

DERF

Grant Management Guide



Photo: Pernille Bærendtsen

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1. VALIDITY OF THE GUIDE

This Grant Management Guide is valid for grants approved for funding by the Danish Emergency Relief Fund (DERF) since the relaunch of the DERF August 2021.

Notice: The guide can continuously be updated in response to any changes in the rules and regulations, or if anything in the text of the guide turns out to be unclear. The governing body of the grantee, i.e., the Danish organisation holding the contract with DERF, is responsible for checking whether the rules and regulations have been changed. You can always find the latest version of this guide at the DERF website.

2. HOW SHOULD THE GUIDE BE USED?

Recipients of the DERF grants commit themselves to fulfilling a series of requirements to the management of the grant. In this guide, you can find information about:

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

It is important that you read this guide carefully and pay attention to whether you are complying with the rules throughout the intervention. If you fail to manage the grant correctly, you can – in the worst case – be obliged to pay back the funds you were granted.

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

3. WHO IS RESPONSIBLE FOR THE GRANT?

It is important to note that the grantee is awarded the grant based on having a strong localized presence in the crisis affected area, most often through its partnership with a local organisation. It is furthermore important to note that the grantee is awarded the grant based on being in a position where it can contribute towards strengthening local capacities. It is therefore of key concern to the DERF that the grant is implemented in a manner which furthers these principles.

The grant from the DERF is awarded to the grantee featuring as the lead applicant, thereby being the grantee. The governing body of the grantee 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 funds must be spent on the purposes described in the application.
- Financial procedures need to inspire confidence, including proper internal controls as well as bookkeeping and accounting in line with sound practices in this field. This means that both the intervention and the applicant organisations are subject to external auditing.
- Steps should be taken to prevent corruption and misuse of funds.
- Steps should be taken to prevent sexual harassment, exploitation, and abuse (PSHEA).
- Steps should be taken to prevent child labour.

- The grantee must ensure that partners and others that receive part of the granted funds are not included on the [UN's](#) or [EU's](#) sanctions lists.
- Significant problems and irregularities in the intervention must be reported as soon as possible as per the reporting rules described in chapter 8 and to be found on the DERF website.
- The Final report and audited financial accounts for the intervention must be submitted on time as per the deadlines stipulated in the contract.

4. AFTER FUNDING HAS BEEN GRANTED

4.1 Contracts

When a DERF grant is approved, CISU forwards a signed contract to the grantee to sign. The contract sets out the requirements and conditions to be met as described in this grant management guide. The contract also informs the deadlines that must be met under the grant.

The contract must be signed by the grantee, either by hand or digitally, and returned to CISU via “Vores CISU” before the implementation of the intervention begins. When CISU has received the signed contract, the grantee can submit the first disbursement request to CISU.

4.2 Cooperation agreements

A condition for qualifying for DERF grants is the documented existence by the grantee of localized presence and capacity in the crisis area either through partnerships with local organisations or through own presence.

If the grant is given to cooperation between two or more different legal entities, it is a requirement for receiving the grant that a cooperation agreement specific to the grant is drawn up between the partners. The cooperation agreement should reflect the reciprocal nature of the partnership. Accordingly, it is important that the cooperation agreement describes the responsibilities and obligations as well as the rights of all parties involved.

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

The cooperation agreement must contain the Danish Ministry of Foreign Affairs' four clauses:

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 parties agree to actively prevent sexual exploitation, abuse, and harassment (PSEAH)¹, and to ensure, in the best possible way, that the intervention is carried out in an environment free of all kinds of exploitation, abuse and harassment, sexually or otherwise, especially in the case of particularly vulnerable groups.

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.

The cooperation agreement must incorporate risk management implemented in the partnership. Safety measures taken with regards to the local partner, including staff and volunteers, must be in accordance with good governance principles, and ensure that safety precautions are taken, and included in the budget when needed.

Any changes in the choice of partners must be approved by CISU, before entering new/changed partnerships for the approved grant.

4.3 Disbursements

To request a disbursement of the grant, the disbursement format available on the DERF website must be used. The format must be filled out, signed, and submitted to “Vores CISU” whenever requesting disbursement of funds from the awarded grant.

Normally each disbursement may cover a maximum of six months, and the initial disbursement can take place when the signed contract has been approved.

The disbursement of funds are processed within maximum two (2) workdays after the submission. For subsequent disbursement requests there are no set deadlines for submission, and the normal processing time is maximum five (5) working days.

¹ **Sexual harassment** is understood as any kind of unwanted verbal, non-verbal or physical behavior of a sexual nature with the aim or impact that a person's dignity is violated, especially if it happens in a threatening, hostile, degrading, humiliating or offensive environment. **Sexual exploitation** is understood as attempts or actual abuse of position of power to exploit a person's vulnerability for sexual gain. This also applies to relationships where economic, social or political advantage is gained from another person on the basis of sexual exploitation. **Sexual abuse** can consist of either a threat of or actual physical abuse of a sexual nature.

4.4 Bank account(s)

It must be possible to separate the DERF funds from other funds of the Danish organization as well as the partner organisations. This can be done by depositing the DERF funds in a separate bank account or through the accounting system. If an organisation has several grants, the same bank account can be used for all of them, under the condition that the organisation's accounting system can differentiate between funds for different interventions and from different donors.

If the grant funds have not been deposited in a separate bank account, it is incumbent on the organisation to enter into a written agreement with the bank that any unspent grant funds deposited in the bank account at any time belongs to DERF, 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 CISU's requirements for financial management

When you receive a grant from CISU, you and your partner must ensure that the funds are managed properly in all phases of the intervention:

when you plan and adjust the intervention (budgeting)

during the implementation of the intervention (bookkeeping and supporting documents)

when you follow up on the intervention (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, and reporting on this matter must be submitted to CISU in a final report.

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 adhered to.

The following are CISU's requirements for financial management:

1. WRITTEN PROCEDURES

- 1.1. The procedures for your financial management must be written down. The larger grants you have from DERF, the more detailed CISU also expects the procedures to be. As 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 approve a purchase, before the purchase takes place. A significant purchase must be approved by at least two people and be based on more offers.

2. BUDGETS

- 2.1. Budgets and budget changes are approved by those responsible in the organisation. 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 from CISU funds, the organisation has drawn up an overview of the organisation's expected total expenses and from which sources the expenses are covered.

3. BOOKKEEPING AND SUPPORTING DOCUMENTS

- 3.1. Accounting system
 - The Danish and local partners with budget responsibility above DKK 500,000 bookkeep the intervention's income and expenses in an electronic accounting system. (NOTE: Excel is not an accounting system but a digital tool).
 - The Danish and local partners with budget responsibility under DKK 500,000 bookkeep the intervention'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 – an incorrect entry must be supplemented by a new separate entry. This also applies if Excel is used as a cash book.
- 3.2. There is a clear link between the registrations in the accounting system and the intervention 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 vouchers. Digital supporting documents are directly attached to the relevant expense/income in the accounting system.
- 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

- 4.1. Bank reconciliations are done monthly and must be checked and approved by someone other than the person who made the reconciliation.
- 4.2. Reconciliations of the cashbox (petty cash) are made monthly and checked and approved by someone other 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

- 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 other 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 intervention.

4.6 Implementation start

Implementation of the Rapid Response interventions in the crisis affected locality must start within seven (7) days following receipt of the initial DERF fund disbursement by the grantee. Concerning Anticipatory Action interventions, implementation should start as soon as possible, depending on the particular context.

5. GRANT MANAGEMENT

5.1 Changes in the intervention

It is recommended that adjustments are made in order to reflect any contextual changes. All adjustments made must be reported upon in subsequent reports of the intervention. Some adjustments can be undertaken without seeking prior approval from DERF.

The following types of changes require prior approval by DERF:

- Changes in the approved intervention period e.g., an extension.
- Changes in the objectives, partnership, or target groups of the intervention e.g., if there is a need to cancel or add activities that will affect the objectives of the intervention.
- Specific changes regarding the approved budget. See section 5.2 on budget revisions.

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

Requests for changes in the intervention are submitted to “Vores CISU” using the form “Request for change of intervention, intervention period and/or budget” available on the DERF website. DERF needs to receive the request well in advance and not after the intervention has been completed.

In case of changes that alter the basis on which the grant was given, e.g., change of partners, one of CISU's assessment consultants must approve the change. In this case, you must upload the “Request for change” form to “Vores CISU” in which you explain the reasons for the changes. You must also upload the originally approved application, in which all the proposed changes are entered and clearly marked. If the proposed change has budgetary implications, the detailed budget with changes clearly marked, must also be submitted to CISU. The documents that cannot be uploaded to “Vores CISU” must be sent to derf@cisu.dk.

5.2 Budget lines, spending and revisions

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.

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

- When reallocation between the main budget line exceed 10% of the lowest budget line being raised or lowered.
- Specific changes regarding spending from the budget margin – elaborated on in the next section.
- Specific changes regarding the budget for risk management and safety measures.
- Increase of the budgeted amount for audit, in Denmark or the country of intervention.

Changes that do not involve any of the above points need not be approved by DERF in advance but should instead be reported and justified in the final report and in the final accounts.

Requests for budget changes are submitted to “Vores CISU” using the form “Request for change of intervention, intervention period and/or budget” available on the DERF website. DERF needs to receive the request well in advance and not after the intervention is completed.

5.3 Spending of contingency (budget margin)

In the budget, an amount has been allocated as the item of ‘contingency’. At least 6% and at most 10% of budget items must be set aside for this. You can transfer funds from the contingency to one or several of the other main budget items if the need arises, e.g., to cover an increase in prices, wages, exchange rates and interest costs in Denmark and for the local partner. Reallocations of the budget margin must always be in pursuit of the overall objective of the intervention.

Generally, spending from the budget margin does not need to be approved by DERF beforehand. However, you do need written approval if you want to spend the budget margin on:

- Activities that were not included in the original application.
- Wages or other personnel expenditure².

² Special statutory personnel expenditure, such as taxes, social security contributions and the like, as well as local spending on insurance, safety training etc.

Any spending of the budget margin that has not been approved by CISU in advance must be reported and justified in the subsequent progress report (together with a revised budget) and in the final accounts. The contingency can cover interest costs in Denmark, while the Administration for DK Partner must cover other bank costs. Interest costs in Denmark covered by the contingency should be entered into the final accounts under Activities, as it is not allowed to bookkeep under the contingency budget line.

5.4 Administration in Denmark

The budget reserves up to 5% of the 'Total Costs' (budget line 13) as a contribution towards administration in Denmark and self-implementing entities in the crisis area. 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 smaller amount available for administration in Denmark and self-implementing entities.

The administration fee should cover the grantees and self-implementing entities' general administrative expenditure. The boundary between general administrative costs and direct intervention spending can appear less than clear-cut, but the following types of expenses within the organisation are examples of what can be covered by the administration fee:

- 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
- 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)

In the final accounts 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.

6. REPORTING & PEER REVIEW

6.1 Peer review: Exchange of experiences

All grantees are obliged to attend mandatory peer review sessions organized by CISU as to facilitate and ensure exchange of experiences and thereby support the generation of learning and development of new, innovative approaches to humanitarian interventions. The latest date for the review workshop will be specified in the contract with CISU. Invitations to the sessions will be sent by CISU.

6.2 Final report

After the intervention has ended, you must submit a final report setting out how the intervention has been implemented and how it has fulfilled the objectives set out in the application.

The final report must adhere to the reporting format, which is available on the DERF website and submitted at “Vores CISU”. The final report must be submitted within **three months** following the end date of the intervention.

7. AUDIT REQUIREMENTS AND FINAL ACCOUNTS

7.1 Deadline and general specification for final accounts

The grantee is obliged to make sure that the final accounts are made and audited in compliance with the requirements and instructions in force. Final accounts must be prepared in CISU’s format for DERF grants.

The deadline for submission of the audited final accounts is within **four months** following the end date of the intervention.

7.2. Format for final accounts

It is incumbent on 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 to this effect.

The accounts must contain:

Management report: To be prepared by the grantee. Signed by hand or digitally by someone authorised to do so on behalf of the organisation (e.g., chairperson of the governing body, treasurer, or management).

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, as long as 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 grantee. 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 7.4.

Accounting report: To be prepared by the grantee. Remember to explain deviations between actual and budgeted spending smaller or larger than 10%. You should also set out how the contingency been spent.

Income statement: This document, sometimes also called a ‘profit-and-loss account’, comparing the budget to actual spending, is drawn up by the grantee. You have access to the last version of the approved budget in “Vores CISU”. It is important to keep track of any budget revisions made during the grant period, i.e., revisions made with or without CISU approval, as described above in section 5.2 and 5.3.

No more expenses may be included under the column 'Covered by the DERF Fund' than the amount granted. If there have been financial contributions to the intervention from sources other than DERF, these must be included under 'Funding from other financial sources'.

Please remember that max. 5% of the total costs must be allocated to DK Partner Administration. Finally, no expenditure may be entered under the budget line 'Contingency'. Expenses covered by the contingency should be placed on the budget item where the money has been used.

Notes to the accounts:

- **Note 1: Disbursements from CISU/DERF.** The dates and amounts of all transfers from DERF to the organisation are written here.
- **Note 2: 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. If the price of such equipment, inventory and the likes exceed the *Danish tax authorities' definition of a minor acquisition* that can be written off at once, with no provision for depreciation, it is obligatory to attach a signed transfer document between the Danish grantee and the local partner to be attached to the final accounts. The transfer document format defines what is covered by this rule and is available on the DERF website.
- **Note 3: 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**. This 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 is then divided by the total amount received in local currency, thus arriving at the weighted average exchange rate.
- **Note 4: Accounts between the parties. i.e., grantee and CISU/DERF.** This note calculates if there are any unspent funds after the grant period has expired 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.

7.2.1 Vouchers and receipts

Due to the international and local rules, the local partner should not be asked to submit original vouchers to Denmark or other places outside the country. The grantee can choose to submit the original vouchers or certified copies to the auditor. However, it is the responsibility of the grantee to ensure that original vouchers are submitted and returned in an orderly manner. The grantee must also submit a report from the accounting system, as well as bank statements, reconciliations etc.

The final accounts are submitted to CISU without the receipts, but the grantee and local partners 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 intervention-related documents and files for five (5) years after completing the intervention.

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 intervention inspection, document review, accounting analysis, inventory control, etc. in Denmark and at the partner organisations

CISU reserves the right to inspect samples of receipts at any time, regardless of the audit etc.

7.3 Expenditure after intervention end date, unspent funds, interest, and repayments

All activity costs must take place within the intervention period. However, the activity costs may be paid after the intervention end date. However, 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 intervention's end date, if it is ensured that these expenses are included in the final audit of the grant.

Earned interest (both in Denmark and abroad) can not be spent on the intervention, but must be refunded to CISU upon the closure of the final accounts.

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 activities and the like as part of the interventions, if this is approved by CISU. Such approval is obtained by submitting a budget adjustment request to CISU well in advance of the end of the intervention using the form "Format for request for adjustments" available on the DERF webpage.

Interest paid in Denmark can be covered by the contingency and should be entered into the final accounts under budget line 9. DK Partner Project Support Costs.

Interest expenses in the implementation 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 implementing country must be covered by budget line 4. Local partner administration.

Please note: It is obligatory on the grantee 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.

Any unspent parts of the grant in Denmark and abroad as well as interests gained must be repaid in connection with submission of final accounts to CISU by depositing into the DERF bank account:

- CISU's DERF bank account number 7134 000 11 02 565 in Jyske Bank

7.2 Audit of final accounts for grants of DKK 200,000 or less

Grants of DKK 200,000 or less are audited by an auditor appointed by CISU. Contact details for the auditor are found on DERF website, under the heading "Final Accounts for DERF grants".

The auditor's fee is paid directly by CISU upon approval of the final accounts. The audit must adhere to CISU's Administration Guide and the audit instruction manual of the Danish Ministry of Foreign Affairs for grants under DKK 500,000.

No later than three months after the completion date of the intervention, the following documents are forwarded to the auditor:

- Completed accounting format
- Completed audit checklist for grants up to DKK 200,000, which is available on DERF website
- Documentation as per the audit checklist
- Original vouchers (receipts) as per the audit checklist (both electronically and physically by letter)
- Copy of final report

You agree 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 to "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.

7.3 Audit of final accounts for grants of more than 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 Administration Guide and the Danish Ministry of Foreign Affairs' audit instruction manual for grants of below or over DKK 500,000, depending on the amount of the grant.

It is incumbent on 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 manual. 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 instruction manual, and in accordance with the applicable 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. This requirement also applied for other financial contributions included in the accounts

No later than three months after the completion date of the intervention, the following documents are forwarded to the auditor:

- Completed accounting format
- Documentation as per the audit checklist
- Copy of final report

It is incumbent on 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 manual. 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 instruction manual, and in accordance with the applicable 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. This requirement also applied for other financial contributions included in the accounts.

For grants above 500.000 DKK the audited grant accounts are accompanied by a long-form audit report, as per the usual requirements for the long-form audit reports, i.e., internal controls etc. The long-form audit report can be in sequence with the organisation's long-form report or be issued for the grant accounts.

7.4 Local audit

For grants with a budget of more than DKK 200.000 it is recommended that a local external audit is conducted with regards to the expenses occurred in the local context.

For grants with a budget of more than DKK 500.000 it is a requirement that a local external audit is conducted with regards to the expenses occurred in the local context. However, due to the crisis context of the DERF grants, it is important to underline that local audit must not jeopardize the security and safety of the local staff or local auditor.

The audit must adhere to international auditing standards as well as to the Danish Ministry of Foreign Affairs' applicable audit instruction manual. 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 instruction manual. It is recommended that the local auditor is selected in the beginning of the intervention period so that he or she has sufficient time to learn about the special audit requirements

8. 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 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, stating how you plan to solve and follow up the difficulties and/or irregularities observed.

You are very 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 published on CISU's website and will be reported to the Danish Ministry of Foreign Affairs as per the ministry's guidelines.