**Financial checklist for monitoring visits**

Dear Grantee,

We look forward to the upcoming Monitoring visit at your organization.   
Below, you will find CISU's requirements for financial management (p. 2) and the financial checklist (p. 3) that we will use during the visit.   
The checklist has been prepared in accordance with CISU's requirements for financial management, among others, and aims to ensure transparency, efficiency, and accountability in the handling of the grants you have received.

To make the visit as efficient as possible, please complete the checklist in advance and send it to us no later than one week before the visit takes place. This will help us gain a clear overview of your current financial management practices and identify any areas that may need further attention or improvements. The responses to the checklist will be used as an annex to the monitoring report, while the overall conclusions, etc., will be included in the actual report.

Monitoring visits are an important part of our joint efforts to maintain high standards in finanacial management, and we appreciate your openness and willingness to cooperate in this process. We are aware that no organization is perfect, and we encourage an honest dialogue about any challenges or areas that can be improved.

We look forward to working with you to ensure that all procedures and processes continue to meet the established standards.

Kind regards from the CISU team

## 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 project/programme:

* when you plan and adjust the project/programme (budgeting)
* during the implementation of the project/programme (bookkeeping and supporting documents)
* when you follow up on the project/programme (reconciliations and financial reporting)

The requirements for the organization's policies and procedures in connection with this are in accordance with the nature and size of the grants, as well as the organization'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 progress or 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. 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.
   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.
   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** 
   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. 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.
3. **BOOKKEEPING AND SUPPORTING DOCUMENTS**
   1. Accounting system

* The Danish and local partners with budget responsibility above DKK 500,000 bookkeep the project/programme'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 project/programme'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.

* 1. There is a clear link between the registrations in the accounting system and the project/programme 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.
  2. 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.
  1. 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).

1. **RECONCILIATIONS**
   1. Bank reconciliations are done monthly and must be checked and approved by someone else than the person who made the reconciliation.
   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.
   3. The check book must be kept in a locked place and checks must not be signed in advance.
2. **FINANCIAL REPORTS**
   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.
   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.
   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/programme.

|  |  |
| --- | --- |
| **Participants** | |
| Names of the participants  Organization:  CISU: | Title of the participants |
| **Follow-up on any previous monitoring visits and any capacity analyses**   1. Have there been previous monitoring visits from CISU – if yes, when, and have the findings been followed upon? 2. Have other donors/actors conducted monitoring visits or capacity analysis – if yes, when, and what were the conclusions? | |
| **Overview of grants and any unmet deadlines**   1. Are there any ongoing grants? What is the status, and are there any unmet deadlines? 2. Are there completed grants that have not yet been finally approved. What is the status? | |
| **Review of internal/administrative procedures and control mechanisms**   1. Are there written manuals, guidelines, and procedures? 2. How is the segregation of duties implemented, i.e., among the employees who approve, disburse, and post transactions? 3. What agreement has been made with the bank, and are CISU funds separated from the organization’s other funds? 4. Who has access to bank accounts, and how? Is it sole access (A-authorization), jointly with two or more (B-authorization), or view access only (C-authorization)? 5. How often are bank reconciliations prepared, and who approves them? 6. Do you have written procurement procedures? Who can approve and up to what amounts? When are quotes obtained? 7. How many employees are there in the organization? And are contracts prepared for all employees? 8. Is work hour registration used – if yes, what system? And who approves the registered hours? 9. Does the organization have an inventory list (list of assets), and how often is it updated?   **Samples CISU will require to see:**   * The latest bank reconciliation. * A copy of last month’s work hour registration * A list of employees in the organization. * A copy of an employee contract/agreement * The organization’s inventory list/list of assets | |
| **Budget planning and budget follow-up**   1. How is the budget planning carried out? How is it coordinated with local partners? Who is responsible for the budget? 2. How is the budget versus expenditures followed up on, and how often is internal accounting, project/programme accounting, or budget follow-up prepared? And who approves it? 3. How often do the partners send internal accounts, project/programme accounts, or budget follow-ups? And who approves these? 4. How often are payments made to partners, and on what basis? 5. What are the agreements regarding budget changes with partners? Who approves changes? 6. Has the organization prepared an overview of the organization’s expected total expenses and from which income sources the expenses are covered? (a so-called Core Cost Budget or Overhead Cost Budget)   **Samples that CISU will require to see:**   * A copy of the latest versions of the budget of the grants. * A copy of the latest internal financial report (from your partners to you) * A copy of the Core Cost Budget/Overhead Cost Budget. The budget must show each donor, project/programme and own income contribute to the daily operation of the organization. | |
| **Financial Management**   1. How are the project/programme's expenses and revenues recorded? 2. Which accounting system is used? 3. What does the organization’s chart of accounts look like – are there, for example, specific dimensions/departments for the different projects/programmes? 4. How often are the Danish project/programme expenses recorded/bookkept? 5. How are the partners’ expenses recorded/bookkept, via transfers in total or by budget lines?   **Samples that CISU will require to see:**   * a copy of the organization’s chart of accounts. | |
| **Accounts and audit**   1. Is the annual financial statement approved by the board and/or general assembly? 2. Are grant accounts integrated into the annual financial statement? 3. Have there been significant remarks in the latest financial statements and/or audit reports? 4. Who is the organization’s auditor, and since when? How often are quotes obtained from auditors? | |
| **Monitoring visits at your partner’s**   1. How and how often does the organization conduct (financial) monitoring visits to partners abroad? 2. What monitoring tools are used during the visits, and how do you report? 3. How do you conduct spot checks on partners' expenses? 4. Is there an agreement on local auditing? | |
| **Documents that CISU will require during the visit.**   * Randomly selected documents (e.g., travel accounts, transfers to partners, etc.). * We will check if the documents contain the following:   + Document number that can be traced to the posting in the account system.   + Correct account coding   + Approval/Signature(s) of the budget responsible person.   + If it follows the organization’s described procedures | |