

GUIDE TO THE ADMINISTRATION OF PROGRAMMES FUNDED BY THE CIVIL SOCIETY FUND

APRIL 2018

CONTENTS

1. VALIDITY OF THE GUIDE	2
2. HOW SHOULD THE GUIDE BE USED?	2
3. WHO IS RESPONSIBLE FOR THE GRANT?	2
4. AFTER FUNDING HAS BEEN GRANTED	3
4.1. Contract with CISU	3
4.2. Cooperation agreement with local partners	3
4.3. Disbursements	3
4.4. Bank account requirements	4
4.5. Financial management requirements – CISU’s financial standards	4
5. GRANT ADMINISTRATION	5
5.1. Changes in the programme	5
5.2. Changes in the budget	5
5.3. Spending of the budget margin (5%)	6
5.4. Spending of unallocated funds (10%)	6
5.5. Spending of fee for administration in Denmark	6
6. DIALOGUE, REPORTING, ACCOUNTING AND AUDITING	7
6.1. Annual consultation and status reporting	7
6.2. Yearly programme accounts	10
6.3. Final report	10
6.4. Final accounts	10
6.5. Auditing	11
6.6. External evaluation	12
7. CISU’S MONITORING VISITS AND REVIEWS	12
8. REPORTING OF PROBLEMS AND IRREGULARITIES	13

1. VALIDITY OF THE GUIDE

This guide is valid for programme grants approved after November 1, 2017.

Please note that this guide will be continuously updated in response to any changes in the rules, or if anything in the text turns out to be unclear. The governing body of the Danish organisation is responsible for always using the latest version, which can be found on www.cisu.dk.

2. HOW SHOULD THE GUIDE BE USED?

When you receive a grant from one of CISU's funds, you commit yourselves to meeting a series of conditions and demands as regards the way in which the funds are to be managed. In this guide you may read about:

- 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 whether you are complying with the rules throughout the course of the intervention. If you fail to administer the grant correctly, you may – in the worst case – be obliged to pay it back.

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

3. WHO IS RESPONSIBLE FOR THE GRANT?

Grants from CISU's funds are awarded to the Danish organisation featuring as the applicant. The governing body of the Danish organisation is fully responsible for the funds being managed according to the rules and in accordance with the basis on which they have been granted.

For the governing body, this entails the following obligations, among others:

- The money must be spent on the purposes described in the application.
- Steps should be taken to prevent corruption and misuse of funds.
- Financial procedures need to inspire confidence, including proper internal controls as well as bookkeeping and accounting in keeping with sound practices in this field. This means that both the intervention and the applicant organisation as a whole must be subject to external auditing.
- No entity which is party to the grant can be listed by the UN or EU as a terrorist organisation.
- Significant problems and irregularities in the intervention must be reported as soon as possible.
- Reports, accounts and other obligatory documents regarding the intervention must be submitted on time.

4. AFTER FUNDING HAS BEEN GRANTED

4.1. Contract with CISU

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

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

4.2. Cooperation agreement with local partners

A condition for receiving a programme grant is that cooperation agreements must be drawn up between the Danish organisation and its local partners. Copies of the signed cooperation agreements must also be submitted to puljer@cisudk. This procedure must be completed before the second instalment can be disbursed.

It is obligatory for the cooperation agreement to contain the following 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 cooperation agreement formalises the intervention in question and should reflect the reciprocal nature of the partnership. Accordingly, it is important that it describes the responsibilities and obligations as well as the rights of all parties involved. CISU’s website contains inspiration to draw up a cooperation agreement.

4.3. Disbursements

When a programme is approved, only the grant for the first year is finally granted. The budget for the whole programme period is approved, but the funding of the following years is conditioned by the overall financing basis for the Civil Society Fund. The yearly grants for the following years will only come into force, when a written undertaking concerning the continuation of the intervention has been given from CISU.

To obtain a disbursement, the form “Request for payment on account” (in Danish) must be used, available on CISU’s website. The first instalment of the grant can be paid out no earlier than one month before the intervention begins, and only after CISU has received a signed contract from the Danish organisation. Please note that each disbursement may normally cover a maximum of six months of activity. The requested amount must adhere to the approved budget for the programme.

There are no set deadlines for disbursement requests, which may be presented at any time of the year. The processing time is approximately one week, although the procedure may take longer in case CISU staff is on holiday.

4.4. Bank account requirements

The grant funds received must be deposited in a special bank account, separate from the organisation's own funds. This applies both in Denmark and in the country of the local partner. However, if an organisation is receiving several Danida grants, the same bank account may be used for all of them. If special rules in force in the local partner's country prevent a separate bank account from being opened, CISU may allow an exemption upon request.

When setting up the separate bank account in Denmark, the account holder must enter into a written agreement with the bank that unspent funds deposited belong to CISU, and that the bank is not entitled to set off this amount against the organisation's possible debt to the bank. Please note that the second instalment cannot be disbursed until evidence is presented to CISU that an agreement has been entered into with the bank.

As an example, the 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.”*

Keep in mind the following:

- If salaries or fees for Danish staff are included in the budget, the organisation must be tax-registered in Denmark as appropriate.
- It is incumbent upon the Danish organisation to take out insurance for major project equipment, inventory and staff to the extent possible.

4.5. Financial management requirements – CISU's financial standards

Recipients of CISU grants must comply with CISU's financial standards, which are available on CISU's website. They specify the obligations of the Danish organisation and its local partner in relation to financial management and set out how to meet individual requirements. It is incumbent on the Danish organisation to inform the partner about the standards and to follow up in case of shortcomings.

The financial standards are found in three versions according to the size of the grant: Below DKK 200,000; above DKK 200,000; and above DKK 1 million. It is the total budget amount administered by the partner concerned which determines the standard that the partner must comply with. The Danish organisation must adhere to the version of the financial standards corresponding to the largest grant that it holds or is applying for.

The local partners and the Danish organisation must be in compliance from the outset of the intervention. However, local partners which have not previously been a partner to the Danish organisation have six months from

the date the intervention begins to achieve compliance with the relevant financial standard.

The Danish organisation is recommended to go through the financial standards with the local partner both before and during the intervention to ensure that the rules are adhered to.

5. GRANT ADMINISTRATION

5.1. Changes in the programme

Money received from a CISU 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. Nevertheless, it can become necessary to introduce unplanned changes in the course of the programme.

The following types of deviations from plan require prior approval by CISU:

- Changes in the objectives, partnerships or target groups of the programme, e.g. if there is a need to cancel or add activities that will affect the realisation of the objectives defined for the programme.
- 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, but should instead be informed and justified in the subsequent status or final report.

Requests for changes are sent to puljer@cisu.dk, using the form “Request for change of period and/or budget for programme”, which is available on CISU’s website www.cisu.dk/program. CISU needs to receive the request well in advance and not after the intervention has been completed.

5.2. Changes in the budget

Basically, the intervention must be implemented within the framework of the budget approved. Nevertheless, it can become necessary to modify the budget in the course of the intervention.

Reallocations between the specific budget lines can be undertaken as follows:

- Reallocations between country/regional and thematic areas are permissible up to a limit of 10 percent of the main budget.
- The organisation must in connection with reallocation between countries and thematic areas always consider whether the budgetary changes lead to substantial changes in the planned activities and outcomes and, if so, revise detailed programme documentation and corresponding results frameworks.
- It is not possible without prior approval to reallocate funds to ‘other activities’ or ‘global/thematic programmes’.
- It is not possible without prior approval to reallocate funds to ‘unallocated funds’.

Please note that no funds can be reallocated to the budget for Information work in Denmark, as information

allocations to which the implementers are entitled, yet choose not to budget for, are transferred to CISU's Development Education Fund. However, if planned information activities are carried out more economically than what was budgeted for, it is possible to transfer funds from the budget for Information work in Denmark to other items.

Changes that do not involve any of the above points need not be approved by CISU in advance, but should instead be informed and justified in the subsequent status or final report.

Requests for budget changes are sent to puljer@cisu.dk, using the form "Request for change period and/or budget for programme", which is available on CISU's website www.cisu.dk/program. CISU needs to receive the request well in advance and not after the intervention has been completed.

5.3. Spending of the budget margin (5%)

In the budget, an amount has been allocated as the item of 'budget margin'. At least 3% and at most 5% of total costs must be set aside for this. You may transfer funds from the budget margin to one or several of the other main budget items, if the need arises. For instance, the budget margin should cover unforeseen expenses. These 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.

The transfer from the budget margin need only be approved by CISU if:

- You want to spend the budget margin on expanding or reformulating the intervention.
- You want to spend the budget margin on technical assistance (TA) or auditing.

5.4. Spending of unallocated funds (10%)

Unallocated funds should be used to seize new opportunities or react to new situations, acute demands or challenges within the programme. The unallocated funds (max. 10%) can be allocated without prior approval from CISU for activities that clearly supplement or innovate the programme activities. Activities must be justified in next coming status report.

Notice: All allocations of the budget margin and the unallocated funds must be notified and justified in the following status report (with a revised budget) as well as in the final accounts. The allocation and spending of the budget margin and the unallocated funds must always be in pursuit of the programme's overall objective.

5.5. Spending of fee for administration in Denmark

The budget reserves up to 7% of the subtotal of intervention 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 administration fee should cover the Danish organisation's general additional administrative expenditure in

connection with the grant. The boundary between general administrative costs and direct intervention spending may appear less than clear-cut, but the following types of expenses within the organisation can only be covered by the administration fee:

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

Notice: In the final accounts for the intervention submitted to CISU, the Danish organisation is not required to give details of how the administration fee has been spent. However, this information must be stated in the organisational accounts.

5.6. Reallocation and transfer of funds

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

Transfers to following years do not (within the stipulations outlined above) require prior approval, but when the accounts indicating the year's expenditure are ready, a revised budget needs to be submitted to CISU.

Reallocations and transfers will have to be explained. Expenditures will subsequently firstly be taken from transferred funds and thereafter from the allocation for the year.

6. DIALOGUE, REPORTING, ACCOUNTING AND AUDITING

Having been awarded a programme from the Civil Society Fund, you are committed to meeting a number of deadlines, all of which will be set down in the contract with CISU signed before the programme begins. If any deadlines are changed in the course of the programme period, it will be informed through your organisation's profile on CISU's intranet site.

6.1. Annual consultation and status reporting

An annual consultation with each programme organisation will be conducted no later than April 1. The objective of the consultation is to report on achieved results and discuss updates on the programme. In order for CISU to verify that the programme organisation is on track to achieve results as indicated in the application to CISU, the organisation should, in preparation for the annual consultation, submit the following documents to CISU:

- a) Strategic update
- b) Budget for the upcoming year (using designated format – refer to Annex 1)
- c) Performance reporting for the previous year

Documents should be submitted to CISU as early as possible, no later than March 1. The documents must be in English and sent to puljer@cisu.dk.

Content of status reporting

a) Strategic update

The update on the partnership engagement should include:

- General update: Overall strategic and organisational status and possible changes (max 2 pages);
- Specific updates: A description of updates, if warranted, to the submitted ToC, including a description of changes in context and risk assessment and consequences for the results framework (achievement of outcomes). For programmes having activities in fragile situations the ToCs/programme documents should always be updated as for context, stakeholder and risk analysis along with needs assessments and resulting changes in programmatic focus and activities. Updated ToCs should be submitted upon request (max 3 pages + revised ToC illustrations if relevant)
- A reflection on the utilization of unallocated funds
- Update on the strategic description of planned Programme Related Information (PRI) activities in Denmark as well as on popular engagement in Denmark (maximum 1 page)

b) Budget

A separate updated budget using the original budget format should be submitted. If unspent programme funds from a previous year (e.g. 2018) are planned to be transferred to the current financial year (e.g. 2019), the current year's approved budget (2019) should be adjusted accordingly reflecting what budget lines the funds will be allocated to.

Implementation budgets for programme activities shall be enclosed, using the organisations own formats. This will enhance CISU to understand the spending structure in the programme.

Expenditures related to activity specific Technical Assistance (TA) must be specified in the budget in percentages.

The budget should be enclosed a brief budgetary note outlining e.g. significant changes in the allocation of funds as compared to the most recently approved budget and plans for the fulfilment of the own-financing requirements.

c) Performance reporting for the previous year

Performance reporting should present results achieved during the previous year. The report does not need to follow a particular CISU format, as long as the points listed below are addressed:

- An executive summary accounting for significant results and/or major deviations from expected outcome targets for the year

- Reflections on results framework (is it still relevant and up-to-date or is there a need for adjustments)
- An account on progress and achieved results
- An assessment of progress at overall/thematic level and summaries of progress at country/programme level

A detailed narrative report at country level should not be submitted to CISU, but should be available upon request.

More specifically, the performance report shall contain:

- Progress against selected indicators from the approved programme results framework with a related narrative, focusing on outcome-level changes with reference - where relevant - to programme related SDGs. The organisation's account can be based on internal monitoring systems and reports, but should include the following elements:
 - Reflections on the degree of target achievement, highlighting variations in outputs affecting planned outcomes, including analysis of possible causes, lessons learned, and how these are reflected in follow-up activities/corrective actions and if relevant in the update of the partnership engagement.
 - Reflections on how the organisation pursues cost effectiveness. This should include reflections on whether achieved results have been delivered at reasonable costs in a given context as well as future cost-efficiency approaches to further strengthen this aspect.
 - Presentation of one case story highlighting how the programme or certain activities have made a difference.
- Follow-up to recommendations from reviews, financial monitoring reports/reviews, and latest annual consultation with CISU.
- Based on observations from strategic update, describe any major organisational or strategic changes in the organisation and its context, including changes in the organisation's international alliances, networks, etc.
- A short description on how funds have been used strategically towards co financing, basket funds, joint programmes to match funding of local partners to enhance scale, influence, and promote harmonisation.
- Report on Programme Related Information (PRI) in Denmark as well as popular engagement in Denmark. For popular engagement in Denmark, describe main activities, innovative initiatives and lessons learned. Account for the organisation's popular anchorage and outreach in Denmark, reflecting on main changes in parameters such as membership, support persons/contributors, volunteers, etc.

The performance report should not exceed 10 pages.

The annual consultation

The annual consultation will, if practically applicable, be held at the office of the programme organisation, and if not in CISU offices in either Aarhus or Copenhagen.

The standard agenda will be:

Agenda items:	Related documents
1. General status of programme strategy (focus on ToC)	Strategic update
2. Programme performance (progress on results)	Performance report
3. Budget performance and new budget	Revised budget proposal
4. Summary of decisions	Minutes

6.2. Yearly programme accounts

Audited accounts for the programme for the previous year must be submitted to CISU once a year. The deadline is July 1 (see formats at www.cisu.dk/program). The document must be sent to puljer@cisudk.

6.3. Organisational accounts

An audited report for the previous year for the organisation as a whole (annual accounts) must be submitted to CISU once a year. The deadline is July 1.

The following documents must be uploaded through the Danish organisation's profile on CISU's intranet (only one document can be uploaded at a time):

- The organisation's audited annual accounts for the preceding accounting year signed by an auditor and by the main governing body. The auditor must be state-authorized or chartered.
- The organisation's annual report.
- Audit letter prepared and signed by the auditor.

For organisations entitled to charge overheads in addition to documented wage costs, CISU may demand the following when organisational accounts are submitted:

- Specification of the organisation's income in terms of overheads charged on the basis of person-hours related to CISU grants.
- In the case of consultancies carried out by field office staff, specification of income in terms of overheads charged on the basis of activity-specific consultancies and specification of the office's total expenditure.

6.3. Final report

Once the programme has ended, a final report must be submitted within six months of the end of programme. CISU's format must be used and is available at www.cisu.dk/program.

A signed version of the final report must be sent to puljer@cisudk.

6.4. Final accounts

Final accounts for the programme must be drawn up and submitted to CISU no later than six months after the programme has been completed. CISU's final accounts format must be used and is available at

www.cisu.dk/program. The final audited accounts and attendant audit letter must be sent to puljer@cisudk

Weighted average exchange rate

At the time of the final accounts, the conversion of accounting conducted in non-Danish currency must take place at the rate at which the disbursements have been exchanged, using the so-called weighted average exchange rate. This key figure is calculated by listing all financial transfers from Denmark to the recipient country throughout the 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.

Transfer document

If equipment, stock, fixtures etc. are donated to partners or authorities in the developing 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 (currently about DKK 13,000), it is obligatory to attach a signed transfer document to the audited final accounts. A transfer document format is available on CISU's website.

Unspent funds and interest

Earned interest must be separately entered as income and repaid to CISU when the intervention has been completed. This applies to interest accrued both in Denmark and in the country of the local partner. Accordingly, interest earnings must not be spent on activities. Interest costs in Denmark can be covered by the budget margin, while unspent parts of the grant as well as interest accrued in Denmark and in the developing country must be repaid in connection with submission of final accounts to CISU by depositing into the following bank account:

Civil Society Fund: Jyske Bank, sort code 5078, account number 1159814.

6.5. Auditing

The yearly and final accounts must be audited by a state-authorized or chartered auditor who is appointed by the Danish organisation. The audit must adhere to CISU's audit instruction manual for programmes, which is available on CISU's website. It is incumbent on the Danish organisation to ensure that the auditor confirms in writing that he or she is willing to perform his audit tasks in keeping with the provisions of CISU's audit instructions. When auditing the final accounts, the auditor must therefore mention in the audit report that his job has been performed in keeping with CISU's audit instructions and good public auditing practices.

Furthermore, the auditor must draw up an audit letter, setting out his or her assessment and opinion in view of the audit conducted. The audit letter can be attached to the audit report or be presented separately.

Please note that an audit in the developing country of cooperation is also required. This audit must adhere to international standards.

Accordingly, before the programme begins, it is important that the Danish organisation's auditor is able to approve the local auditor, who must adhere to international standards and good public auditing practices.

6.6. External evaluation

An external evaluation of the programme is not mandatory (unless the programme phase is planned as the last phase) and an eventual cost is expected to be commensurate with the size of the programme.

NOTE: An external review/appraisal will be commissioned by CISU in the last 12-14 months of a programme phase (see section 7). An evaluation of a programme, which is meant to be continued in a new phase, should only be planned if it is relevant taking into consideration that a review has just been carried out.

If evaluations are planned they must comply with Danida's minimum requirements as quoted here¹:

- Be independent: the evaluation must be conducted by an external, independent person. Thus, support cannot be given for evaluations where the organisation's employees, members or others involved in the activities conduct the evaluation.
- Contain considerations relating to the DAC's evaluation criteria: relevance of the activity's objective, efficiency of resources in relation to result, effectiveness in relation to meeting goals, the direct and indirect impact of the activities and the sustainability of the activities. It will not be relevant in all cases to include all the criteria. However, it is important that the organisation makes it clear why certain criteria have been included while others have not.
- Be publicly available on the Danish organisation's website. Moreover, the organisation must submit the evaluation to the Ministry of Foreign Affairs when the evaluation is made available on the website.

7. CISU'S MONITORING VISITS AND REVIEWS

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

Local partners involved in the Danish organisation's programme-related work will usually receive one monitoring visit from CISU in the course of the programme period. This is to gather more knowledge of how the partnership serves as a framework for the programme, to assess the objectives and strategic framework (e.g. the Theory of Change), as well as to take advantage of learning potentials for other CISU-sponsored development interventions.

In the fourth and final year of each grant period, CISU will commission an external review (RevApp) of the programme in case the Danish organisation wishes to apply for a new phase of the programme. As a part of the process, the organisation must submit a draft concept note by February 1.

¹ The quote is from "General Principles Governing Support to Development Activities Implemented by Danish Civil Society Organisations". The latest version in Danish is from January 2016, but the latest version in English (which sets out exactly the same minimum requirements) is from 2011 and [available here](#).

8. REPORTING OF PROBLEMS AND IRREGULARITIES

The governing body of the Danish organisation is duty-bound to immediately notify CISU:

- 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, stating how you plan to solve and follow up the difficulties and/or irregularities observed. You are very welcome to contact CISU if an intervention runs into problems, 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.