partners with budget responsibility under DKK 500,000 bookkeep the project's income and expenses in an electronic accounting system or in a cash book. If a cash book is used, entries must not be deleted. Any incorrect entry must be corrected by a new, separate entry. This requirement also applies if Excel is used solely as a cash book.
- 3.2. There is a clear link between the registrations in the accounting system and the project budget. The chart of accounts is the basis for being able to show the link, as it shows which budget lines are associated with the various accounts.
- 3.3. Supporting documents
- All supporting documents are approved in accordance with the organisation's approval procedures.
  - It appears from the supporting document who approved it and from which account and/or budget line the expense is covered.
  - All supporting documents must be linked to the specific expense/income in the accounting system when they are posted. Therefore, a number is written on physical supporting documents, and electronic supporting documents are directly attached to the relevant expense/income in the accounting system.
  - All supporting documents must be stored for 10 years.
- 3.4. If the CISU grant has paid for inventory, the organisation has an inventory list that describes the number and value for all assets above a certain value (e.g. computers, printers, cameras, cars, motorbikes).

#### **4. RECONCILIATIONS**

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- 4.1. Bank reconciliations are done monthly and must be checked and approved by someone else than the person who made the reconciliation.
- 4.2. Reconciliations of the cashbox are made monthly and checked and approved by someone else than the person who made the reconciliation. The cashbox is locked and managed by another person than the bookkeeper.
- 4.3. The checkbook must be kept in a locked place and checks must not be signed in advance.

#### **5. FINANCIAL REPORTS**

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- 5.1. Financial reports must compare the approved budget with the expenses for a specific period. Deviations between the actual and budgeted expenses must be commented on in the report.
- 5.2. Financial reports are prepared at regular intervals, but at least three times a year. The reports must be approved by someone else than the person who made the report.
- 5.3. The local partner shares financial reports with the Danish partner to follow up on over and underspending and may request budget changes in the project.

CISU's requirements for accounts are described in section 8. Accounting and auditing.

## 5. GRANT MANAGEMENT

### 5.1. Changes in the intervention

Funds received from the Civil Society Fund must be spent in accordance with the basis on which it was granted, i.e., as set out in the approved application and budget, as well as other documents that were presented in order to obtain the grant. If the context changes, it may be relevant to change the intervention so that it continues to meet local needs and context.

The following types of changes require prior approval by CISU:

- Changes in the approved intervention period e.g., an extension.
- Changes in the outcomes, partnership or target groups of the intervention e.g., if there is a need to cancel or add activities that will affect the outcomes of the intervention. Be aware that changes in partners may lead to budget changes.
- Specific changes regarding the approved budget. See next section on budget revisions.

Changes that do not involve any of the above points need not be approved by CISU in advance. Instead, they must be informed and justified in the subsequent status dialogues, final report and in the final accounts.

Requests for changes in the intervention are submitted through “Vores CISU”, using the form “Request for change of intervention, intervention period and/or budget”, which is available on CISUs website at the material site for the Civil Society Fund. CISU needs to receive the request well in advance and not after the intervention has been completed.

The organisations are generally obliged to inform CISU promptly at any time in case of significant changes to or deviations from approved plans and/or budgets.

In case of changes that alter the basis on which the grant was given: that is, change of main partners (the ones registered in Vores CISU), change of primary target group or change of outcomes, one of CISU's assessment consultants must approve the change. In this case, you must upload the following through “Vores CISU”:

- The “Request for change” form in which you explain the reasons for the changes.

Additionally, you must send the following documents to [puljer@cisu.dk](mailto:puljer@cisu.dk) with reference to the grant journal number in the email subject:

- The originally approved application, in which all the proposed changes are entered and clearly marked.
- The detailed budget with changes clearly marked (if the proposed change has budgetary implications).

### 5.2. Changes in the budget for small and large projects and small programmes

The intervention must be implemented within the framework of the budget approved. Nevertheless, it can become necessary to make budget reallocations during the intervention without exceeding the total amount granted.

Below is a description of the changes that need prior approval by CISU. Changes that do not involve any of the below points should instead be reported and justified in the final report and accounts.

Requests for budget changes are submitted through “Vores CISU”, using the form “Request for change”, which is available on CISUs website at the material site for the Civil Society Fund. CISU needs to receive the request well in advance and not after the intervention has been completed.

The following types of deviations from the original budget require prior approval from CISU:

- When reallocation between the main budget lines exceed 10% of the lowest budget line being raised or lowered.
- Activities that were not included in the original application.
- Wages or other personnel expenditure (this includes special statutory personnel expenditure, such as taxes, social security contributions, spending on insurance, safety training, expenses in relation to sickness and maternity/paternity leave in the Danish or partner organisation).
- Additional expenses for local and Danish auditing.

Specific changes regarding spending from the contingency are elaborated in the next section.

**Please note** that if you request to move funds to main budget line 9: ‘DK partner project related information (PRI)’, the total amount on budget line 9 must not exceed 2 % of the total activity costs (budget line 8).

### 5.2.1 Spending of the contingency

In the budget, an amount has been allocated for 11: ‘Contingency’. At least 6 % and at most 10 % of budget line 10: ‘Total project costs’ must be set aside for this. You may allocate funds from the contingency if unexpected expenditure arises in relation to the other budget lines, e.g., to cover an increase in prices, wages, exchange rates and interest costs in Denmark and for the local partner. Reallocations of the contingency must always be in pursuit of the overall objective of the intervention.

Generally, spending from the contingency does not need to be approved by CISU on beforehand. However, you do need written approval if you want to spend the contingency on abovementioned matters (See section 5.2).

Any spending of the contingency that has not been approved by CISU in advance must be reported and justified in the final accounts.

### 5.2.2 Spending of fee for administration in Denmark

The budget reserves up to 7 % of the ‘Total Costs’ (budget line 13) as a contribution towards administration in Denmark. In the accounts, this administration fee must always be calculated as a percentage of actual spending of the grant. Accordingly, if you spend less than the amount budgeted, there will be a lower amount available for administration in Denmark.

The administration fee is a contribution to cover the Danish organisation’s general administrative costs. The boundary between general administrative costs and direct intervention costs may not be clear-cut, but the following types of expenses within the organisation are examples of what can be covered by the administration fee:

- Bank fees relating to the operation of a bank account (e.g., issue of cards, access to online banking, etc.).
- Expenditure on administration and bookkeeping for the organisation itself (i.e., not related to intervention activities).

- Visits and monitoring visits that are not part of the activity-specific monitoring.
- Recruitment and selection of non-project staff, as well as recruitment and support for volunteers.
- Contact with CISU **not** related to the intervention.
- Compliance with administrative and regulatory reporting tasks in relation to the organisation (e.g., VAT, auditing of the organisation's yearly accounts).
- General tasks with budgeting and accounting.
- The involvement of the organisation's management in development cooperation (management refers to members of the various governing bodies).

**Note:** In the final accounts submitted to CISU, the Danish organisation is not required to give details of how the administration fee has been spent. However, these funds must be included in the organisation's annual accounts.

### **5.3 Changes in the budget for medium and large programmes**

Medium and large programmes must be implemented within the framework of the approved budget. Nevertheless, it can be necessary to modify the budget during the programme implementation.

Reallocations between the cost categories A1 (DK Partner Direct Activity Costs), A2 (Local Partner Activities, Local Partner Investments, Local Staff and Local Administration), and A3 (DK Partner Support Costs) can be undertaken as follows:

- Reallocations between country/regions and outcomes are permissible up to a limit of 10 % of the smallest of the main budget lines affected if the reallocations will not affect planned outcomes.
- The organisation must in connection with reallocation between countries and outcomes always consider whether the budgetary changes lead to substantial changes in the planned activities and outcomes and, if so, revise detailed programme documentation and the corresponding Results Frameworks.
- It is not possible, without prior approval, to reallocate funds from Local Partner Activities (A2) to either DK Partner Direct Activity Costs (A1) or DK Partner Support Costs (A3).

Changes that do not need prior approval by CISU should instead be informed and justified in the subsequent status or final report and in the accounts.

Requests for budget changes are uploaded through "Vores CISU" using the form "Request for change", which is available on CISU's website at the material site for the Civil Society Fund. CISU needs to receive the request well in advance and not after the intervention has been completed.

#### **5.3.1 Spending of unallocated funds (15 %)**

In the budget, an amount of max. 15 % can be budgeted as 'unallocated funds'. Unallocated funds should be used to:

- Seize new opportunities, or
- react to new situations, or
- respond to acute demands or challenges within the programme, and
- to cover unforeseen expenses.

The spending of unallocated funds must always be in pursuit of the programme's overall objective, and they may be used without prior approval from CISU for activities that clearly supplement or innovate the programme activities.

Transferring from the unallocated funds need **only** approval by CISU if:

- You want to spend the unallocated costs to reformulate the intervention and expected outcomes.
- The transfer changes the proportionality between the cost categories A1 (DK Partner Direct Activity Costs), A2 (Local Partner Activities, Local Partner Investments, Local Staff and Local Administration), and A3 (DK Partner Support Costs) more than 10 %.

**Please note:** All allocations of the unallocated funds must be notified and justified in the next coming progress report (with a revised budget) as well as in the final accounts.

**Be aware** that this budget line should also cover unforeseen expenses. It is the responsibility of the grant holder to ensure that there are sufficient funds on this budget line to cover unforeseen expenses throughout the program year. Unforeseen expenses might typically be caused by currency fluctuations raising the costs of the intervention, or by other conditions making purchases or other payments related to the activities more expensive than expected at the time of budgeting.

### 5.3.2 Spending of Programme Information Activities in Denmark

The maximum annual budget for Programme Information Activities in Denmark (A5) is 2 % of grand total. The information activities must be described in the application.

### 5.3.3 Spending of fee for administration in Denmark

The budget reserves up to 7 % of the direct costs as a contribution towards administration in Denmark. In the accounts, this administration fee must always be calculated as a percentage of actual spending of the grant. Accordingly, if you spend less than the amount budgeted, there will be a lower amount available for administration in Denmark.

The following costs are typically considered to be covered by the administration fee:

- Administration and accounting of the organisation itself (i.e., not related to programme activities)
- Visits and monitoring visits not part of activity-specific monitoring
- Recruitment and selection of personnel and volunteers unrelated to any specific intervention
- Contact/dialogue with CISU (other than participation in coordination of activities financed under the programme grant)
- General compliance and administrative and legislative reporting tasks in relation to the organisation (e.g., VAT, audit),
- General budgeting and accounting tasks,
- The organisational leadership's involvement in development cooperation (leadership refers to members of the various governing bodies).

**Please note:** In the accounts for the programme submitted to CISU, the Danish organisation is not required to provide details on of how the administration fee has been spent. However, this information must be stated in the organisational accounts.

#### **5.3.4 Transfer of funds between budget years**

A maximum of 15 % of the total grant of the programme budget of unspent funds can be transferred to the following year without prior approval.

Transfers to following years do not (within the stipulations outlined above) require prior approval, but reallocations and transfers will have to be explained in the subsequent annual progress report. Expenditures will subsequently firstly be taken from transferred funds and thereafter from the allocation for the year.

## **6. REPORTING AND DIALOGUE WITH CISU**

Having been awarded a grant from one of CISU's funds, the grant holders are obliged to meet a number of deadlines. All deadlines appear in the contract with CISU signed before the intervention begins and in "Vores CISU".

If any deadlines are changed during the intervention period, it will show in "Vores CISU", and CISU will send confirmation of the changes to the registered contact person by e-mail.

All reporting and dialogues with CISU are expected to be prepared and executed in close collaboration between the partners of the grant. It is especially important that the Global South partners influence the content and responses to the questions asked in the preparation documents and requirements for reporting. For status dialogues the partners are highly encouraged to participate in the meeting together with their Danish partner.

### **6.1. Small and Large Projects**

For small and large projects with a duration of 24 months or more, a status dialogue with a CISU advisor must be carried out halfway through the intervention period.

In preparation for the status dialogue, you must complete CISU's preparation document for status dialogues, which can be found on CISU's website at the material site for the Civil Society Fund. The document must be uploaded through "Vores CISU" under the list of deadlines (milepæle) at the deadline named 'Statussamtale' (status dialogue).

The status dialogue is an opportunity to talk about successes and challenges with the implementation of the intervention and gives grant holders the opportunity to ask CISU clarifying questions. It is expected that both the Danish organisation and the primary implementing partner participate in the status dialogue, if possible. The dialogue usually takes 45 – 60 minutes.

The preparation document and the advisor's follow-up email will form part of the Danish organisation's 'track record' and will be included in future assessments of applications from the Danish organisation with the same or other partners in line with the guidelines for the Civil Society Fund.

See more about the final report in section 7.2.

### **6.2 Small Programmes**

For Small Programmes with a duration of 3 years, one status dialogue with a CISU advisor must be carried out halfway through the intervention period (after 1.5 years). For Small Programmes longer than 3 years, a status dialogue must be carried out twice – after 1.5 years and 3 years.

In preparation for the status dialogue, you must complete CISU's preparation document for status dialogue, which can be found on CISU's website at the material site for the Civil Society Fund. The document must be uploaded through "Vores CISU" under the list of deadlines (milepæle) at the deadline named 'Statusamtale' (status dialogue).

The status dialogue is an opportunity to talk about successes and challenges with the implementation of the intervention and gives grant holders the opportunity to ask CISU clarifying questions. It is expected that both the Danish organisation and the primary implementing partner participate in the status dialogue, if possible. The dialogue usually takes 45 – 60 minutes.

The preparation document and the advisor's notes from the dialogue will form part of the Danish organisation's 'track record' and will be included in future assessments of applications from the Danish organisation with the same or other partners in line with the guidelines for the Civil Society Fund.

See more about the final report in section 7.2.

### 6.3 For Medium and Large Programmes

During the four-year programme period, the grantees must submit two progress reports and attend three programme consultations, and conduct one external review as stated in the table below:

Year	Status reporting requirements
<b>Year 1</b>	No reporting required. For organisations granted their first medium or large programme, an inception meeting with CISU will be held.
<b>Year 2</b>	March 1st: <b>Progress report and revised budget.</b>  April (before May 1 <sup>st</sup> ): <b>Programme consultation</b> with the associated CISU advisor and grant manager to follow up on the progress report and revised budget.
<b>Year 3</b>	March 1st: <b>Progress report and revised budget.</b>  April (before May 1 <sup>st</sup> ): <b>Programme consultation</b> with the associated CISU advisor and grant manager to follow up on the progress report and revised budget. Focus of this consultation is also to prepare ToR for the external review.  October 1 <sup>st</sup> : <b>Terms of Reference (ToR) for the external review</b> is uploaded.
<b>Year 4</b>	March 1 <sup>st</sup> : External review uploaded (instead of the progress report)  April (before May 1 <sup>st</sup> ): <b>Programme consultation</b> with the associated CISU advisor and grant manager to follow up on the review.

All documents must be uploaded through "Vores CISU" according to the deadlines stated under 'Milepæle' for your grant.

#### 6.3.1 Progress report

Overall, the progress report consists of:

- a. A narrative report
- b. An updated summary result framework – including progress on indicators/targets

- b. One or more case/change stories (these will be used for CISU’s communication)
- c. An updated program budget

The specific requirements to the progress report and budget are found at CISUs material website. Everything should be in English and uploaded via “Vores CISU” no later than the stated deadline.

### 6.3.2 Programme consultations

During a four-year programme grant period, the Danish organisation must participate in three programme consultations. In year 2 and 3, the progress report, results framework, case/change stories, and revised budget will form the basis for the consultation.

In year 4, the consultation will be based on the external review conducted by the programme partners.

The consultation will, if practically applicable, be held at the office of the programme organisation, and if not, in CISUs offices in Aarhus or Copenhagen. The standard agenda will be:

Agenda items	Related documents
1. Overall status of programme	Narrative report (strategic update)
2. Programme status (progress on results and changes to the results framework)	Narrative report and updated results framework
3. Budget status, status on own-financing, and possible transfer of funds to the next year.	Revised budget proposal
4. Summary of decisions	Minutes

The Danish programme organisation is responsible for the minutes from the programme consultation, which shall be uploaded in “Vores CISU” as soon as possible after the consultation.

### 6.3.3 External review

In the fall of year three of the programme period, the organisation is required to conduct an external review of the programme. There is no requirement for a specific external consultant, and the design and scope of the external review is determined in dialogue with CISU in connection with the annual consultation in the year three. The cost of the external review must be included in the budget when applying for a programme.

The overall objective of the external review is to review the two first years of programme implementation.

The specific objectives are:

- To review the strategic approach of the programme and recommendations on possible adjustments.
- To analyse special issues relating to the programme and recommendations on possible actions.
- To review the performance and status of achieved results so far.

The deadline for the Terms of Reference (ToR) is October 1<sup>st</sup> and should be uploaded to the milestone named *external review*. A draft format ToR for the external review must be used and is available at CISUs website. The final review report is uploaded as preparation for the programme consultation in year 4 (replacing the progress report). The consultation and minutes from the meeting will be considered as a management response to the review.

There is no obligation to carry out a final evaluation of programme grants, since an external review is conducted in year three. Should a programme organisation wish to terminate as a programme, funds for a final evaluation should be found within the approved budget.

## 7. Evaluation and final report

### 7.1 Evaluation

CISU always recommends that interventions are evaluated. The larger the grant, the more important it is to have an evaluation, preferably with support from an external evaluator. It is up to the grant holders whether you want to do an internal evaluation yourself, or whether you want to make use of an external evaluator. If getting support from an external evaluator, make sure that the consultant prioritises institutional learning and ownership of observations, results, and recommendations. It is also always a good idea to follow up with a management response.

You are always welcome to seek support from CISU in relation to an evaluation of a grant.

Costs for an external evaluation must be budgeted on budget line 5. Costs for internal evaluations can be budgeted on budget line 1, 3 or 6.

### 7.2 Final report

When the intervention has ended, a final report of the intervention must be submitted. You must use CISU's format for the final report, which is available on CISU's website at the material site for the Civil Society Fund and must be submitted through "Vores CISU".

The questions to respond to vary according to the modality. Grantees should stay familiar with the final reporting requirements from the beginning of the project until its completion.

It is a requirement that the final report is drawn up by all partners of the grant and that it exists in a language that all parties can understand.

All grantees must include the following information when uploading the final report to 'Vores CISU':

- A self-assessment of the extent to which you have achieved your outcomes.
- The number of people who have participated in the activities of the intervention (this must be the same number as in the final report uploaded).
- The number of people who have been affected by the intervention (besides the people who have participated in activities) (this must be the same number as in the final report uploaded).

See specific **requirements regarding deadlines and formats** for each support modality in the table below.

Support modality	Reporting format	Deadline
Small projects	The final report is drawn up in CISU's format for small projects.	Three months after the end date of the intervention.
Large projects	The final report is drawn up in CISU's format for large projects.	Three months after the end date of the intervention.

<b>Small programmes</b>	The final report is drawn up in CISU's format for Small Programmes.	Three months after the end date of the intervention.
<b>Medium programmes</b>	The final report is drawn up in CISU's format for Medium Programmes.	Six months after the end date of the intervention.
<b>Large programmes</b>	The final report is drawn up in CISU's format for Large Programmes.	Six months after the end date of the intervention.
<b>Support for Co-Funding</b>	The final report submitted to the main donor is also sent to CISU. If the report has not been written in Danish or English, the organisation must send a summary in one of these two languages. CISU may demand additional reporting if the format used by the main donor fails to satisfy the requirements of the Civil Society Fund.	Three months after the end date of the intervention.
<b>Support for Application Process</b>	The final report is drawn up adhering to CISU's format for Support for Application Process. The final report is submitted to CISU along with the final version of the application resulting from the application process. The final decision of the main donor must be notified to CISU.	Three months after the end date of the intervention.

**Interventions granted before 31 December 2024** should use the formats for final reports found on this page: <https://cisu.dk/en/funding/civil-society-fund-old/materials-for-csf-grants-approved-before-december-31-2024/>

## 8. ACCOUNTING AND AUDITING

### 8.1. General information for all accounts and audits in CISU-supported interventions

Please note that CISU's requirements are minimum requirements. This means that the grant holder can be obliged to follow other rules and regulations related to accounting and auditing (e.g. 'Årsregnskabsloven'). Both these and CISU's requirements must be complied with.

The grantee must keep accounting records, in compliance with the requirements of the Danish Bookkeeping Act (Bogføringsloven). All partner organisations must keep all accounting documentation and materials for ten (10) years and all other project-related documents and files for five (5) years after CISU's approval of the final report and grant accounts.

The Danish organization must ensure that CISU, the Ministry of Foreign Affairs, the National Audit Office and the State Auditors get full access and assistance for project inspection, document review, accounting analysis, inventory control, etc. in Denmark and at the partner organisations.

### 8.2. Organisation's annual accounts for all projects and programmes

#### Requirements for annual accounts *at the time of applying for a grant*

An organisation's annual accounts must be audited by either an approved registered auditor or a non-professional auditor elected by the organisation. If the latter is the case, the auditor must meet general

impartiality requirements, meaning there must be no circumstances that could raise doubts about their independence. The auditor can be a member of the organisation but must not be part of the board.

The annual accounts must be signed by the auditor and the authorised signatory of the organisation, either in the document or through electronic signature, and must include, at a minimum:

- a) an income statement showing revenues and expenses
- b) a balance sheet indicating equity.

It is always recommended to compare between the years in the annual accounts.

There is no requirement for management review or legal critical review.

CISU must be able to see from the annual accounts that the organisation has a minimum of 25/50 paying members or financial contributors (see the guidelines for each fund for specific requirements). If this is not evident from the annual accounts, CISU may request other documentation, such as a membership list and a bank statement showing payment of membership fees.

CISU reviews the annual accounts/financial statements and assesses equity, going concern, and financial results in accordance with CISU's risk management and tolerance. As a general rule, a grant cannot be awarded if there is uncertainty regarding the continued operation of the organisation, i.e. going concern.

#### **Requirements for the annual accounts *after receiving a grant***

If the organisation exclusively holds **grants of DKK 500,000 or less**, the audit may be conducted by an auditor without professional certification, who is appointed by the organisation. In this case, the auditor must meet the usual demands for having no conflict of interest, i.e. no circumstance must give rise to doubts as to the person's impartiality

For **grants above DKK 500,000**, a signed version of the Danish organisation's annual accounts and the organisation's annual report must be uploaded through "Vores CISU". The deadline is 1 July and appears on the list of deadlines (Milepæle) concerning the grant.

Generally, it is recommended to change the external auditor every five years to ensure the auditor's independence from the organisation. In audit firms with several auditors and partners, the individuals involved can be rotated internally, which may safeguard independence without the need to change audit firm. In sole practitioner audit firms or firms with only one partner, offers should be obtained from several auditors every five years.

It is also important to be aware of changes within the organisation itself, as changes in management and/or finance and accounting functions/persons may also strengthen independence.

The following documents must be uploaded through "Vores CISU":

- **The organisation's audited annual accounts** for the previous financial year signed by the auditor and by the person authorised to do so on behalf of the organisation, either by hand or by digital signature.
- The annual accounts must include an **audit report** signed by an independent, certified auditor. In the case of emphasis of matter or modified opinion in the audit report, CISU may request a long-form audit report or other documents that elaborates on the auditor's emphasis/opinion.
- The annual accounts must, as a minimum, contain an **income statement** with income (including income from membership fees or contributions as well as any administrative contributions from CISU projects) and expenses as well as a **balance sheet** with assets and liabilities and where the equity is stated.

- It must appear from the annual accounts that the organisation has a minimum of 25 or 50 paying members or financial contributors depending on the size of the organisation’s grants. If it does not appear from the annual accounts, CISU can request other documentation, such as a list of members and a bank statement showing payments of the membership fees.
- The annual accounts must also contain a **note** for each grant showing the payment by CISU per year, the consumption of the grant during the year (including a calculation of the Danish administrative contribution), and unused funds at the end of the financial year. Please use CISU's format for the note, which is available on CISU's website at the material site for the Civil Society Fund and must be submitted through “Vores CISU”.
  - The note should preferably be included in the audited annual accounts of the organization. Alternatively, it must be audited separately and signed by the auditor and the organization's authorized signatories.
  - The note must be subject to financial audit.
- **The organization's annual report** either as a separate publication or the chairperson's report from the latest General Assembly.

### 8.3 Final accounts for small and large projects and small programmes

Grant-holders must submit both their organisation’s annual accounts and the final accounts for the grant. The requirements vary between the different types of intervention and depend on the duration of the intervention period and the amount granted.

After the intervention has been completed, you need to draw up the final accounts for the grant, using CISU’s format to this effect, which is available on CISU's website at the material site for the Civil Society Fund and must be submitted through “Vores CISU”.

The table below specifies the requirements regarding formats and auditing, as well as the deadlines for each grant modality.

Modality	Accounting format	Auditing	Deadline
<b>Small projects below DKK 100,000</b>	The final accounts are drawn up adhering to CISU’s format.	The audit can either be carried out by an approved registered auditor, a non-professional auditor elected by the organisation or an auditor appointed by CISU.	No later than four months after the completion date, the audited accounts must be uploaded through “Vores CISU”.
<b>Small and large projects of below DKK 200,000</b>	The final accounts are drawn up adhering to CISU’s format.	The audit is carried out by an auditor appointed by CISU.	No later than three months after the completion date, the organisation must submit the accounts to the auditor. No later than four months after the completion date, the audited accounts must be uploaded through “Vores CISU”.
<b>Small and large projects above DKK 200,000</b>	The final accounts are drawn up adhering to CISU’s format.	The audit is conducted by an independent, certified auditor who is appointed by, and signs an agreement with, the Danish organisation.	No later than four months after the completion date, the audited accounts must be uploaded through “Vores CISU”.

<b>Small programmes</b>	The final accounts are drawn up adhering to CISU's format.	The audit is conducted by an independent, certified auditor who is appointed by, and signs an agreement with, the Danish organisation.	No later than four months after the completion date, the audited accounts must be uploaded through "Vores CISU".
<b>Support for Application Process</b>	The final accounts are drawn up adhering to CISU's format.	The management report in the format must be signed by the organisation's authorized signatories. Also, the accounts for the Support for Application Process must be included in the subsequently audited annual accounts of the organisation.	No later than four months after the completion date, the signed accounts must be uploaded through "Vores CISU".
<b>Support for Funding</b>	The audited accounts submitted to the main donor are also sent to CISU.  CISU may demand additional reporting if the format used by the main donor fails to satisfy the requirements of the Civil Society Fund.	The audit is carried out based on the main donor's audit instructions.  The income statement in CISU's accounting format must be signed by those authorised to do so for the organisation.	The main donor's deadlines must be adhered to. At the same time as the audited accounts are submitted to the main donor, the audited accounts and income statement are submitted to CISU through "Vores CISU".  The income statement in CISU's format for final accounts must be filled in and attached to the audited accounts through "Vores CISU".

**Please note** that it is the amount of the CISU grant that determines which rules apply to the final accounts. In other words, if e.g. the CISU contribution is DKK 200,000 or less, whereas the combined accounts including other sources of funding are above DKK 200,000, the rules in force are those for grants of up to DKK 200,000.

### **CISU's format for final accounts**

It is the responsibility of the Danish organisation to make sure the final accounts are drawn up in compliance with the requirements and instructions in force. Final accounts must be prepared in CISU's format.

#### The accounts must contain:

- **Management report:** To be prepared by the Danish organisation. Signed by hand or digitally by someone authorised to do so on behalf of the organisation.
- **Audit report/statement:** To be prepared by the auditor. The accounting format presents suggestions for how to design a report/statement. The auditor is welcome to insert his or her own report/statement, if it complies with CISU's requirements in this guide and in the audit instructions. The report/statement is signed by the auditor either by hand or digitally.
- **Accounting practice used:** A description is prepared by the Danish organisation. If auditing has been conducted in the country of cooperation, the name of the local auditor is inserted into this section. Read more about requirements regarding local audits in section 8.2.4.

- **Accounting report:** To be prepared by the Danish organisation. Remember to explain overconsumption and underconsumption of more than 10% deviation between actual and budgeted spending. You should also describe how the contingency has been spent.
- **Income statement:** This document is also called a 'profit-and-loss account', comparing the budget to actual spending, and it is drawn up by the Danish organisation. Remember to use the latest approved version of budget, which can be found in "Vores CISU".
  - o No more expenses than the granted amount should be included under the column 'CISU Fund'.
  - o If there has been **additional funding** from other sources to the grant (including your own contribution), these must be described in the accounting report and stated in the box 'Other financial contributions' in the income statement.
  - o If **disability compensation** has been granted in addition to the grant, the amounts spent must be accounted for in the designated box in the format.
  - o Please remember that no more than 2 % of budget line 8 'Total activity costs' may be spent for 9 '**DK partner project-related information**' and max. 7 % of the total expenses for the **Danish administration fee**.
  - o No expenditure may be entered under the budget line '**Contingency**'. Expenses covered by the contingency should be accounted for under the budget lines, where the money has been used.
  - o Please note that budget line 16 '**Total Expenditures**' (Udgifter i alt) must not exceed the amount granted from CISU.
- **Notes to the accounts:**
  - o **Disbursements from CISU:** The dates and amounts of all transfers from CISU to the organisation are written here.
  - o **Specification of Danish payroll costs** (only relevant for Final Accounts Format A and B): If salaries and/or overheads for the Danish grant-holding organisation have been budgeted for, it must be stated how much of this labour cost is salaries and how much is counted as overheads. This is entered into a table for Technical Assistance (TA). After salaries and overheads have been entered, the spreadsheet will calculate the total TA for the grant, both as an amount and as a percentage of the grant. All organisations that budget with and charge salaries, must do time registration, so that the actual time consumption is calculated, documented, and approved. This can e.g. be done in a dedicated time registration system or in excel. See the Budget Guide for more information on the requirements. Please note that it is not allowed to charge overhead on salary costs after 31 December 2021.
  - o **Specification of investments:** Remember to draw up a **transfer document**, if any equipment, stock, fixtures, and the likes are donated to the local partner at the end of the intervention, and they exceed the *Danish tax authorities' definition of a minor acquisition*, they, (changes every year – see the latest update on SKAT's website). If this is the case, they can be written off at once, with no provision for depreciation.
    - It is obligatory to attach a signed transfer document between the Danish grant-holder and the local partner with the final accounts. The transfer document format defines what is covered by this rule and is available on CISUs website at the

material site for the Civil Society Fund and must be submitted through “Vores CISU”.

- **Transfers to local partner:** At the time of preparing the final accounts, the conversion of accounting and/or expenditure in non-Danish currency should take place at the rate at which the disbursements have been exchanged, using the so-called **weighted average exchange rate**.
  - The rate is calculated by listing all financial transfers from Denmark to the country of cooperation throughout the intervention. 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.
  - If there are unused funds in the partner country that are returned to Denmark, this amount must also be included in the transfer overview. Both to ensure that the weighted average exchange rate is correct and so that the amount is audited.
- **Accounts between the grant-holder and CISU:** This note calculates if there are any unspent funds after the grant period has expired. It is calculated by subtracting the spending of grant funds from the grant amount, and adding possible interests gained. Read about unspent funds, interest, and refunds in the section below.

It is important to present the final accounts in a single, clear, well-organised and signed document.

### 8.3.1. Expenditure after the end date, interest, bank fees, unspent funds and repayments

All activity costs must take place within the intervention period. However, the activity costs may be paid after the intervention end date. Expenses related to the completion of the intervention, such as costs for final reporting and for auditing the final accounts, may take place and be paid after the end date, if it is ensured that these expenses are included in the final audit of the grant.

**Gained interests** (both in Denmark and abroad) and **exchange rate gains** (as a result of fluctuations in the rate of exchange between the Danish krone, DKK, and the local or other currencies used) can be spent on new as well as existing activities in the intervention. Earned interests and exchange rate gains are considered part of the grant, and the use must therefore be explained in the final report and in the final accounts, i.e. in the accounting report and in the income statement).

**Interests paid** in Denmark and fees for transfers to partners must be covered by budget line 7. DK partner project- and programme support costs in the final accounts.

**Interest expenses in the partner country** and **fees for transfers to Denmark** must be covered by budget line 4. Local partner administration.

**Basic fees regarding operation of a bank account** in Denmark (e.g. issuing cards, access to online banking, etc.) must be covered by budget line 14. DK partner administration. Basic fees regarding operation of the bank account in the partner country must be covered by budget line 4. Local partner administration.

*Please note*, it is mandatory for the Danish organisation to refund all unspent funds to CISU. This calls for being careful not to transfer excessive payments to local partners, as well as to pay continuous attention to spending and any interest earned in the country of cooperation.

Unspent funds and unspent interests gained in Denmark and abroad must be repaid in connection with submission of the final accounts to CISU by depositing into the following bank accounts:

**The Civil Society Fund:** Jyske Bank, sort code 5078, account number 1159 814

### **8.3.2. Audit of final accounts for grants of DKK 200,000 or less**

Grants between DKK 100,000 and 200,000 are audited by an auditor appointed by CISU. Contact details for the auditor are available on CISU's website at the material site for the Civil Society Fund and must be submitted through "Vores CISU". The auditor's fee is paid directly by CISU upon approval of the final accounts. The audit must adhere to CISU's Grant Management Guide and the audit instructions of the Danish Ministry of Foreign Affairs for grants below DKK 500,000.

It is important that you contact the auditor well in advance so that you can agree when to send the final accounts and the mandatory documents to them so that you can meet the CISU deadline.

Once you have agreed on a deadline for sending the final accounts to the auditor (no later than one month before deadline for submitting final accounts to CISU), the organisation forwards the following mandatory documents to the auditor:

- Completed accounting format and help sheet
- Completed audit checklist for grants below DKK 200,000
- Documentation as per the audit checklist
- Copy of final report

The auditor cannot begin the audit until they have received a completed audit checklist.

As you submit the documents to the auditor, you agree on a final deadline for auditing the final accounts. The deadline for submitting the final audited accounts to CISU is four months after the end date of the intervention. The auditor returns the audited final accounts to your organisation, which you must then upload through "Vores CISU". The audit report and the management report must be signed by hand or digitally. The final accounts are submitted to CISU without the supporting documents from the intervention.

### **8.3.3. Audit of final accounts for grants above DKK 200,000**

The final accounts must be audited by an independent, certified auditor who is appointed by, and enters into an agreement with, the Danish organisation. The audit must adhere to CISU's Grant Management Guide and the Danish Ministry of Foreign Affairs' audit instructions for grants of below or above DKK 500,000, depending on the size of the grant.

The Danish organisation is responsible for ensuring that the auditor appointed confirms in writing that he or she is willing to perform his audit tasks in keeping with the provisions of the audit instructions. When auditing the final accounts, the auditor must therefore mention in the audit report that the job has been performed in keeping with Danish Ministry of Foreign Affairs' audit instructions, and in accordance with the applicable International Standards for Audit (ISA) and the Standards for Public Auditing (in Denmark known as SOR), which requires the audit report to have a separate section on performance audit and compliance audit. This requirement also applied for other financial contributions included in the accounts.

For **grants above DKK 500,000**, the auditor must draw up a long-form audit report, setting out his or her assessment and opinion in view of the audit conducted. The long-form audit report can be attached to the final accounts or presented separately. If the auditor has prepared a Management Letter, it must be attached to the final accounts submitted to CISU along with the grant holder's response. The audit report, long-form audit report and management letter must be signed either by hand or digitally.

#### **8.3.4. Local audit**

For grants between DKK 200,000 and 500,000 it is recommended that an audit of the grant is conducted by an independent, certified auditor in the partner country.

For grants above DKK 500,000, it is required that an audit of the grant is conducted by an independent, certified auditor in the partner country.

For grants running over several years, it is *recommended* that an *annual* audit of the grant is conducted by an independent, certified auditor in the partner country to ensure that performance audits are carried out on an ongoing basis.

The audit must adhere to international auditing standards as well as to the Danish Ministry of Foreign Affairs' applicable audit instructions. The Danish organisation's auditor should be involved in selecting the local auditor, who must adhere to international standards and carry out performance and compliance audit according to the Danish Ministry of Foreign Affairs' audit instructions. The audit instructions must follow the budget responsibility of the partner. This means that if the partner has budget responsibility above DKK 500.000, the accounts must be audited following the Danish Ministry of Foreign Affairs' audit instruction for grants above DKK 500.000. If the budget responsibility is below DKK 500.000, the audit instruction for grants below DKK 500.000 applies.

It is recommended that the local auditor is selected within the first six months of the intervention period so that he or she has sufficient time to learn about the special audit requirements.

In case the local auditor conducts the audit of the entire grant, the expenses can be covered by the budget line 12. DK audit.

### **8.4. Accounts for medium and large programmes**

#### **8.4.1. Yearly accounts**

Audited accounts for the programme for the previous year must be uploaded through "Vores CISU" once a year before the deadline July 1 (see formats at CISU's website at the material site for the Civil Society Fund), including a long-form audit report.

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

At the time of annual 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 year. 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 document (only relevant for the yearly account for year four)**

If equipment, stock, fixtures etc. are donated to partners or authorities in the country of cooperation after completion of the programme, it is required to draw up a transfer document, in which the recipient acknowledges receipt. If the price of an individual grant-financed investment to be transferred exceeds the

tax authorities' definition of a minor acquisition, it is obligatory to attach a signed transfer document to the audited accounts. A transfer document format is available on CISU's website.

#### **Unspent funds, interest, and repayments**

Earned interest (both in Denmark and abroad) and exchange rate gains (because of fluctuations in the rate of exchange between the Danish krone, DKK, and the local or other currencies used) can be spent on activities and the like as part of the programme. Earned interests and exchange rate gains are considered part of the grant, and the use must therefore be explained in the final report and in the yearly accounts, i.e. in the accounting report and in the income statement.

Interest paid in Denmark can be covered by the unallocated funds and should be entered into the final accounts under the budget line 'DK partner project- and program support costs.'

**Please note:** It is mandatory for the Danish organisation to refund all unspent funds to CISU. This calls for being careful not to transfer excessive payments on account to local partners, as well as to pay continuous attention to spending and any interest earned in the country of cooperation.

Unspent funds and unspent interests gained in Denmark and abroad must be repaid in connection with submission of the final accounts to CISU by depositing into the following bank accounts:

**The Civil Society Fund:** Jyske Bank, sort code 5078, account number 1159 814

#### **8.4.2. Auditing of the yearly programme accounts**

The yearly programme accounts must be audited by a state-authorised or chartered auditor who is appointed by, and enters into an agreement with, the Danish organisation. The audit must adhere to CISU's Grant Management Guide for the Civil Society Fund and the Danish Ministry of Foreign Affairs' audit instruction for grants above DKK 500,000.

It is mandatory for the Danish organisation to ensure that the auditor appointed confirms in writing that he or she is willing to perform his audit tasks in keeping with the provisions of the audit instruction. When auditing the yearly accounts, the auditor must therefore mention in the audit report that the job has been performed in keeping with Danish Ministry of Foreign Affairs' audit instruction, and in accordance with the applicable International Standards for Audit (ISA) and the Standard for Public Auditing (in Denmark known as SOR), which requires the audit report to have a separate section on performance audit and compliance audit.

Furthermore, the auditor must draw up a long-form audit report, setting out his or her assessment and opinion in view of the audit conducted. The long-form audit report can be attached to the audit report or be presented separately. If the auditor has prepared a management letter, it must be attached to the final accounts along with the grant holder's response. The audit report, long-form audit report and management letter must be signed either by hand or with a digital signature.

Accounting records and supporting documents should not be submitted to CISU, but the grant-holder (and local partners) must store original receipts for ten years after the accounts have been approved by CISU, to be presented upon request from CISU, the Danish Auditor-General (Rigsrevisionen) or others authorised to this effect.

CISU reserves the right to inspect samples of supporting documentation and accounting records at any time, regardless of the audit etc.

**Please note:** An audit in the country of implementation is also required. This audit must adhere to international standards as well as to the Danish Ministry of Foreign Affairs' applicable audit instruction.

The Danish organisation's auditor should be involved in selecting the local auditor, who must adhere to international standards and carry out compliance and performance audit as stipulated in the Danish Ministry of Foreign Affairs' audit instruction.

## 9. MONITORING

### 9.1. Monitoring by the Danish organisation

The Danish organisation is required to monitor the intervention throughout the intervention period, including financial management, monitoring of the progress of the intervention, accountability, etc.

**At least once a year** during the project/programme period, the Danish organisation must carry out either a physical visit at the partner organisation or an online monitoring session. For more information about how to carry out monitoring, please visit CISU's website or sign up for a CISU course on the topic.

### 9.2. Monitoring by CISU

CISU may carry out monitoring visits at the Danish organisation, as per need, to become more acquainted with and assess the organisation's administrative and technical set-up, including financial management, monitoring of the progress of the intervention, professional competencies, accountability, etc.

Local partners can receive monitoring visits from CISU during the implementation period. This is to assess the partners' financial and organisational management of the grant, gather more knowledge of how the partnership serves as a framework for the project/programme, to assess the outcomes and strategic framework (e.g., the Theory of Change), as well as to take advantage of learning potentials for other CISU-funded development interventions.

The partners' expenses relating to CISU's monitoring visits must be covered by the contingency of the project/programme. These include staff travel costs, staff per diem, and meeting expenses. CISU incurred expenses such as transport costs (car hire, gas), CISU staff hotel costs, translation are covered by CISU. If any of the partners' expenses incurred by the monitoring visit should be covered by CISU, this must be agreed upon when settling the Terms of Reference (ToR) for the visit. This could be, if the grant is small and the contingency does not leave enough room for the monitoring visit expenses. If monitoring visits are carried out after the project/programme end date, and there are no remaining funds in the grant, CISU will cover the costs for the monitoring visit.

## 10. REPORTING OF PROBLEMS AND IRREGULARITIES

The governing body and/or management of the Danish organisation is duty-bound to notify CISU immediately (i.e., no later than 14 days after the incident):

- If significant difficulties arise in the implementation of the intervention, including problems regarding compliance with the budget approved.
- If significant problems arise in the organisation's relationship with the authorities in the developing

country of cooperation, the partner or expatriate staff.

- If there is well-founded suspicion or detection of theft, fraud, corruption, misuse, or similar irregularities.

CISU's format for reporting of problems and irregularities must be used and is available on CISU's website. The report must be submitted in writing to [indberet@cisu.dk](mailto:indberet@cisu.dk), stating how you plan to solve and follow up the difficulties and/or irregularities observed.

You are welcome to contact CISU, if challenges arise during an intervention, thus enabling us to guide you in how to report the problems and how to pursue a solution. Confirmed cases of irregularities will be reported to the Danish Ministry of Foreign Affairs as per the ministry's guidelines.