Guide to Closure of Development Activities

This annex is based on key documents from the Aid Management Guidelines (http://amg.um.dk/) and the site of the Business and Contract Department (http://um.dk/en/danida/activities/business/contracts). The note is kept on a financial and administrative level, inspired by the process of closing programme activities in Benin.

Process action plan

Develop a process action plan (see template next page) containing the identified tasks to serve as a planning tool for programme officers. The plan is a useful key document in all discussions concerning closure of activities with the management of the representation. Although not exhaustive, the list below seeks to cover most general tasks that require attention.

Guiding work plan

When preparing the closure of an activity, the programme officer should prepare a note describing the process from A-Z, reflecting in words what the plan is indicating. Furthermore, the note should include any decisions to be made during the process. The note should be actively used as a guiding work plan (script) to closure of activities, but will also serve as documentation of any specific actions taken during the process of closure.
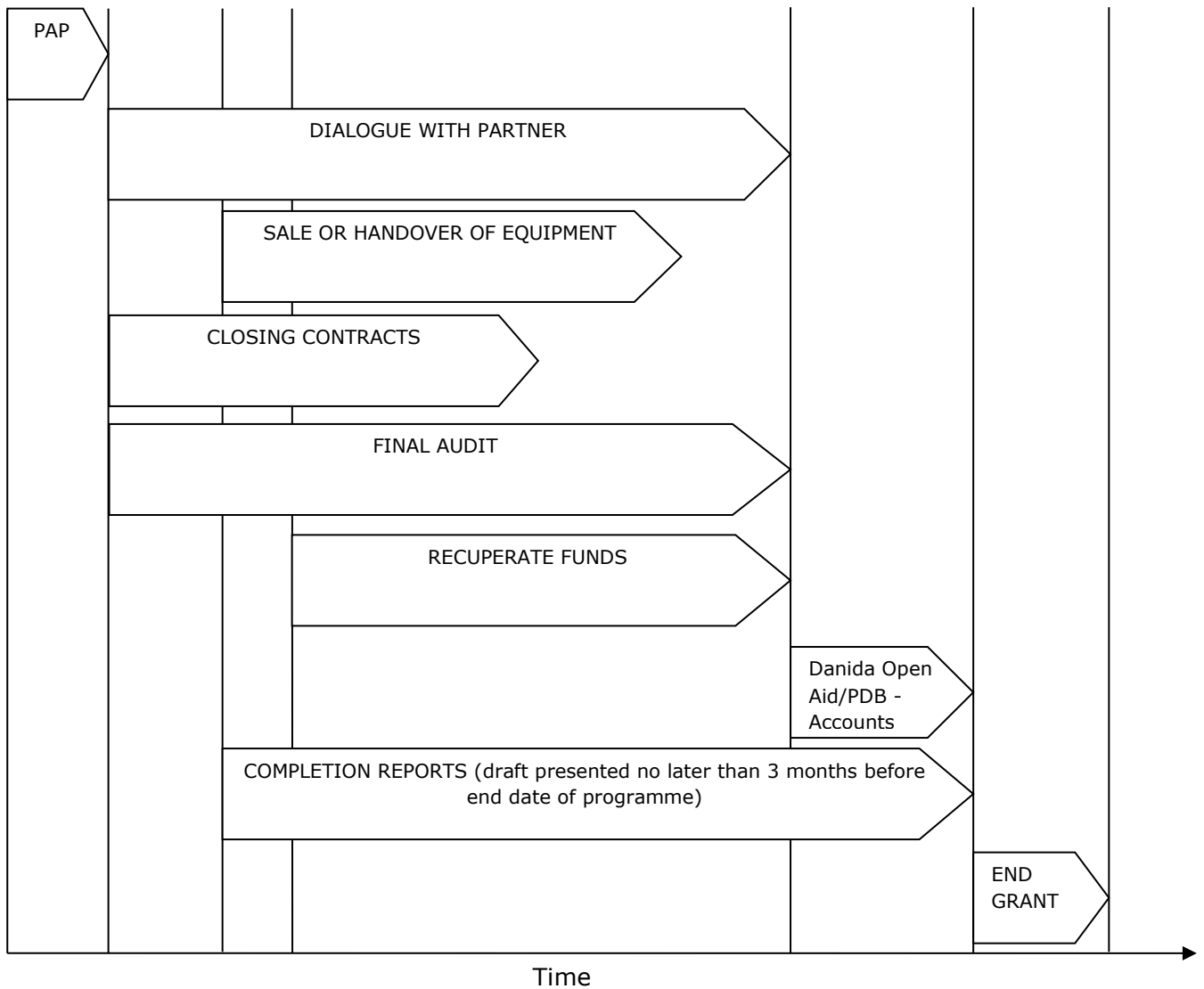
Task force

It is strongly recommended that a task force be established, consisting of the head of development cooperation, the chief financial officer, the representation's accountant and all programme officers. The task force would serve as the representation's overall monitoring of all activities pertaining to the closure of development cooperation activities and should initially meet on a monthly basis. As the process of closure progresses, however, the task force is likely to meet more frequently to assist with timely and proper closure of all activities. Formal minutes of the meetings should be kept, highlighting any decisions and modifications to the approved plans. This ensures a clear view of the process and indicates the responsible parties.

Illustration of the process

The chart below is an attempt to illustrate the actions needed to be taken and also to provide an overview of the order in which these actions should be launched. Some actions overlap, indicating that they are likely to be underway simultaneously. The process is launched with management's approval of the process action plan for closing a particular programme or activity.

PAP

DIALOGUE WITH PARTNER

SALE OR HANDOVER OF EQUIPMENT

CLOSING CONTRACTS

FINAL AUDIT

RECUPERATE FUNDS

Danida Open Aid/PDB - Accounts

COMPLETION REPORTS (draft presented no later than 3 months before end date of programme)

END GRANT

Time

Financial / administrative issues when closing activities

As part of closing the activities, the programme officer is responsible for the following:

1. Equipment

    a) All investments (cars, motorbikes, computers, generators, office equipment) on each activity must be identified - should already be mentioned in the inventory list of the respective audit reports. The programme officer must reflect on whether to:

- Hand over the equipment to the partner. Typically, all investments are handed over to the partner institution at the end of an activity as part of the Danish contribution. This will often be specified in the partner agreement. If not, the possibility of handing over to partners should be presented to and discussed with the senior management of the representation; or

- Sell the equipment. If handing-over of equipment to partners is not anticipated in the Agreement or possible, the senior management of the representation may decide to conduct a sales process instead. In such instances, the earnings from sales shall be directed back to Danida.

2. Contracts (Local and HCP)[1]

    a) All partners must be instructed in writing not to enter any new service/procurement contracts with delivery exceeding the final date of the activity. Furthermore, partners are instructed to terminate any current service contracts in due time should they cover a period longer than the activities.

    b) Any contracts/agreements directly entered into by the representation, which surpass the final date of the activity, must be identified. The programme officer must then in due time negotiate the termination of the contract.

    c) The programme officer must close all open contracts engaged by the Business and Contracts Department in Copenhagen – the procedure for this is described in the Standard Contract "Approval of Final Report" and under "Final Accounts" SRFPDanidaSmallContracts 26-03-2013.docx

    d) Please be aware that consultancy firms are often late with their closing invoice. Special attention is needed from the programme officer to issue letters of completion/termination and ensure timely closure of these contracts. A list of the contracts entered into by Copenhagen can be found in the programme data base under Links/Contracts.

---

[1]/ It may be necessary to keep active contracts directly with an implementing unit until the end of the closing process.

3. Audit and accounts

a) Final audit of the activity must be scheduled and contracted. The terms of reference for the audit should clearly state that the audit is final. The programme officer must ensure that activity bank accounts are closed in due time for the auditors to conduct the final/closing audit. Activities are closed in the accounting module. An overview of activities requiring an audit can be found in the programme data base (the D-report) PDB pdbframe

b) It is recommended that audits are initiated as early as possible during the closure process – by having the activities audited during the closing period, final audit reports can be retrieved faster. A continuous audit process will also reduce the risk of any mismanagement by the partner and hence, reduce the risk of corruption.

c) The programme officer should require that the partner being audited makes all relevant personnel (accountant, partner management) and material accessible until the end of the audit process. The audit report should be followed up and finalised by the programme officer.

d) Any unspent funds on activity accounts with the partner must be reimbursed. The information is accessible in the respective audit reports. A letter is sent to the partner with reference to the final audit report covering the activity with instructions to the partner to reimburse funds. The funds must be transferred to the representation's bank account. The programme officer is responsible for the follow-up on any requests for reimbursement. Furthermore, the programme officer must inform the representation's finance department of the return of funds in writing and indicate exactly which budget line the funds pertain to.

e) Any guarantees from service providers in the hands of the representation need to be processed – either returned or destroyed (such guarantees are most common in case of construction and larger consultancy tasks accompanied by investments).

f) The programme officer must draw up a separate plan for any outstanding cases of corruption. A list of any such cases can be found in the c-case system (http://formularer/KVA/csager/Sider/default.aspx). The programme officer must indicate current status and explain steps to close such cases pro-actively. Each process action plan should set a timeframe for closure of maximum 3 months.

g) The programme officer must pay close attention to any outstanding issues with official institutions. Cases of pre-financing by the programme or co-financing with an official institution are typically more difficult to control and close. The programme officer must identify any such cases and explicitly highlight them as concerns in the plan for closing the programme or activity.

4. Other administrative matters

    a) Archiving is an important part of running the programmes and activities, but it becomes even more important during the process of closing activities. The programme officer is solely responsible for archiving on a regular basis any documents relating to the activities, including any documents related to receipts or conclusion of an activity.

    b) The implementing partner's final report (see below) must be made at least 3 months before the programme is closed, while the Danida project completion report and final audit must be made within 6 months from the closure of each activity (see below).

    c) Termination / Cancellation of commitment must be done when the accounts have been finalised and closed in the accounting module and the project completion report has been uploaded in PDB (see below).

Final reports

Finalising a programme of development cooperation requires two different reports to be prepared.

Final reports serve the dual purpose of:

- Documenting that Danish funds have been spent in accordance with general principles for financial management of public resources;
- Highlighting lessons learned of general interest to future undertakings.

The two reports are:

1. **Final report from the implementing partner**
The partner's final report should include an assessment of the effectiveness and efficiency obtained by Danida's investment (or joint, if financed jointly with other partners). This should be measured against the originally envisaged results in the development engagement document. The report should generate lessons learned and evaluate the prospects for continued sustainable progress. No specific Danida format should be followed. Rather, the report should use the partner institutions' own reporting format. The final report should be submitted to the management arrangement of the programme/project three (3) months before the expiration of the letter of commitment (e.g. Government Agreement) and must be discussed in the management arrangement. Minutes from this discussion must be taken and uploaded in PDB [PDB pdbframe](#).

2. **Danida project completion report (or final results report)**
The final version of the results report should summarise the outputs and outcomes resulting from the investment. In addition, it should highlight the main lessons learned and the financial status of the engagement support. This results report should be made at the level of the thematic programme. It is the responsibility of the programme officer to ensure that the final results report is produced through the programme database. The report should be based on the final reports from implementing partners and

assessments of the development engagement by the management arrangement. The latter must be documented e.g. by minutes from relevant meetings.

Decision-making representatives of Danida and partners must discuss the draft and approve the final report. If there is a Steering Committee or similar body, its chairperson signs the final report. Otherwise, another relevant partner representative must sign.

Note that unspent funds must be returned to the programme/project before the termination/cancellation of the commitment can take place, and no final accounting note can be drawn up and approved in the programme database (PDB Accounting Module) until the funds have been received and entered into the accounts.

Only after the accounts have been finalised and audited can the final report be finalised, including the financial information. The final Danida report must be submitted no later than six months after the end of the programme support period.

The final results report must be included in the programme database (annual/final results reporting).

Until further notice, the format for this report should follow the format for Project Completion Reports (Completion reports).

Note finally that activities exempted from the demand for final reports are those that have been managed multilaterally or financed by the Mixed Credit Scheme.

Termination of Grant
When the final Danida report has been entered in the programme database (PDB), the programme officer can proceed with the termination/cancellation of the commitment. In order to cancel the remaining provision in the financial management system (FMI), the responsible programme officer must fill in the appropriate form.

Cancellation of the commitment is done in the FMI through the action card for the activity.

Any possible cost of exchange rate fluctuations shall be covered within the remaining provisions.