



Budget and administration guidelines for project grants



1. 1. APPLICABILITY OF THESE GUIDELINES

In general, these guidelines apply to all recipients of project funding from the Nordic Council of Ministers. Note, however, that this document serves only as guidance. The contract signed with the Nordic Council of Ministers stipulates the actual legal conditions for the use of any funding from the Nordic Council of Ministers

2. THE RECIPIENT'S RESPONSIBILITIES AND DUTIES

The recipient is responsible for ensuring that the project is run in accordance with the objectives, financial framework and timelines stipulated in the contract.

The recipient must plan and run the project properly and effectively. This entails ensuring as a minimum that the project is, to the greatest extent possible, financially and administratively managed in the same manner as the recipient's own ordinary activities, including the regular updating of bookkeeping records.

The recipient assumes both general and administrative responsibility for the project, including compliance control, in accordance with national legislation. The recipient is responsible for the satisfactory administration of the funding, including any issues related to national tax/VAT authorities

3. DRAWING UP THE BUDGET

3.1 GENERAL GUIDANCE FOR THE BUDGET FORM

When applying for project funding, you must use the Nordic Council of Ministers' budget form and attach it to the project description. The budget must account for all types of expenses related to the project. These must be presented in a clear and transparent manner.

The use of the budget form is compulsory. When evaluating applications, emphasis is placed on the extent to which the budget reflects the project description. Emphasis is also placed on project costs being reasonable and justified in relation to the proposed activities and outcomes.

It is important to ensure that all budget lines are described and justified in the project description. If certain expenses are particularly conspicuous, it is highly important that they are justified in the project description. Particularly conspicuous expenses are, e.g. remuneration of project personnel, major one-off acquisitions and if travel and meeting costs constitute a relatively large proportion of the total budget.

The recipient is responsible for being aware of national rules regarding allowances, travel expenses, living expenses and salaries/fees, including rules on



labourmarket contributions (social security contributions), insurance, etc.

3.2 EXPLANATION OF BUDGET FORM

The budget form has three tabs, each with its own spreadsheet, as discussed in the following section.

Tab 1 (Budget) is used to state all project expenditure and income. You must also include income from other sources here – see section 3.6 for further info on self-financing and co-financing.

Tab 2 (Budget Notes) is used to note any detailed explanations of the budget lines in Tab 1.

Tab 3 (Budget Overview) provides an overview of all project expenditure. You do not complete this tab. Rather, it consists of an automatically generated overview of the main budget lines from Tab 1.

3.3 TAB 1: BUDGET

3.3.1 Budget line 1: Project implementation

All costs directly related to project implementation must be accounted for in the first budget line. In the subsequent budget lines (1.1 to 1.5), the expenditure should be as detailed as possible. For the sake of clarity, it may be a good idea to use a budget note (Tab 2) to explain the amounts. Read more about budget notes in section 3.4.

When entering salaries for the project manager and other staff, the budget notes must specify each post and the number of FTEs. The recipient is responsible for being aware of national regulations regarding fees, hiring, pay, termination, compulsory health-care costs, insurance, etc. For projects extending over several years, it is a good idea to incorporate wage increases/adjustments during the project period. All salaries should reflect public service pay levels.

3.3.2 Budget line 2: Communication

Projects may apply for funding for communications work. The emphasis here is on the funding being used either for information about the project or for communicating project outcomes. This expenditure may include layout, printing, media platforms, web-sites, translations and interpretation services.

For larger projects, it may be appropriate to specify the nature of the communication work right at the start. This facilitates more accurate budgeting of communication costs.

3.3.3 Budget line 3: External evaluation

For larger projects (typically, those with a budget of over DKK 2 million and lasting more than 1.5 years), it may be a good idea to include an external evaluation, either at the midpoint of the project or once it has concluded. However, this is not compulsory. Such an external evaluation would be justified in the application, at a cost proportional to the project's size (i.e. its budget and duration).

The Nordic Council of Ministers only provides funding for external evaluations that meet the minimum requirements:

- Evaluations must be independent, conducted by an external, independent person/entity. In other words, the Nordic Council of Ministers does not fund evaluations conducted by the organisation's employees, members or others involved in the project activities.
- They must take account of the Nordic Council of Ministers' evaluation criteria:
 - Assessment of target achievement
 - Assessment of the project administration (management, structure and processes)
 - Assessment of the use of resources and financial results/benefits
 - Assessment of significant experience or new knowledge that can be used to prioritise future work.
- The recipient must submit an external evaluation report to the Nordic Council of Ministers.



Any expenditure on internal evaluations – i.e. interim evaluations, ongoing exchanges of experience or similar, by a project manager or other participants – can be included under budget line 1: Project implementation

3.3.4 Budget line 4: Contingencies

The budget must include a margin to cover unforeseen expenses. The amount must be min. 6% and max. 10% of the total for the budget lines 1–3. This budget line is used if unforeseen expenditure occurs in relation to the other budget lines. The budget margin is used, e.g. if purchases or activities related to project implementation are more expensive than anticipated at the time the budget is drawn up.

3.3.5 Budget line 6: Auditing

If the recipient's accounts are not audited by the national audit office in one of the Nordic countries, and the total funding amount is DKK 500,001 or more, they must also be audited by a registered public accountant. In these cases, the auditor must comply with the Nordic Council of Ministers' instructions for auditing accounts. It is incumbent upon the applicant to ensure that the organisation's accountant confirms in writing that the recipient is in compliance with the provisions in the instructions.

Audit costs are entered into the overall project budget. As a general rule, audit costs should not exceed 5% of the total project budget.

Recipients with their own internal accounting units may submit a request to the Nordic Council of Ministers that the unit be authorised to audit the project.

Projects with a budget up to DKK 500,000 are not subject to an audit requirement at the end of the project.

3.3.6 Budget line 8: Overheads

In special circumstances, the funding may include a contribution to indirect project costs, in the form of overheads. Overheads are not automatically approved, but always form part of the overall negotiation between the Nordic Council of Ministers and the recipient. The recipient is not required to specify or

document their use of overheads.

The following general administrative costs are deemed to fall within this area:

- The recipient's office expenses (rent, cleaning, support staff and other general operating expenses), including:
 - administrative contacts with the Nordic Council of Ministers.
 - budget and accounting work.
- Involvement of the recipient's management in co-operation (here, management is defined as the director and members of the board/executive).

NB. Administrative expenditure included in the budget as overheads must not be included under any other budget line for the project.

Who is eligible to receive overheads?

The Nordic Council of Ministers only pays overheads to NGOs. Only in exceptional cases can overheads be negotiated with public sector bodies, which are subject to special rules for overheads connected with externally funded projects (research, etc.).

Institutions and organisations covered by the budget for Nordic co-operation usually receive a basic subsidy for day-to-day operations, including funding for assistance and support functions that overheads are intended to cover. Only if there are exceptional and compelling reasons will overhead payments be provided to projects managed by these agencies.

Under no circumstances may overheads be granted for:

- contracts awarded via tendering procedures
- contracts entered into with private companies, usually for the procurement of a specific service or product, e.g. consulting services, etc.

Calculation of overheads

When completing the budget form, overhead costs are calculated on the basis of the total budget. During this phase, the actual costs are entered. For ordinary programme and project funding, over-



head costs are max. 7% of total budget. For research funding, the overhead costs are max. 15% of total budget.

3.4 TAB 2: BUDGET NOTES

If deemed necessary, expenditure specified in Tab 1 (Budget) is expanded upon in Tab 2 (Budget Notes). The budget notes help ensure that the people charged with assessing the project description understand the budget. They are also important for evaluating the costs as part of the overall assessment of the application. As a result, budget lines that require a more in-depth explanation are described in the budget notes, e.g. in the form of a breakdown of what the funds will cover. It is also important that the budget notes specify any significant expenditure, in the form of a calculation of cost per unit, number of units and total amount.

3.5 TAB 3: BUDGET OVERVIEW

When you complete Tab 1 in the budget form, a budget summary is automatically generated in Tab 3. This provides an overview of the main budget lines.

3.6 SELF-FINANCING AND CO-FINANCING

The Nordic Council of Ministers defines self-financing as the recipient's contribution to the budget, whether from their own funds or the mobilisation of other resources. The Nordic Council of Ministers defines co-financing as additional external funding that complements the anticipated funding from the Nordic Council of Ministers. The amount may constitute a larger or smaller portion of the overall budget and come from other international organisations, e.g. the EU, UN, OECD, etc.

The Nordic Council of Ministers has no automatic requirement for self-financing or co-financing, except where specifically stipulated for a particular programme. Where this is the case, the recipient

must be made aware of it. If the project makes use of other income, this must be stated in both the application and the budget. Co-financing may only be included if it has been confirmed at the time the budget is drawn up.

The budget therefore only includes financial resources (cash contributions) that:

- you are sure of receiving
- you can enter into the project's books
- will be included in the project's overall, final, audited accounts.

This applies to both self-financing and co-financing.

Non-financial resources (in-kind contributions) are not included in the budget. However, information about these is relevant and may be described in Tab 2 (Budget Notes) or in the project description. Other anticipated financial resources that are not guaranteed at the time of application can also be described in both the project description and the final report.

4. PAYMENT AND STATUS REPORTS

The Nordic Council of Ministers disburses funds according to the agreement. According to the contractual conditions the administrative body must use the Nordic Council of Ministers' project portal for reporting.

It is also incumbent upon the recipient to report to the Nordic Council of Ministers' Secretariat if serious difficulties arise in the implementation of activities, including compliance with the timetable and budget.

5. FINAL REPORTS

No later than two months after completion of the project, the recipient must submit, via the project portal, a comprehensive final report, an evaluation and a complete set of project accounts.



It is the recipient's duty to report on the project activities, including the following:

- Achievement of targets and results
- Deviations between planned and realised activities, and the consequences of these deviations
- Changes in key assumptions and risks, including descriptions of how these may have affected implementation of the project.

The financial statements must be signed by two authorised individuals from the administrative body, one of whom must be the member of staff responsible for finance. The final instalment of project funding cannot be paid out until the Nordic Council of Ministers has received and approved the final report.

The financial reports must be in Danish, Swedish, Norwegian or English.

The recipient must keep all relevant information concerning the project, including accounting records, for the entire project term and for at least five years after completion, regardless of type and storage medium.

If the recipient's accounts are not audited by the national audit office in one of the Nordic countries, and the funding is DKK 500,001 or more, the administrative body must also submit a separate report when submitting the final accounts. The auditor must comply with the Nordic Council of Ministers' instructions for audit.

6. SUPERVISION BY THE NORDIC COUNCIL OF MINISTERS

The Nordic Council of Ministers' supervision of the recipient's management of the project funding primarily consists of an assessment of the recipient's reports and accounts.

However, it may instigate other measures in order to gain insight into and follow up on the recipient's management of the project funding.

These measures may include:

- ad hoc conversations with the organisation's management and accountant
- visits to the recipient to inspect the accounting and project management, as well as the organisation's business processes and organisational conditions
- spot checks of the organisation's activities
- implementation of external audits.

If the recipient is found to be in significant breach of obligations under the contract, e.g. by failing to meet their obligations with regard to the supply of goods and services, the Nordic Council of Ministers can terminate the project agreement and demand repayment of funds, irrespective of whether part of the work has been completed. To the extent that it benefits from the partial completion of the work, the Nordic Council of Ministers may reduce the repayment accordingly. The recipient must pay all costs arising from any breach of its obligations under the contract.