

General Terms and Conditions for Grand Solutions

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1. Introduction

1.1 Area of applicability

“General Terms and Conditions: Grand Solutions” comprise the rules for administration etc. of Grand Solutions projects that have entered an Investment Agreement based on an application for the Grand Solutions program in 2023.

1.2 Danish version

“General Terms and Conditions: Grand Solutions” can also be found in Danish. In the event of any discrepancy between the Danish and English versions, the Danish version applies.

2. Definitions

Administrator: The legal entity, appointed by the Project Steering Committee and approved by IFD, that will receive investment amounts from IFD. The Administrator is responsible for transferring the investment amounts to the individual Project Participants and must, in collaboration with the Project Leader, prepare the overall project accounts for IFD.

Participant accounts: Accounts for the individual Project Participant.

E-grant: The IFD project administration system to be used for all enquiries to IFD including submission of scientific and financial reports, requests for changes etc. (www.e-grant.dk).

Final installment: The amount withheld by IFD until the final scientific and financial reports have been approved.

Innovation Fund Denmark (IFD): Established pursuant to Act on the Innovation Fund Denmark, Act no. 1660 of 12 August 2021.

Investment Agreement: The agreement set up between the Project Participants and IFD concerning the implementation of a project through an investment from IFD.

Investment amounts: The money that IFD will contribute to the Project. The investment amounts are payable in arrears to the Administrator based on submitted and approved financial reports (half-yearly accounts).

Investment period: The period during which IFD will invest in the Project, as stated in the Investment Agreement. All costs in the project accounts must be defrayed and booked within this period.

Investment rates: The maximum percentage of each Project Participant’s costs or of the total project’s costs that may be covered by the IFD investment. The investment rates can be found in the most recently approved budget.

Overheads: An amount that may be included in the budget to cover indirect costs. The amount is calculated as a percentage of the direct project-related costs. Cf. the “Guidelines: Grand Solutions” applying at the time of application.

Project: The project described in the Investment Agreement.

Project Leader: The person appointed by the Project Steering Committee and approved by IFD to manage the Project. The responsibilities and tasks of the Project Leader are described in the Investment Agreement for the Project.

Project Participant: The legal entities participating in the Project, either as a Project Partner or a Project Contributor, cf. the Investment Agreement.

Standard working hours: An employee’s standard working hours corresponding to full-time employment

and constituting 1,642 active working hours a year.

3. Reporting to IFD

Twice every year, the Project should prepare a financial report for IFD containing the **half-yearly project accounts**, while an **annual scientific report** should be submitted once every year, cf. the Investment Agreement.

Furthermore, a **final financial report** and a **final scientific report** must be submitted at the end of the Project.

The biannual financial reports and the annual scientific reports are to be submitted no later than 3 months after the end of the reporting/accounting period. The scientific final report and the final financial report are to be submitted no later than 3 months after the termination of the investment period.

The reports are to be submitted using specific report templates. Please, download templates here:

[Template for annual scientific report.](#)

[Template for final report](#) and [Template for output summary.](#)

The template for the half-yearly accounts (biannual financial reports) must be downloaded from the project's page in e-grant.

3.1 Annual scientific reports

The scientific reporting period is the calendar year, with the exception that separate reporting is not required for intervals of less than 6 months. This means that:

- The first annual scientific report may comprise both year 1 and year 2 if the investment period starts on July 1 or later in year 1.
- The last annual scientific report is included in the final report for the entire project. The final report may include the two last years of the project if the investment period ends on June 30 or earlier in the last project year.

The exact requirements for content and form of the annual scientific report and the final report will be given via tasks on the project's page in e-grant.

The submission of the annual scientific report and the final report is made via the grant system e-grant.

3.2 Financial reports

The half-yearly accounts follow the first and second half of the calendar year, respectively, with the exception that separate accounts are not required for intervals of less than 6 months. This means that:

- The first half-yearly accounts may comprise both period 1 and period 2 if the investment period starts later than January 1 or July 1 in year 1. Half-yearly accounts must, however, comprise at least three months.
- The final financial report (the last half-yearly accounts) may comprise the last two accounting periods if the investment period ends before June 30 or December 30 or earlier in the final project year.

3.2.1 Content of the financial reports and participant accounts.

The financial report contains Participant accounts for each Project Participant and aggregated accounts for the whole Project covering the accounting period concerned. Participants accounts should be prepared for all Project Participants irrespective of whether they will be receiving funds from IFD. The financial report is submitted in an accounting template available in the grant system e-grant.

Participant accounts must include all direct project-related costs incurred in the accounting period, irrespective of the source of funding. The Participant accounts should be audited and provided with audit

reports as specified in the rules in section 6.

Costs must be broken down into the same budget items given in the most recently approved project budget.

Each Project Participant must submit its Participant accounts to the Project Leader and the Administrator along with a copy of a signed audit report and any other required information. The Administrator will then compile the accounts in IFD's financial report template. Once the accounts have been signed by the Administrator and approved by the Steering Committee, they are submitted to IFD.

The Administrator is required to review the audit reports for the Participant Accounts of each Project Participant. IFD should be informed if the audit reports contain critical or supplementary remarks or qualifications.

IFD reserves the right to request to see the Participant Accounts and audit reports submitted by each of the Project Participants.

3.2.2 Statement of costs in Participant accounts

In the Participant accounts of the individual Project Participant, costs must be stated according to the same principles as in the approved project budget for the participant in question, cf. the Investment Agreement and its exhibits.

3.2.3 Costs related to hours worked on project activities - Time registration

Costs related to hours worked on project activities must be calculated on the basis of continuous time registration. For the purpose of bookkeeping and audits, monthly statements of worked hours must be provided for each of the Project's employees/participants. An employee may not register hours above the standard working hours in a Project. The statement should be approved by the employee/participant in question and his/her line manager. Timesheets for top managers must be approved by the financial controller.

For employees working full-time on the Project (typically postdoc employees), costs may be booked on the basis of monthly pay slips. Pay during periods of leave, including sick leave and maternity/paternity leave, cannot be included.

3.2.4 Calculation of IFD's investment amounts

For the accounts, each Project Participant should calculate its total project costs. The investment rate may vary over the years, but should not, at the conclusion of the project, exceed the approved investment rate given in the Investment Agreement.

Note that the EU rules on state aid impose a ceiling on the share of the costs for private-sector enterprises to be covered by public-sector subsidies, and that these maximum limits differ for industrial research and experimental development, respectively.

3.3 Non-submitted accounts and scientific reports

If the project's scientific reports, half-yearly accounts or final financial report are not submitted in time, IFD will presume that no costs have been incurred in the relevant accounting period. The payment of the remaining part of the investment will in this case be withheld until accounts and reports are made available. Furthermore, a demand can be made for repayment of already paid funds that are not covered by already given and approved accounts or scientific reports.

4 Disbursements

4.1 Disbursements to the Administrator

Once the Investment Agreement between grant recipient and IFD has been signed and approved by IFD, 20 % of the total investment is disbursed. Advanced disbursements will be set off in the following accounts.

Hereafter funds are disbursed on the basis of half-yearly accounts provided that IFD approves the

submitted accounts including appendices. Disbursement furthermore requires that the scientific reports are submitted in time and approved by IFD.

The last 10 % of the project's total investment will be disbursed as a final installment to the Administrator once the final scientific and financial reports have been approved by IFD.

Disbursements to the Administrator will automatically be made to the Administrator's NemKonto account. The Administrator is not required to send an application for disbursement.

4.2 The Administrator's transfer of investment amounts to the Project Participants

The Administrator should within one month from the disbursement of an investment amount from IFD transfer the funds to the individual Project Participants in accordance with the submitted and approved budget.

The Administrator may not disburse any funds to a Project Participant who has submitted information about financial restructuring or insolvency proceedings etc. without a preceding written approval from IFD, cf. the rules in the Investment Agreement

The Administrator may not transfer funds to a Project Participant who has not provided accounts or other required information that should have been submitted at the time of transfer.

Given the approval of IFD, the Steering Committee may furthermore reduce disbursements to a Project Participant in the following cases:

- If a Project Participant asks for a reduction or cancellation of the disbursement.
- If the Steering Committee decides that a Project Participant should receive less than budgeted for until certain conditions have been met. This provision may be applied in connection with e.g. the termination of a Project Participant's participation in the Project. In that case, the last funds cannot be disbursed until a final financial report or other required information has been provided by the Project Participant in question.

The Steering Committee can never request that the Administrator transfer larger amounts than those received by the Administrator from IFD.

4.3 Specific information about disbursements to foreign Project Participants

The Administrator's disbursements to foreign Project Participants must be made on the basis of invoices received for costs already incurred. The invoices must include specifications of the costs incurred such that the Project Leader may approve the invoice. Furthermore, they must be specified in a way that ensures that accounts for the Project Participant's participation can be prepared in accordance with the requirements of IFD. Also, the Administrator or any other party who by agreement handles the contact with the participant in question, must undertake to prepare the required accounts for the foreign Project Participant.

4.4 Sub-contractors

Sub-contractors must be linked to a Project Participant and be included in the budget of that Project Participant. A sub-contractor is paid by the Project Participant linked to the sub-contractor in question. The Administrator's disbursements to Project Participants must be made on the basis of invoices received for costs already incurred. The invoices must include specifications of the costs incurred such that the Project Leader may approve the invoice. Furthermore, the invoices must be specified in a way that ensures that accounts for the Project Participant's participation can be prepared in accordance with the requirements of IFD.

4.5 Specific information on non-distributed funds

The project budget may include a pool of non-distributed funds up to a maximum of 10 % of the overall IFD investment. These funds cannot be disbursed and used before the Steering Committee's and IFD's approval of a revised budget that distributes these funds among the Project Participants or allocates them

to one Project Participant. Note that the rules on maximum investment rates, as set out in the guidelines for the preparation of applications, must also be met in the revised budget.

4.6 Funds held by the Administrator

The funds received by a legal entity in its capacity as Administrator must be administered in such a way that they appear in accounts separate from the investment amounts received by that same entity in its capacity as a Project Participant. It must at all times be possible to generate a statement showing the balance and receipts and disbursements of the investment amounts held by the Administrator, and IFD may at any time request such a statement.

The accounts must show the total funds received by the Administrator during the accounting period and those transferred to Project Participants.

IFD reserves the right to require a separate audit of the Administrator accounts.

5 Re-budgeting

When the project starts, a year-by-year budget will have been prepared that breaks down the total project budget by Project Participants, costs categories and sources of funding (including investment amounts from IFD).

During the Project (the investment period) it may in certain cases be necessary to adjust the budget (to “re-budget”). Re-budgeting may happen due to e.g. amendments to the project plan, including changes in the group of participants, changes in the distribution of tasks of the individual participants or changes to the time plan.

Re-budgeting may also be necessary if the budget includes funds not allocated to individual Project Participants (see section 4.5 about non-distributed funds).

Any re-budgeting will as a rule be made immediately after the approval of a financial report. On the basis of the financial reports and previously disbursed investments amounts, costs and investment amounts for the remaining project period are redistributed across the various items included in the budget. Changes in the budget can, however, never have retroactive effect on completed accounting periods. Also, it will not be possible to increase the total IFD investment in the Project.

Proposals for a revised budget covering the remaining project period must be approved by IFD and will not be valid until such approval has been obtained.

6 Audit rules

The Participant accounts for each Project Participant must be audited separately. The requirements for auditing Project Participants’ accounts vary depending on whether the Project Participant receives an investment amount from IFD and the size of any such investments, as well as the Project Participant’s organisational structure. The rules are described below.

6.1 Project Participants not receiving investment amounts from IFD

The accounts of Project Participants not receiving investment amounts from IFD need not be audited, but should be approved by an eligible employee of the Project Participant in question.

6.2 Project Participants that are Danish government or Danish state-financed self-governing institutions

For Project Participants that are Danish government institutions or Danish state-financed self-governing institutions where the auditing responsibility rests with the Office of the Auditor General of Denmark (Rigsrevisionen) pursuant to the Act on Auditing of State Accounts, audits must be performed by the institution’s financial controller and endorsed by a duly authorised employee at the institution in question. This is done by signing a statement and completing an audit checklist that can be found as appendices 1

and 2 to this document.

6.3 All other Project Participants, i.e. local/regional government/private-sector institutions and enterprises, as well as all foreign entities

- Accounts for periods in which the total disbursements from IFD amount to DKK 500,000 or less, need not be audited. IFD does, however, reserve the right to require a separate audit of these accounts.
- Accounts for periods in which the total disbursements from IFD will amount to more than DKK 500,000 must be audited by an approved auditor. The audit must be performed in accordance with international audit standards and further requirements under Danish audit legislation and generally accepted auditing standards.
- At the end of the project, an approved auditor must audit accounts for the entire project period. The audit must be performed in accordance with international audit standards and further requirements under Danish audit legislation and generally accepted auditing standards.

6.4 Performance of audits

Auditing of individual Participant accounts must be performed in accordance with generally accepted auditing standards, as defined in section 3 of the Act on Auditing of State Accounts etc. (Consolidated Act No. 101 of 19 January 2012) and more specifically section 2 and section 7, as well as Rigsrevisionen's "God offentlig revisionskik – normen for offentlig revision" (in Danish only) from January 2013.

The audit should ascertain that the project accounts are true and fair and that the allocations and decisions comprised by the financial reporting are consistent with grants awarded, statutes and other regulations, as well as with agreements made and customary practice. Furthermore, assessment must be made of whether due financial consideration has been given to the administration of the funds comprised by the accounts.

It is not a requirement that efficiency and productivity be reviewed, as this is done by IFD in connection with its review of the scientific reports.

The auditor must plan the audit on the basis of an assessment of materiality and risk. The scope of the audit depends on the organisation's administrative structure and procedures, including internal control and other conditions of significance vis-à-vis the financial reporting.

For institutions/organisations/enterprises that are not subject to the Office of the Auditor General of Denmark (Rigsrevisionen), the approved auditor must in particular verify:

- That the accounts for the overall project costs are true and fair, i.e. without significant errors or omissions.
- That the calculations of IFD's investment amounts are correct, including that the maximum investment rate requirements have been observed.
- That the terms and conditions for subsidy have been met, including the terms set out in the Investment Agreement.
- That any investment amount has been used for its intended purpose.
- That due time registration has been made for the calculation of costs related to spent working hours.
- That the accounts relate to the correct period, and that no project costs have been defrayed before the start of the investment period or after its expiry. Particular attention should be paid to the project accounting period in newly established projects where start and end date do not coincide with the calendar year.

For institutions that are subject to audit through the Office of the Auditor General of Denmark (Rigsrevisionen) (cf. appendices 1 and 2), the verification of the above items is the responsibility of the financial controller.

The audit shall be performed by spot checks.

The Project Participant must provide the auditor with such information as is deemed significant for the audit of the project accounts and for the auditor's evaluation of the administration of funds, including goals and results achieved. The Project Participant must give the auditor access to perform such enquiries as the auditor deems necessary, and must ensure that the auditor is provided with the information and assistance which the auditor deems necessary for performance of his/her professional duty.

If the auditor becomes aware of any punishable offences or non-observance of regulations that may be significant for the management of funds, the auditor must immediately inform the Project Leader and the Administrator and ensure that IFD is informed within three weeks.

The same applies if during the audit or in some other way the auditor comes to realise that the Project's completion may be uncertain on financial or other grounds.

The audited Participant accounts must have an audit report attached in accordance with ISA statements for special-purpose audit tasks.

The Project Participant must send duplicates of the signed audit report to the Project Leader and the Administrator together with the audited Participant accounts and appendices.

7 Rules applying if the Investment Agreement is terminated before the Project has been completed

If the Investment Agreement is terminated before the Project has been completed, cf. the provisions of the Investment Agreement, IFD will, as a main rule, only cover costs pertaining to the period of notice.

8 Other provisions

8.1 Other income and other funding

- *Funding from other sources:* If funding is obtained from other sources for covering costs that according to the budget of a given Project Participant should be met by IFD, the Project Participant in question must notify IFD without undue delay. In that case, IFD reserves the right to deduct funds accordingly from the investment amount due to the Project Participant in question.
- *Other project-related income:* In the event that income is generated through exercise of patent rights or sale of know-how or own production as a result of its investment, IFD will make no claim for repayment of the investment in full or in part.

8.2 Reporting to SKAT

IFD has a duty to report regularly to [SKAT](#) on any direct disbursements to non-public Danish entities. However, IFD will not report funds transferred between the Project Participants and the Administrator.

8.3 VAT and taxation

The investment amounts do not cover VAT or other turnover tax unless this has been specifically agreed in connection with the conclusion of the Investment Agreement. In those instances where the grant is taxable, the grant does not cover for such taxation. All issues regarding taxation are referred to SKAT.

8.4 Replacement of the Administrator

If IFD requests the Administrator to be replaced, cf. section 5.3 of the Investment Agreement, or if the Steering Committee, with the approval of IFD, decides to replace the Administrator, the former Administrator must ensure that the new Administrator receives all relevant information and material and that any funding from IFD held by the Administrator is transferred to the new Administrator.

8.5 Closing of the investment project

The expiry date of the investment period is stated in the Investment Agreement and its exhibits. Costs related to the investment project cannot be defrayed after this date.

When IFD has received and approved the final financial report, the final scientific report and any other documentation requested, any investment amounts withheld may be disbursed (see “Final Installment” in section 4.1 for further details). If the accounts show that the spending of investment amounts has been lower than budgeted for, the final installment will, however, be reduced accordingly.

If the accounts show that the Administrator or the individual Project Participants hold funds already disbursed, but not spent, such funds must be paid back to IFD. The funds should, however, not be repaid until after IFD has approved the accounts and final report and once the Administrator has received notification of repayment from IFD.

8.6 Other

We inform grant holders that Innovation Fund Denmark adhere to the guidelines for international research and innovation (URIS). For further information, see: [Guidelines for international research and innovation cooperation, the Ministry of Higher Education and Science](#).

The grant holder guarantees that receipt and use of the investment from Innovation Fund Denmark does not violate existing national or international sanctions, including sanctions on freezing funds or prohibitions on direct or indirect provision.

The grant holder should be aware that in connection with the conflict between Russian and Ukraine, EU has considerably restricted the access to making funds and economic resources available for specific physical or legal individuals, entities or organisations according to EU Council Regulation No 269/2014 “concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine”, and the grant holder shall guarantee that receipt and use of the grant from Innovation Fund Denmark does not violate this regulation. A consolidated list of person, groups and entities subject to EU sanctions is available on [Consolidated list of persons, groups and entities subject to EU financial sanctions - Data Europa EU](#).

9 Appendices

Appendix 1 – Investment recipient is a government or state-funded self-governing institution

FINANCIAL CONTROLLER'S DECLARATION ON RECEIPT OF INVESTMENT FROM IFD

Case no.: _____

Title of project: _____

Investment recipient: _____

Start date of accounting period: _____

End date of accounting period: _____

Actual expenditure: _____

Investment from IFD: _____

(Investment received as transferred from the Administrator, **not** the budgeted investment amount)

It is hereby confirmed that the financial report is in agreement with the conditions described in *General Terms and Conditions: Grand Solutions* and the *Investment Agreement* between the Project Participants and IFD.

Any qualifications on part of the financial controller:

Date

Name of financial controller

Title of financial controller

Address of institutions of the financial controller

Signature of financial controller

Appendix 2 – Checklist for government or state-funded self-governing institutions

FINANCIAL CONTROLLER’S CHECKLIST FOR GRAND SOLUTIONS

The checklist is to be attached to the financial controller’s declaration (appendix 1)

Innovation Fund Denmark case no.	
Title of project	
Name of institution	
CVR no.	
Financial year	

Innovation Fund Denmark’s preamble to the financial controller’s checklist

The checklist must be completed by the public institution’s financial controller.

The checklist must be completed as part of the accounts audit and is a supplement to the financial controller’s declaration. Audit report is provided in connection with the declaration.

The checklist serves to answer questions of a more formal nature.

The financial controller’s answers to the checklist questions cannot replace qualifications or supplementary information in the declaration.

Information about the financial controller’s endorsement of the accounts

(Tick the appropriate box)

- Endorsement without qualifications or supplementary information
- Endorsement with qualifications
- Endorsement with supplementary information

Guide to completing the checklist (cf. next page)

Tick the ‘Yes’ box in the column ‘Result of the auditing procedure’ if the audit has been completed and the financial controller is able to answer the given question in the affirmative. If the financial controller has important/critical remarks to the given question, the financial controller should tick the ‘No’-box, and the issue must be mentioned in the declaration and/or the audit report.

An affirmative answer says nothing about the basis or certainty of the answer and does not necessarily mean that the issues concerned carry no reservations. The financial controller finds that the identified issues must be considered justifiable under the given circumstances. A negative answer is expected to occasion a mention of the issue in the financial controller’s declaration and/or in the audit report.

Financial controller's checklist		Result of the auditing procedure	
		YES	NO
1	Have the accounts been prepared in accordance with IFD's general terms and conditions? *		
2	Has the financial controller followed up on any critical remarks given in the declaration of the last accounting period and/or audit report?		
3	Has the financial controller received the information and support the financial controller considered necessary?		
4	Have working hours been recorded on an ongoing basis?		
5	Has the institution created a separate account/activity for the administration of the grant?		
6	Is the accounting period in accordance with the Investment Agreement?		
7	If the accounts are without serious faults and/or deficiencies, please tick YES.		

*Innovation Fund Denmark's General Terms and Conditions: Grand Solutions are available at www.innovationsfonden.dk