# **AGREEMENT**

**between:**

## (Danish Member organization)

**and:**

**(South partner)**

**concerning:**

**Project No.: CKU-21-**

**Name of Project:**

**Location of Project:**

**Project Period:**

|  |  |  |
| --- | --- | --- |
| Grant: | **DKK XXX** | State the amount which will be used in South |
| Amount in local currency at exchange rate: | **XXX** | 100 XXX = YYYY DKK |
| Budget reserve: | **DKK XXX** | (only to be used if approved by Danish organization) |
| Total grant: | **Up to DKK XXX** |  |

|  |  |
| --- | --- |
| Person authorised to act as legal representative for Project Carrier: | Person responsible for implementation: |
| **(Name)** | **(Name)** |
|  |  |
| **(Position)** | **(Position)** |
|  |  |
| **(Address)** | **(Address)** |
|  |  |

Conditions of Assistance to the Development Project

1. **The Grant**

The Danish government (Danida) has through Center of Church-Based Development (CKU) made a grant of maximum the DKK amount shown on page 1 of this Agreement available for the implementation of the project.

1. The amount granted shall be used solely for the implementation of the project as described in **the approved application** with possible adjustments as per the **Letter of Confirmation** and in accordance with the budget, which are determinative for the size and extent of the project.

Funds must therefore not be used for other purposes or be lend out to other projects or activities.

1. Supply of materials, machinery and equipment as well as labour shall be at reasonable prices and, where possible, after comparison of quotations.
2. No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practise, 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 practise 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 practise can be the definite exclusion from any tendering for projects, funded by the Danish Ministry of Foreign Affairs. Please find CKU’s anti-corruption policy at [www.cku.dk](http://www.cku.dk)
3. If substantial parts of the project implementation are subcontracted to a consultant or resource organisation e.g. in the form of recurrent training processes, this should have been justified and specified in detail in the project application and will only be possible if the resource organisation engage as a formal project partner and co-signs this present project agreement including all annexes such as the anti-corruption code of conduct.
4. The parties agree to actively prevent sexual exploitation, abuse and harassment (PSEAH)[[1]](#footnote-2), 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.

1. **Communication**

All communication and all accounting concerning the project shall be **in English.**

**3.** **Responsibility of the Project Carrier and the Member Organisation**

The project shall be administered by the **South partner** who shall take full responsibility for local planning and implementation.

The **South partner** will:

1. Provide sufficient professional and administrative capacity to manage the financed activities in a proper and adequate manner.
2. Ensure that the requirements concerning financial standards outlined in annex to this agreement are fulfilled.
3. Inform **the Danish partner** in the event of necessary changes in activities or delay in the envisaged progress of activities or in case of any essential changes in the conditions for project approval.
4. Inform **the Danish partner** immediately in case of suspicion of mismanagement of project funds, fraud, theft or corruption.
5. Allow and facilitate any inspection of project activities, reports, accounts, documents, inventory etc. that might be desired by CKU, the Danish member organisation, the Danish Ministry of Foreign Affairs, the Danish Auditor General and the Public Accounts Committee of the Danish Parliament. The date for such inspection shall normally be agreed with the South partner well in advance and facilitated by the Project Carrier. The right to access shall continue for five years after the expiry of this agreement.
6. Ensure that any posts funded by the project are announced in open adverts and the selection of candidates does not discriminate against race, sex or political or religious affiliation.
7. Ensure that no project staffs receive double pay.
8. State in annual report and any information material that the project is supported by the Danish Government (Danida) through CKU.
9. Ensure that all major items of equipment, furniture and buildings as well as project personnel are properly insured, where practicable. All major assets bought for project means remain the property of CKU until handed over to the South partner at the end of the project period.

**4.** **Payments and transfer of funds**

1. Transfer of funds will be made upon written request only to a separate bank account opened by the **South partner** for this purpose. Own contribution and contributions from others to the project should normally be deposited on the same bank account. Receipt of transferred funds must be confirmed by documentation from bank in writing and submitted to the Danish organisation before any further instalments are been done.
2. Further instalments will only be released after receipt of financial reports in the formatprovided by the Danish organization (quarterly financial reports), transfer of funds confirmed by the bank in writing and provided that the progress made is satisfactory**.**
3. Losses due to such factors and price increases due to documented inflation or other factors may be compensated for by the budget reserve.
4. All unspent funds if any, are refunded to CKU at the end of the project period

**6. Progress and Financial Reports**

Quarterly Progress and Financial Reports on the formats provided by the Danish organization shall, unless otherwise agreed in the Letter of Confirmation, be submitted to **the Danish partner** no later than one month after each quarter of the year. **The Danish partner** shall also be informed if no progress has been made during a quarter or if reporting will be delayed and reasons for the lack of progress or delays in reporting must be given.

**7. Audits**

For projects with an implementation period of more than 24 months the Project Carrier must latest three months after the expiry of each financial year (normally the calendar year) submit to the Danish organization an audited account and report for the project for the last year signed by a certified or registered public accountant or an authorized auditor in accordance with instructions from the Danish organization’s auditor

The audit must be substantiated by an audit statement bearing auditors statement and accompanied by an audit protocol. The final accounts must have the same degree of details as the approved budget, and show the balance of unspent funds and accrued interest if any. Own contribution in cash and contributions from other sources, which are included in the approved budget, must also be included in the audit. The  **South partner** must ensure that the auditor is duly informed of the above provisions.

**8. Final Reports on Completion**

Within three months after project completion a Final Narrative Report on the implementation of the project and the aims achieved shall be submitted to (name of Danish organization) together with Audited Final Accounts of the use of the entire grant.

Where relevant a Document of Transfer shall accompany the accounts, listing all major items of equipment and fixed assets funded by the project grant and signed by the both partners.

After auditing all accounting records, incl. vouchers, shall be kept for five years.

**9.** **Entering into force and termination**

This Agreement takes effect once both parties have signed it. The Agreement shall expire automatically when CKU has approved the final report and the final audited accounts.

(Name of Danish organization) shall be entitled to cancel the agreement immediately:

1. In the event of clearly unsatisfactory project progress or performance e.g. irregularities in the administration.
2. If CKU with respect to the agreement determines that corrupt or fraudulent practices were engaged in by representatives of the Project Carrier or representatives of a beneficiary of the project funds during procurement or during the execution of the agreement, without the Project Carrier having taken timely and appropriate action to remedy the situation, CKU shall be entitle to cancel the agreement.

**BUDGET**

**Project No.: CKU-21-**

**Name of Project:**

**Location of Project:**

**Currency:**

|  |  |
| --- | --- |
| 1. **Activities** |  |
| 1. **Investment** |  |
| 1. **Local staff** |  |
| 1. **Local monitorering** |  |
| 1. **Local administration** |  |
| 1. **Monitorvisit by Member organisation** |  |
| 1. **Review s/ evaluation** |  |
| **Subtotal** |  |
| 1. **Budget reserve (may only be used upon approval from CKU**) |  |
| **TOTAL PROJECT COSTS** |  |
| **Contribution from** |  |
| **Total grant** |  |

***We have read the Agreement and annex carefully and will adhere to all the conditions stipulated.***

### Signed

### 

**.........................................**

***(Date and place)***

**.........................................**

**(*Stamp and signature***

***legal representative for South partner*)**

**..........................................**  **..............................................**

**(*Signature of Person*** **(*Stamp and signature for***

***Responsible for Implementation*)**  **Danish organization)**

*Annex to Agreement*

# Financial Minimum standards.

This standard is a set of requirements and specify what is regarded as minimum set of procedures, tasks and checks, which should be in place in connection with this development projects. It can also be viewed as a helping tool to organisations in guiding and evaluating their capacity building in financial management.

**1. Receipt of funds**

1. Funds from should be deposited in a separate bank account and must not be used or borrowed for other purposes than those stipulated in the agreement.
2. Upon receipt of each payment the Project Carrier shall acknowledge receipt by use of the form provided, stating the amount received in local currency and bank fee together with a confirmation from the bank by copy of the completed transfer message , copy of account statement or a signature and stamp provided directly by the bank on the completed form.
3. When received in US dollars, the exchange rate used to convert the funds to local currency should be recorded so it can be traced to the ledger.

**2. Budget**

1. Any reallocation within the approved budget and the use of the budget reserve requires approval by the organisation’s management and written approval from the Danish organisation prior to implementation. Any spending in excess of the approved budget without prior authorization cannot be expected reimbursed by the Danish organization.
2. If there are multiple donors or projects, an overhead budget must show how much of total local administrative and staff costs are covered by the project funding

**3. Accounting**

1. All accounts should go through a “general ledger” with each transaction recorded by account number and ordered chronologically according to when they occurred within each account. The general ledger should order accounts numerically, with transactions ordered chronologically within each account. Each entry should be verifiable against a source document (invoice, receipt, payroll records, bank receipts etc.).
   1. *Without exemption, all monetary transactions must be entered into cashbooks. No entries can be deleted. An erroneous entry must be corrected by a new separate entry.*  
      **How to do it:** Bank transactions are entered into a separate bank cashbook for each bank account and cash transactions are entered into a petty cash book.
   2. *All supporting documents must be given a reference number which is also indicated in the entry in the cashbook.*  
      **How to do it**: Reference numbers are written in chronological order on the supporting document with a permanent marker, usually at the time it is entered into the cashbook to ensure correct referencing.
   3. *Prior to entry, all supporting documents must be approved and signed by a person other than the one who enters it into the general ledger.*  
      **How to do it:** The financial management policy approved by the board of trustees should set out the authorization procedure and separation of duties.
   4. *All supporting documents not yet entered into the general ledger must be kept physically separate from the ones already entered.*  
      **How to do it:** Keep all supporting documents waiting to be entered in a separate tray or binder and the ones already entered in another binder.
   5. *All supporting documents entered into the general ledger must be marked to show that entry has been done.*  
      **How to do it:** This requirement can be fulfilled simply by writing the reference number on each supporting document at the time of entry into the general ledger or with a signature from the bookkeeper.
   6. *All supporting documents must be kept in a physical archive for at least 5 years after the project has ended.*  
      **How to do it:** Keep binders with supporting documents in a safe storage place and ensure the management’s approval before disposal after at least 5 years.
   7. Cancelled checks should be kept with the bank statement

**5. Financial reports**

1. All projects must, if not otherwise agreed with the Danish organization, submit quarterly financial reports showing income and expenditure according to the approved budget.
2. If reports are not received on a timely basis, funding may be discontinued.

**6. Internal controls**

1. *Bank reconciliations must be performed monthly and also be checked and signed by someone else.*  
   **How to do it:** The bank reconciliation compares the month end balance on the bank statement for a particular month to the month end balance in the bank cashbook for that same month.
2. *Petty cash reconciliations must be performed weekly or at least monthly and reviewed by someone more senior who signs as proof they have done so.*  
   **How to do it:** Cash reconciliations are usually done by the cashier.
3. *The cashbox must be kept locked and administered by someone other than the bookkeeper.*  
   **How to do it:** The cashier should be a central and trusted person, for example the manager, project officer or another person in the finance team. The financial management policy should state who administers the cashbox. This separation of duties ensures that two or more persons help verify each other’s handling of supporting documents.
4. *A policy for financial administrative procedures should describe the delegation of work and the division of functions between staff.*  
   **How to do**:This financial standard can be used in developing the policy. Remember to obtain the board of trustees’ approval of the policy and regularly update it, if, for example, there is a change of staff or organizational structure. Where possible, there should be a separation of duties between: accounts payable, bank and cash box reconciliation and between expense approval and check signing and book keeping so as to provide as much internal control as possible given the context of the project.

**6. Procurement of assets**

1. All procurement of assets above USD 1000 should, if possible, be purchased only after having compared three quotations.
2. All cheque requisitions should have the following supportive documents which must be presented to the authorised signatory:
   * an approved purchase order
   * a confirmation or proof of good/service received
   * an invoice/payroll calculation/petty cash claim form or other proof of cost amount
   * a signed receipt from the payee

**8. Security of cash**

1. Avoid keeping large amounts of cash. All payments should, as far as possible, be by check or bank transfer.
2. Security procedures for cash-in-transit should be developed.
3. All cash should be kept safely in a locked box, safe or drawer.
4. Access to keys should be strictly limited.

**9. Salaries and benefits**

1. Each employee should have a separate folder containing all salary history, salary authorizations, tax information and payments, pension information and payments (if any), school cost authorization and payment (if any), medical insurance (if any) and vacation/holiday and sick leave records.
2. Each expense must be traceable to the ledger and financial statements.
3. No allowances or facilitation fees should be paid by the project to persons who are already employed by the project. Only overnight allowance can be paid, in accordance with staff policy of the partner organisation.

**10. Vehicles**

1. If a vehicle is provided by the project, a log book should be kept in each vehicle to record the distance and purpose of trip, driver and authorization details, gasoline usage, any repairs and total mileage.
2. A file for each vehicle should contain former log books as well as copies of any repairs carried out.
3. All vehicles provided by CKU must be adequately insured and used only by licensed and experienced drivers.

**11. Capital Assets**

1. All equipment purchased with CKU funds which costs more than USD 300 should be recorded in a fixed asset register., which at al times should be updated.
2. All capital assets must be, as far as possible, adequately insured against theft, loss and damage.

*If a partner feels that any regulation is inappropriate or difficult to comply with given their situation, the matter should be discussed with the Danish organisation so that appropriate procedures can be developed and agreed upon.*

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. [↑](#footnote-ref-2)