**Appendix 11**

***[TEMPLATE]***

**Accounting Manual**

**for**

***[project name]***

Last updated on [*date, month and year*]: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Approved by *[Project Coordinator]:* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Approved by [*Head of Institution]:* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**Appendices**

Appendix 11a: List of Appendix Accounting Manual Documents

Appendix 11b: Sample Job Descriptions

Appendix 11c: Sample Chart of Accounts

Appendix 11d: Sample Accounting Procedures

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| Conditions of the ManualThe purpose of this accounting manual is to have explicit descrip­tions of ac­counts procedures of the project, and of the organisation of the accounts functions, the accounts system and related systems. The manual will support the project in ensuring sound and effective financial management of project funds. The manual is approved by the external auditor of the project and submitted to DFC. The manual will be updated once a year at the time of submission of the annual accounts to DFC. Possible recommendations for adjustments to the manual from the annual audits will be incorporated during the annual update of the manual. The date of update will be stated on the front page of the manual. It is the responsibility of the project coordinator to ensure that the manual is maintained and updated.  | ***Guidelines****An accounting manual must be prepared at the outset of the project and must be an integral part of the process of establishing the accounts section and setting up the accounting system. The manual must be submitted to DFC as early as possible after project initiation and at the latest before the second disbursement to the project. The external auditor must verify that the manual is in accordance with DFC guidelines and relevant in-country rules and regulations. See template in Audit Instructions, Appendix 7a to the General Conditions.**The project-specific content of the manual should be in accordance with in-country and/or the responsible institution’s rules and regulations. Reference to a circular number or other documentation should be indicated, where relevant.* *Where marked [****project to fill in****] the italic text must be replaced with project-specific text, which must give directions on procedures rather than being policy statements.* *Should it be preferred to attach detailed descriptions to the manual for some of the topics, a reference to the specific attachment must be indicated.* *A list of the accounting manual documents required as appendices - in addition to the accounting manual itself - is available as Appendix 11a.**Further accounts functions and procedures can be added as an appendix to the manual.*  |

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| Accounts SectionAn account section has been set up to support the accounts functions of the project. ***[Project to fill in]*** *Indicate where in the institution the accounts section/function is located.**It may be decided to use an already established accounts section at the institution to undertake the accounts functions of the project, or have accounts staff specifically handle the accounts functions related to the project. In setting up the accounts functions, attention must be paid to how the accounts functions should be organised, what functions should be carried out, where staff should be placed and to whom they must report.*The accounts functions are defined below, including job descriptions for the project accountant(s) and other relevant accounts staff. The responsibilities of the accounts function include, among others:* Establishment of secure procedures in the administration of funds;
* Establishment of detailed rules for authorisation to sign vouchers for payment;
* Responsibility for all cash and bank holdings and other assets recorded in the books;
* Control of the project budget;
* Supervision and random control of cash holdings and day-to-day bookkeeping.
 | *From project initiation, the organisation of the accounts functions must be clear.* *An administration fee (overhead) can be charged to cover the expenses directly attributable to the project, such as expenses related to the accounts functions. Projects in Ghana, Tanzania and Nepal (granted in 2014 onwards) can charge an administration fee up to 12%. Projects in Ghana and Tanzania granted under the Pilot Research Cooperation Programme 2008-2013 can charge an administration fee up to 7%. Projects in Vietnam granted under the (Pilot) Research Cooperation Programme 2008-2013 can charge an administration fee up to 3%.* *In the budgets, the overhead is calculated based on total budgets. In the accounts, the overhead is allocated according to actual spending. The actual claim of overhead is always based on actual spending. No additional funds can be allocated to the project administration over and above the overhead contribution. It is not a requirement that the use of overhead is accounted for.* |

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| **Accounts staff**The project coordinator has appointed staff to support the accounts functions, and job descriptions are available.***[Project to fill in]****List the name and position of all relevant accounts staff, such as accounts officer(s), bookkeeper and cashier. Job descriptions for the accounts staff must be attached to this manual.* | *Example of job description for an accounts officer is attached as Appendix 11b.* |

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| **IT system**An appropriate computerised system has been established to support the accounts functions.***[Project to fill in]****Indicate the computerised system in place.* *Details on the hardware, software, security procedures and service agreements must be attached to the manual as an appendix.*A hard copy filing system or electronic archive has been established as part of the bookkeeping function. Rules and procedures for the filing of accounts vouchers have been prepared and described as below. Accounts records will be stored safely for the whole project period, and for a period of 5 years after the completion of the project activity.***[Project to fill in]****State the rules and procedures for filing accounts records, in hard copies or in an electronic archive.* | *When setting up the accounts functions, one of the first requirements is to choose a suitable IT-based accounting programme to streamline day-to-day bookkeeping. In doing so, it must be ensured that proper security procedures are in place, such as daily backups, the protection of backup files and documents, and virus checks.* *It is recommended that the selection of accounting software is guided by availability and systems support in-country. A simple spread sheet (e.g. Excel) must not be used instead of an accounting package.**Should an electronic archive be used for filing rather than a hard copy filing system, easy access to files should be ensured and all electronic files should be printable.* *A manual cash book may be used temporarily to record expenses if the computerised system is not in place and running from the start of the project. When the computerised system is in place, all transactions from the beginning of the project must be recorded in the system.* |

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| Budget The approved budget is the overall financial framework for project implementation.Any reallocation *below 10%* of the approved budget for the smallest of the budget lines from where or to where the funds are transferred can be made without DFC’s approval. In the event of a reallocation *above 10%* of the budget for the smallest of the budget lines from where or to where the funds are transferred, a request will be submitted to DFC justifying the reallocation. The budget line reallocation will always be calculated based on the total three-year budget per budget line including all project partners. Any reallocations between budget lines will be described and substantiated in a note to the annual accounts, as well as to the final accounts, with reference to any acceptance by DFC of changes above the 10% threshold. | *Reallocations between budget lines can be made in accordance with the rules laid down in the General Conditions.* *As described in the Letter of Grant, reallocations between main budget lines within the approved budget can be made without DFC’s prior approval by up to 10% of the budget for the smallest of the budget lines from where or to where the funds are transferred. The calculation of reallocation should be based on the total three-year budget, including all project partners.**Regardless of the above- mentioned reallocations, DFC will for the whole project period keep the original budget as a baseline budget.* |

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| Disbursements A separate finance account/activity for the grant is established in order to distinguish the funds from other grants. The project coordinator is responsible for the project as a whole and will (together with the project accountant) monitor all payments to the project. The project coordinator will sign all disbursement request forms, including disbursement request forms received from the Danish research partners. The disbursement request received from the project coordinator or Danish research partners will cover the whole fiscal year and exclude expenses for PhD students’ and researchers’ stay in Denmark administered by DFC, as such expenses are debited against the grant by DFC directly.The project coordinator will submit the request to DFC for funds covering the coming fiscal year (calendar or academic year depending on the reporting year of the country concerned). | *DFC disburses funds to the project upon request from the project coordinator. The disbursement request form is available as Appendix 4 to the General Conditions.**DFC disburses the funds directly to the project, and directly to the Danish research partners.* *The first transfer in the fiscal year will normally cover a payment on account of 50 % of the requested disbursement. The second transfer in the fiscal year is conditional upon DFC’s receipt and approval of the annual accounts.* *Annual disbursements ≤ DKK 250,000 will be transferred as one instalment.* |

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| Exchange ratesThe project accounts are kept in the local currency. In the annual accounts to DFC, both the local currency and the accounts in Danish kroner will be stated. In the annual accounts to DFC, the exchange rate at the time of submission of the annual accounts will be stated. If another currency than the local currency is used, e.g. US dollars, the foreign currency will be translated into local currency in the accounts. A four row cash book will be used: cash in local currency, bank in local currency, bank in local currency translated from foreign currency, and finally bank in foreign currency. When a transfer of funds takes place, the exchange rate might change. At the date of the change, the balance will be calculated, and the exchange rate difference will be booked. From that date, the new rate of exchange will be used. A specification of the calculation of the exchange rate difference will be filed together with the cash book and the vouchers. The same goes for the booking of differences occurring when funds are transferred from the foreign to the local bank account. Interest gained from exchange rates will be specified separately in the annual accounts and returned to DFC at the end of the project period.  | *The disbursement to the project from DFC is made in Danish kroner. All transactions in Danish kroner are converted at a standard rate. The rate will always be the same within a calendar month. Calculating accounts kept in foreign currency should be at the same exchange rate as the original transfers (weighted average exchange rate), so that artificial currency exchange rate gains and losses are avoided.**Interest gained from exchange rates cannot be used to finance grant-funded research activities.* |

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| Chart of AccountsThe chart of accounts will be formulated to meet the requirements of the project, and there will be a clear correlation between the chart of accounts and the budget lines in the approved budget. The budget lines are as follows:* Salaries and emoluments;
* Educational fee/grants;
* Expenses for trips abroad and field work;
* Research equipment and materials;
* Publication, dissemination and communication;
* Administration fees charged in the RI country;
* Administration fees charged in Denmark;
* PhD students’ study stays in Denmark (DFC costs);
* External audit.

The chart of accounts is made so that it is possible for the accounts system to provide the infor­mation necessary to achieve its objectives, i.e. external re­porting, control and internal management information. Changes to the chart of accounts will be avoided to the extent possible. Changes may, however, be required, and it is stated below who can approve changes, and who should carry them out. ***[Project to fill in]****State who can approve changes to the chart of accounts, and who should carry them out.* The chart of accounts includes as appropriate different sub-accounts systems/registers covering a *monitoring system,* a *fixed assets register, a store register, a transport register, and a payroll register.* All systems/registers will refer to specific accounts in the ledger, so that it is possible to reconcile the accounts to the registers. | *A chart of accounts is a tool to categorise (group) the project’s financial activities in order to provide a better overview. The purpose of a chart of accounts is to ensure a fixed structure of the accounts created during bookkeeping.* *A Sample Chart of Accounts is provided in Appendix 11c.**Changes to the chart of accounts should preferable be made as per the beginning of the fiscal year.**When designing the chart of accounts it must be considered how best to monitor project achievement in relation to plans and in relation to funds spent.*  |

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| **Monitoring system**The following monitoring system has been established:***[Project to fill in]****State how the project monitors project achievements vis-à-vis the financial plans and funds spent.*  |  |

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| **Fixed assets register**A register for fixed assets has been established. Fixed assets defined as buildings, vehicles, equipment and furniture used under the project as part of day-to-day operations will be expensed at the time of purchase. This means that there will be no fixed assets accounts in the balance sheet for the project, and consequently no depreciation accounts exist for the project. The balance of the account(s), project to date, must agree with the total balance of the fixed assets register. The balance of the accounts and the register will be reconciled at least once a year.All purchased equipment will be appropriately insured and kept in good working order. Prior to the completion of the final accounts, any major project equipment will be sold at the best possible price and recognised in the final accounts as income. ***[Project to fill in]****State where and how fixed assets are recorded for the project.*The fixed assets register will be maintained in an Excel spreadsheet or in a book and will include ID or serial number, acquisition date, description of asset, location and acquisition costs.  | *If the RI wishes to keep the equipment at the institution after project closure/completion, the market price for such used equipment must be examined, and the purchase must be entered into the final accounts. Items not sold under the project must also be entered into the final accounts.* |

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| **Store register/inventory list**A store register has been established e.g. for research materials.***[Project to fill in]****State where and how research materials (item number, location, date of purchase, invoice number and value) are stored and recorded.* | *A store register/inventory list must be established if e.g. research materials for the project are stored.* |

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| **Transport register**A transport register is kept covering the transport elements of the project, e.g. maintenance of logbooks, requisitions, maintenance plans and transport running costs of the project.***[Project to fill in]****State how the transport components of the project are recorded and managed. It must be possible to follow the cost of transport/the project vehicle (when such exist) per km including fuel and main­ten­ance, and to charge transport costs as relevant to different activities or components within the project ac­cording to budget.* | *A transport register must be established covering the transport elements of the project, including maintenance plans and logbooks.* *Logbooks for project vehicles are obligatory to ensure proper registration of the use of the vehicle. All logbooks must be authorised by the project coordinator.* *Also transport related costs in connection with rental of vehicle or other transport costs of the project including airfares must be part of the transport register.*  |

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| **Payroll system/register**A payroll register has been set up for the project, including registers of tax withholdings, compulsory contributions, in­surance, etc. ***[Project to fill in]****State the procedures relating to payrolls, including taxes, insurance, etc.*Salaries, disbursed through the grant, are either replacement salary paid to the institution for the time the staff allocates to the project, or compensation payment for over-time, either hourly or performance based. ***[Project to fill in]****State the practice of payment of staff used by the project.* All staff payments including the timesheets/performance reports is authorised by the Project Coordinator of another designated person. ***[Project to fill in]****State the person responsible for authorising the staff payment.* The basis for approval of the periodic (typically monthly) salary etc. of project staff and researchers comprises a voucher concerning salary etc. for which a payroll has been enclosed. In the payroll, the size of salary, pension and any social security expenditures are specified for each member of staff/researcher. Payment is made electronically. If, exceptionally, the salary is to be paid in cash or by cheque, the particular staff member’s/researcher’s salary receipt will be evident from the payroll or attached to the payroll.The payroll will be approved by the project coordinator, and a new one drawn up in case of changes. In addition to the payroll system, the project will have an employee bio-data card for all involved researchers and staff remunerated under the project providing information on salaries, tax and statutory deductions. | *A payroll system/register must be established covering salaries, tax issues, compulsory contributions, in­surance, etc. according to the in-country rules and legislation.* *In the case of over-time payment, a written agreement must be entered between the institution and the researcher.* *The project coordinator is not required to personally approve the monthly expenditure voucher for payments, as long as the contents of the payroll system/register remain unchanged.* |

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| ProcurementAll purchases will be made in accordance with international and/or in-country procurement regulations. Procurement relates to the purchase of materials, equipment and services. The basic steps followed for purchases are as follows: * Identify the needs/requirements in terms of materials, equipment or service;
* Search for suppliers who can satisfy the requirements;
* Contact (by public tender or direct contact) the suppliers and request a quotation or a proposal. Normally, a minimum of three quotations/proposals is required to meet competition requirements;
* Review the quotations or proposals based on pre-set criteria (such as price and quality);
* Negotiate and conclude an agreement/contract with the most appropriate supplier;
* Check that the supplier is not related in any way to any member of staff, including relatives or suppliers in which a staff member has a business interest;
* Check that all steps are transparent, and that documentation is available.

***[Project to fill in]****State the procedures relating to the procurement of project equipment, project materials and services, including threshold values.**It must be clearly defined who has the authority to make purchases and for which amount.* | *When workshops and other events are organised under the project, the basic steps for procurement must, as far as possible, also be followed to ensure that the expenses for renting conference rooms, accommodation, etc. are at a competitive price level. In any case, justification and documentation must be available for the choice of venue.* |

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| **Local Purchase Orders** Local purchase orders (LPOs) will be used to order new supplies. The LPO is written upon receipt and authorisation of an internal requisition form. The LPO requests the supplier to supply goods or services as per the details stated therein. Under the LPO, the purchaser commits to pay for the goods or services upon receipt of an invoice thereof. The LPO is approved by two project staff members of whom one is the project coordinator. The information in the LPO includes the supplier’s name, address, date and name of the requisition, delivery note number and invoice number as well as the details of goods or services to be supplied or rendered. The LPO book is pre-numbered. | *The internal requisition form is the original document of record of all major expenditure. It is the form through which non-recurrent expenditure must be initiated.* |

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| Accounting ProceduresThe daily accounting procedures refer to the maintenance and recording of the financial activities. The project coordinator will ensure that project funds, at all times, are used for approved project activities and budget items only.  | *Project funds cannot be used for purposes or activities not approved in the budget. Clear and transparent procedures in accounting are essential to ensure that project funds are managed in an appropriate manner.* |
| Cash Accounting Under the project, a *cash basis of accounting* principle is applied, meaning that expenses are only recorded as they are paid.  | *Appendix 11d provides a template and example of accounting procedures.* |

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| **Petty cash handling**A safe has been provided for project cash funds, and project staff responsible for the project safe and cash accounting have been identified.All petty cash payments are made on the basis of a completed payment order, whereby a duly authorised person - in accordance with the rules applicable to such order - allows payments to be made. Outgoing payments will be documented by approved receipts and transmitted to the chart of accounts. A continuous cash record is prepared for all in and out going payments.***[Project to fill in]****State the person(s) responsible for petty cash (having the key for the project safe), the amount that may be held in cash under the project (e.g. up to DKK 25,000) and how petty cash is managed.**For the handling of petty cash, the person(s) responsible for cash in hand and the way in which cash is kept must be clearly defined, as must the person(s) holding the key for the safe as well as the amount of cash in hand allowed for the project.* *The rules on the banking of surplus funds and on how to order cheque books, the rules on the safekeeping of cheque books, and the rules on the maintenance of cash/bank book must also be clearly defined.* | *Efforts must be made to keep the petty cash balance at the amount required to make possible the day-to-day and uninterrupted operation of the project. The petty cash must not be mixed up with non-project funds.* |

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| **Electronic payments and cheque books** Procedures have been established for the project regarding electronic transfer and the use of cheque books, including ordering and safekeeping. ***[Project to fill in]****State the procedures for electronic transfers, the person authorised to make the transfer, the person approving the transfer, and up to what amount.* *State the procedures for payment by cheque, the two persons who can sign cheques, the person responsible for ordering cheque books, how cheque books are ordered and the procedures for the safekeeping of cheque books.* *Documentation (e.g. in the form of a copy of signature pages) is to be stored and kept updated.* Any person approving electronic transfers or signing cheques is responsible for checking the basis of the payment. The relevant person will check that: * Vouchers have been approved by members of staff with the relevant authorisation;
* Every voucher is self-explanatory and original;
* Vouchers have been provided with information about the date and number;
* Cheques have been crossed to bank or banker.
 | *Payments may be made either in cash or by a bank cheque or transfer. The project coordinator must reduce cash/cheque payments to a minimum and in general disburse the majority of payments electronically, if possible.**For reasons of financial control, two members of staff who perform functions in the Account Section on a daily basis, either as a cashier or a bookkeeper, must not co-approve electronic transfers or sign cheques together. Electronic transfers and cheques must always be co-approved/signed by at least one member of staff who does not manage functions as a cashier or a bookkeeper, e.g. the project coordinator.* |

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| **Standing imprest accounts**Under the project, the following procedures have been established for standing imprest accounts:***[Project to fill in]****Describe the standing imprest account procedures, including time frames for replenishment/settlement.**If a system of standing imprest accounts is applied in the project, it must be clear how often the standing imprest accounts should be replenished/settled. When a standing imprest is replenished/settled, the holder must hand in all vouchers for payments made, including the cash balance of the standing imprest amount to the project accountant/cashier, who will then pay out the full standing imprest amount again.*  | *Some projects may operate within a standing imprest account system.* *Justified documentation must be available for the standing imprest account replenishment/ settlement.* |

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| **Advance payments to cover project expenses**Procedures for advance payments and settlement of advances have been established for the project.***[Project to fill in]****State the types of advance payments acceptable under the project and the maximum amount to be paid in advance. The project co-ordinator must approve all advance payments. Indicate how advance payments are settled and the time frame for doing so (e.g. within one month).*A field travel claim form is used in claiming expenses incurred by the researchers while on field trips or in accounting for advanced for travel expenses and any other expenses.Researchers making a claim for travel expenses or submitting returns on travel advances are required to complete this form. | *Advance payments can only be made for project-related purposes.**A field travel claim form is the record of per diem and all other expenses incurred by researchers during field trips. This form is designed to collect information such as the name of the traveller, the rate applied and other travel expenses.*  |

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| 7.2 Documentation Documentation includes the electronic and hard copy filing system (as defined under the accounts section above), accounting entries and among others the handling of vouchers and invoices. Records and supporting documents shall include the information necessary to document the correctness and accuracy of the registration. | *Documentation is an essential element of sound financial management.* |

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| **Accounting entries**The following procedures for making regular accounting entries have been established for the project:***[Project to fill in]****State how often entries will be made (e.g. daily or weekly), the accounting system in which they will be made and the chart of accounts concerned.**The recording of accounting entries must be organised and carried out to the effect that the accounting records and documentation are not destroyed, discarded or mutilated, and that errors and mismanagement are prevented. The documentation must always be justified and approved and must be arranged by voucher no. or accounts system ID no. It must be kept in an arranged order for a period of at least five years (for further information about the filing system, please refer to Section 1: Accounts Section).*All transactions will be recorded accurately. This requires that each transaction, in principle, is recorded individually and separately in the accounts. The sum of several uniform transactions can, however, be recorded instead if they refer to, and are documented by, vouchers generated manually or electronically. Also, all transactions will be recorded as soon as possible after the financial event has occurred and a financial statement can be made. | *Accounting entries must be recorded in the order in which the transactions occurred, if possible. The accounting entries must refer to related vouchers and contain information that makes it possible to determine when the accounting entry was made.* *A separation of staff functions must be established between the recording of accounting entries and payment, i.e. the same person must not serve as a cashier and a bookkeeper at the same time.* |

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| **Handling vouchers**It is ensured that vouchers are available for each financial transaction. For all expenditures, the accountant/cashier will prepare a payment voucher. Original invoices and receipts will be attached to the voucher. The person approving the payment (authorised person) will sign the voucher as well as the original document. If the voucher documentation requires correction, the original content as well as the revised content must be clearly evident from the documentation.***[Project to fill in]****Describe how vouchers and the time frame for posting vouchers (ex. post entries) are handled under the project. Each voucher must have a number, and it must be ensured that the same number appears in the posting. Vouchers should be filed in numerical order in the filing system.**The deadline for handing in/preparing vouchers, the required format of documentation and the person(s) eligible to surrender and claim refund(s) must be stated.**Each voucher must have a number, and it must be ensured that the same number appears in the posting. Vouchers must be filed in numerical order in the filing system. Some entries are not normally entered in the day-to-day bookkeeping but posted periodically. Similar to all other entries, post entries must be backed by a numbered voucher.* *Special vouchers may be prepared for the project, e.g. for paying salaries to staff and for advance payments.* The payment voucher is completed before the actual payment is made with the details of the payees, purpose, date, cheque number, amount, account number, budget item number, ledger text and position analysis, space for memos and information on the cheque/cash, dispatch or payment.  | *The payment voucher form is the main document of record and approval of all payments. All vouchers must be self-explanatory, and a voucher must be available for each financial transaction and all entries made for the project.* *The payment vouchers must be supported by primary documents such as an internal requisition form, a local purchase order, a travel claim form, a payroll card, leases or agreements. The payment voucher must come in three copies: Original – Payee, Duplicate – Accounts, Triplicate - Book copy.* |

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| **Handling invoices**Invoices are available for the purchase of services/items. Invoices from the purchase of items/services will be dated and numbered, and the copies of invoices will be filed. Only authorised and approved supplier invoices and credit notes can be entered into the system. Purchase order invoices will be matched against the purchase order to ensure that the amount invoiced is stated correctly in the invoice. If the amount is correct, and the purchased item has arrived, the person responsible for the purchase (accountant/project coordinator) will approve the invoice by signing it. ***[Project to fill in]****Describe how invoices are handled under the project.* Invoices from the purchase of items/services will be dated and numbered, and the copies of invoices will be filed. | *In case of discrepancies (dispute invoice), the dispute must be investigated and resolved with the supplier. Invoices registered must be reviewed on a monthly basis to ensure the disputed invoices are being resolved on a timely basis.* |

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| 7.3 Control All intended expenditures will be checked against the budget, financial plans and the overall availability of funds at the time of request for disbursements.  | *A monitoring and control function is an important element of the accounts system.*  |

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| **Controls**A control function responsible for all financial transactions has been established for the project. Transactions to be checked every month will be listed. They may include payroll, reports from transport section, stores, imprest accounts, etc.***[Project to fill in]****State the time frame (e.g. every month) and list the types of transactions and routines relating to the monitoring and control of those transactions.* | *The emphasis on budget control must be used to ensure that expenses conform to approved budget limits and financial plans.**One important parameter when controlling the budget is to compare records and ensure that no budget variances exist between the records.* |

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| **Authorisations/Signatories**The project has established procedures for authorization of financial transactions based on the four eyes principle. Authorization will be done on all documents supporting an expense. Special note shall be made of authorization to sign procurement orders. ***[Project to fill in]****State the names and designation of the signatories and indicate for each signatory the types of expenses and amounts the signatory can approve. A sample of the signature, a sample of the initials, the date from which the signatures are valid, must be attached to the manual.**It must be clearly defined who has the authority to sign on behalf of the project regarding incurred expenditures (to approve expenditures, sign cheques, pay cash and collect cash from the bank) and who can approve the different types of project expenses. In the presence of the project co-ordinator, he/she must always be one of the signatories regarding expenses incurred.*  | *The list of signatories must include the name and designation of the signatory, a sample of the signature and, a sample of the initials as well as indicate the date from which the signatures are valid. The list must be signed by the project coordinator and attached to this manual.* *Any person authorised to incur expenditure on behalf of the project must be stated, and any limitations to that authority (types of expenses and amounts) must be clear.* |

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| **Bank reconciliation**Accounts statements are received from the bank and reconciled to the cash books. In case of differences such will be investigated with the bank.***[Project to fill in]****State how often bank reconciliations must be made (at least monthly), who should validate and approve them and how to follow up on differences in the reconciliations.**At least monthly bank reconciliations are important to ensure cash flow management and to ensure that the project never exhausts the cash funds on the project account.*  |  |
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| Annual AccountsThe project will submit the project accounts for the previous fiscal year to DFC electronically.  | *The format for annual accounts to DFC is available as Appendix 5 to the General Conditions.* |

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| **Reporting deadlines** Internal deadlines are defined for internal accounts reporting in order to meet the external deadline for the presentation of annual accounts.***[Project to fill in]****State the deadline for internal accounts reporting in order to meet the deadline for submission thereof to DFC (e.g. two weeks before DFC’s deadline). State possible sanctions if accounts are not submitted within the deadline.*The deadline for submitting annual accounts to DFC is ***April 1****.*It is the responsibility of the project coordinator to ensure that the annual accounts to DFC are submitted on time. In order to meet the deadline, the project coordinator has agreed on some internal deadlines with the project researchers, collaborating institutions and the Danish research partners. The annual accounts to DFC include: 1. Joint/combined annual accounts (covering the RI and Danish research partners’ part of the budget) signed by the project coordinator.
2. Annual accounts of the RI covering the RI part of the budget signed by the project coordinator and the RI’s relevant accounting officer. With his/her signature, the RI accounting officer endorses that the annual accounts are true and accurate, that the total amount transferred by DFC is entered as income and that expenses are distributed according to entries in the approved budget and with the same level of detail.
3. Annual accounts of the Danish research partners covering the Danish research partners’ part of the budget signed by the Danish research partners’ project coordinator and the DPI’s relevant accounting officer. With his/her signature, the DPI accounting officer endorses that the annual accounts are true and accurate, that the total amount transferred by DFC is entered as income and that expenses are distributed according to entries in the approved budget and with the same level of detail.

The annual accounts are audited before submission to DFC and accompanied by an auditor’s statement (please refer to section 9: Audit) as well as either a statement from the Danish research partner(s) declaring that the Danish institution has been audited by Rigsrevisionen (National Audit Office of Denmark), or by audited accounts. A final audited set of project accounts, including the Danish research partners’ final audited accounts will be submitted to DFC no later than six months after the completion of the project. Any interest gained, any exchange rate gains and any other income received as part of the project will be recognised as income in the accounts. Any unused funds and interest gained will be returned to DFC at the end of the project with a clear indication of the DFC file number and project title. | *The project coordinator (together with the project accountant) must ensure sufficient time to validate and accumulate the accounts. The internal deadlines should be communicated to all project researchers and should be part of the partnership agreement with the Danish research partners. Possible sanctions for not reporting as agreed could also be defined.* *The accounts must also contain a report on the amount of funds unused at the end of the year, and any interest earned must be declared separately.**The Danish research partners subject to the Danish Audit of the State Accounts are only required to have their final project accounts audited by an external auditor.*  |

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| **Closing of Accounts**Procedures for closing the project accounts have been established for the project.The procedures for closing project accounts must be described.***[Project to fill in]****State the procedures for closing project accounts.* |  |

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|  Audit The audit process tests whether the project accounts, in all materiality, have been drawn up in accordance with the Danish MFA’s rules on presentation of accounts, and whether the transactions and the use of the funds covered by the project accounts comply with the grant framework, legislation and other regulations as well as concluded agreements and standard practice. In addition, an assessment is made of whether due financial consideration is shown in respect of the administration of the grant.It is the responsibility of the project coordinator to notify the external auditor of all provisions regarding accounting matters and any other matters deemed to be of relevance to the audit. The auditor will be provided with any information required, e.g. material for the auditor’s assessment of the accounts and of the administration of the project grant. Similarly, the project will enable the auditor to initiate any examination that he/she considers necessary and ensure that the auditor receives the assistance necessary to perform the audit. | *The set of annual and final accounts must be audited by an external, certified accountant, i.e. not an internal auditor. The accounts must be accompanied by a report declaring that the audit has been carried out in accordance with International Standards on Auditing and additional requirements under Danish audit regulation as well as good public auditing practice pursuant to the audit instructions in Appendix 7 to the General Conditions. Any reservations must be included in this report.*  |