IT-UNIVERSITETET I KØBENHAVN

COPENHAGEN, 1 NOVEMBER 2014

ACCOUNTING INSTRUCTIONS FOR THE IT UNIVERSITY OF COPENHAGEN

Contents

Preface

These instructions are prepared in accordance with the Danish University Act (*Lov om universiteter*) Act No. 960 of 22/06/2011, Executive Order No. 70 of 27/01/2011 on Government Accounting, etc., of the Danish Ministry of Finance, Executive Order no. 1534 of 16/12/2013 on Grants and Auditing, etc., of Universities, as well as the guidelines of the Danish Agency for the Modernisation of Public Administration on the preparation of accounting instructions of 31 October 2013.

The instructions include a description of the accounting organisation of the IT University of Copenhagen and the IT University's organisation of its accounting tasks, including information on the distribution of responsibility and authority and the rules to be observed by the staff in connection with financial decisions and the performance of accounting tasks in order to achieve proper administration of income, expenses, assets and liabilities.

The accounting instructions will be sent to the members of staff of the IT University who perform work covered by the rules of the accounting instructions. The instructions are available on the University's website. Any amendments will be announced in the weekly newspaper ReadIT.

The instructions are effective from 1 November 2014.

Date   / 2014

Mads Tofte   Georg Dam Steffensen

Vice Chancellor   Head of Administration

Contents

Under [Executive Order No. 70 of 27/01/2011](#) on Government Accounting, etc., of the Danish Ministry of Finance, the purpose of the accounting service is to contribute to safe and efficient administration of funds at all levels of government administration, and to the greatest possible extent, accounting should be digital using as few resources as possible and the greatest degree of automation possible. By means of accounting, the necessary information will be procured for ongoing budget follow-up, interim financial statements and preparation of the annual report.

The purpose of these accounting instructions is to ensure that the IT University's administration of the financial statements complies with the requirements of applicable legislation.

The contents of the instructions are based on the guidelines in the instructions of the Agency for the Modernisation of Public Administration on the preparation of accounting instructions of October 2013, which stipulate a structure based on the description and determination of responsibility and authority in relation to the work, organisation, accounting tasks and IT use of the institution.

This main document describes the overall formal responsibilities and the organisation of the accounting tasks. The instructions include a number of appendices. In relevant cases, further reference is made to legislation, external and internal rules, guidelines and procedures.

1 Introduction

The IT University is an independent government institution under the supervision of the Danish Ministry of Higher Education and Science. The University is governed by the Danish University Act (Act no. 960 of 14/08/2014). The income and expenditure grant of the IT University is provided for in the Finance and Appropriation Act under the main account, section 19.22.45, (Reservation grant).

The IT University's address is:

> Rued Langgaards Vej 7
>
> DK-2300 Copenhagen S

1.1 The purpose and organisation of the IT University

The purpose of the IT University of Copenhagen is to deliver world-leading research and research-based teaching which places Denmark in an extraordinary position as regards creating value by the use of IT. The IT University offers courses in accordance with Act no. 374 of 04/04/2014 on Open Education.

The IT University offers bachelor, graduate, master and diploma courses. The IT University offers masters courses for its own bachelors and students with bachelor degrees from other universities. By means of master and diploma courses and courses of a shorter duration, the IT University provides further and supplementary IT education to participants in active employment.

The University is required to participate in the creation of a knowledge economy and to be interactive in an innovative and global manner. The University is required to establish relations with national and international private and public organisations for the purpose for spreading/popularising the most recent knowledge in its areas of expertise – and to develop and support the circulation of knowledge between partners, organisations and the IT University.

A chart of the organisation in force at all times is available at the University's website. The organisation chart at 1 November 2014 is presented below.
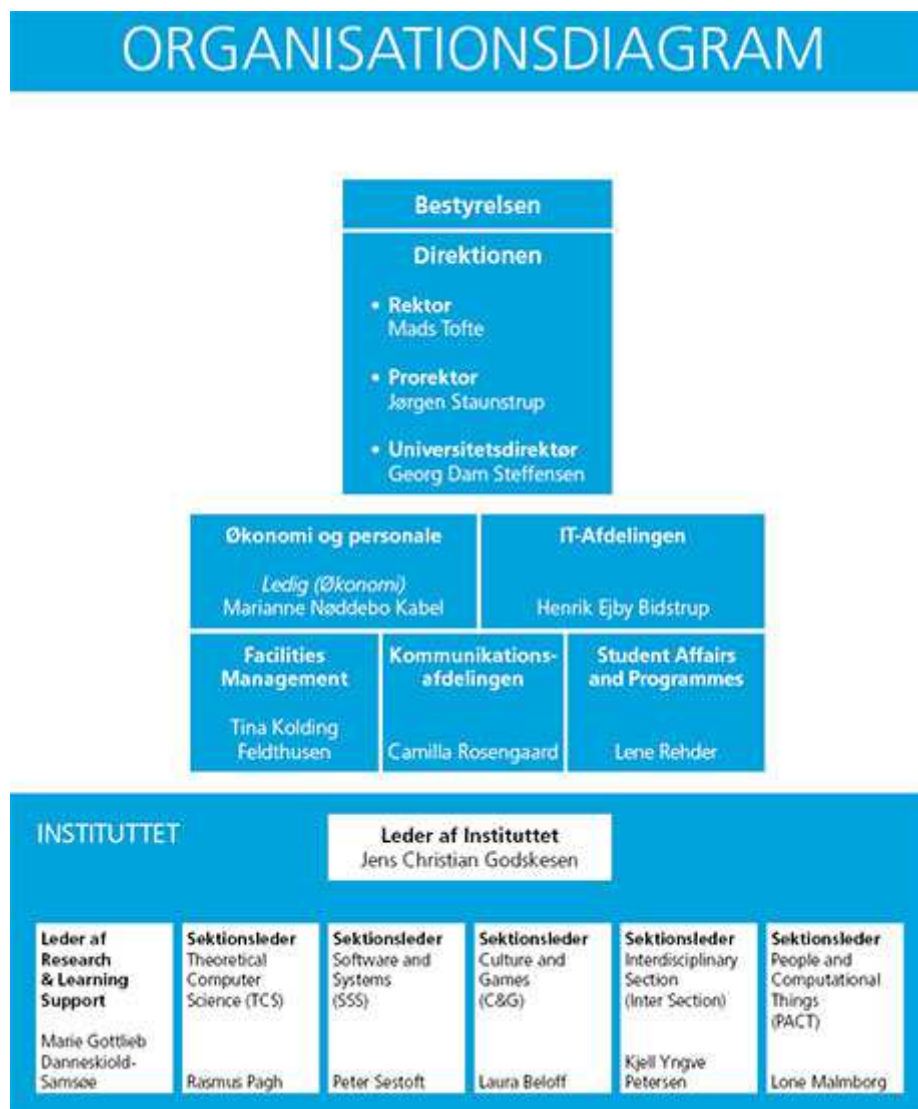
The Board of Directors is the supreme authority of the University. The University is run by a Management. The Management consists of at least one vice chancellor and one provost or head of administration. Furthermore, the IT University has one department and a number of administrative sections. The number and lifetime of the department and sections and the reporting structure of the department and section managers are determined and amended by the Board of Directors on the recommendation of the vice chancellor.

The responsibility of staff-related decisions lies with the Staff Section. Student Affairs and Programmes (SAP) is responsible for the registration of study activities, including the collection of course fees under the Danish Act on Open Education (Lov om åben uddannelse). The sections of the IT University dispose of their own income and expenses within a defined framework. The Finance Section has the overall responsibility for the accounting tasks carried out by the Accounting Section and the controllers. The finance manager, who is in charge of the Finance Section, is responsible for the preparation and maintenance of the accounting instructions.

1.2 The accounting system applications of the IT University

The financial year of the IT University follows the calendar year. At the end of the financial year, financial statements are prepared. The financial statements are included in the annual report, which is prepared in accordance with *the Executive Order on Grants and Auditing, etc., of Universities* (Bekendtgørelse om tilskud og revision mv. ved universiteterne). The financial statements and the annual report are audited by the Auditor General in cooperation with the institution auditors appointed by the Board of Directors. The annual report is signed by the Board of Directors and Management.

Moreover, the IT University carries out the accounting registration of the Student Counselling Service (SRG) in accordance with *the Agreement on the Administration of Finance and Staff for the Student Counselling Service of the IT University of Copenhagen* (Aftale om IT-Universitetet i Københavns varetagelse af økonomi og personaleadministration for studenterrådgivningen).

Copenhagen Business School (CBS) is in charge of the registration in The Public Salary System (Statens Lønsystem, SLS) in accordance with the provisions of *the Agreement on Administrative Tasks Carried Out by CBS* (Aftale om CBS' varetagelse af administration) of May 2008.

The IT University is registered under CVR NO. 29 05 77 53, EAN no.: 5798000417878, accounting institution 646, accounting area no. 29 200, SLS group no. 766.

The University has the following partial accounts:

- Partial accounts 1: General operations (UK10)
- Partial accounts 2: Commercial activities (UK90)
- Partial accounts 3: Grant-funded research activities (UK95)
- Partial accounts 4: Other grant-funded activities (UK97)

The IT University has a duty to register for VAT under the Danish VAT Act (Momsloven) and a duty to withhold tax under the Danish Withholding Tax Act (Lov om kildeskat). The activities of the University under partial accounts 1, 3 and 4 are partially subject to VAT, and VAT ("toldmoms") and reclaimable VAT ("refusionsmoms") will be repaid in proportion to the partial VAT deduction percentage. The activities in partial accounts 2 are subject to full VAT under the Danish VAT Act.

The IT University carries out commercial activities (partial accounts 2) and receives grants for research (partial accounts 3) subject to the rules in the current budget instructions. The University does not administer non-government assets or liabilities in addition to gifts and grants which are administered in accordance with the rules in the budget instructions and

grant-funded activities. The University receives grants for among other things student exchange from public authorities, the EU, etc.

The IT University does not collect fees.

The IT University receives course fees under the Danish Act on Open Education (adult education for business purposes) (Act no. 374 04/04/2014).

The available funds of the University are to be invested in accordance with the Executive Order on the Depositing of the Funds of Foundations and Board Fees, etc., see section 21(3) of the Danish University Act.

1.3 The use of IT by the IT University

The use of IT by the IT University is described in detail in Chapter 3.

Access to Navision Stat is granted subject to the use of personal user names and passwords. Access will only be granted to staff approved by the manager and the Finance Section. The transaction trail is found in Navision.

Information about study activities generating income is registered in the study administration system STADS. STADS was developed under the auspices of UNI-IT, a purchasing and development scheme including all universities in Denmark and the Support Centre of the engineering colleges. In connection with the approval of a requested appropriation (aktstykke 100), the responsibility for STADS was taken over by the government institution Uddannelses- og Forskningsministeriets IT at 7 June 2012, see section 19.57.01 of the Finance and Appropriation Act. Registrations in STADS form the basis of the reports for the Ministry of Higher Education and Science and Statistics Denmark.

The IT University uses its own IT systems in the portal mit.itu (online application, admission database, course database, project database, course evaluation) for study administration purposes. Neither of these systems generate data for accounting purposes.

Under the Executive Order on Grants and Auditing, etc., at Universities, the IT University is required to use the Public Salary System (SLS) and the Government Group Payment System (Statens Koncernbetalinger, SKB). Registration of salaries in SLS is carried out by Copenhagen Business School (CBS).

Payments are effected via "NEM-konto" with Danske Bank (SKB).

The IT University uses the HR Manager for handling applications and assessing these in connection with appointments.

1.4 The budget tasks of the IT University

The budget tasks of the University are described in the University's budget manual, which is available on the University's intranet.

The Accounting Section keeps an updated list of the persons responsible for the budgets. This list is kept in a physical folder at the Accounting Section with documentation of authorisations and signatures, see Appendix 2.

2. The accounting tasks of the IT University

This chapter includes a description of the accounting tasks of the IT University.

The finance manager is responsible for the planning of accounting tasks and for accounting registrations in Navision and handles the external accounting relations to the auditors and the ministry.

2.1 Accounting registration and filing

Generally, accounting registration is organised in a way which means that no person can be involved in both accounting registrations and payments. Thus, in the Finance Section, the members of staff have different roles in Navision, enabling them to carry out the role as either accountant or cashier.

Appendix 1 states the roles assigned to the individual members of staff at the relevant time. The Finance Section is responsible for updating the list.

2.1.1 Organisation of registration

All accounting registrations are documented by approved vouchers documenting the authenticity of the registration (control trail). Thus, it is possible to follow all accounting registrations to financial statements, accounting statements or lists to be prepared. The accounting statements, lists and individual accounts can be dissolved into their constituent registrations, see the Executive Order on Financial Reporting.

Appendices relating to income and other expenses (excluding salaries) are registered in Navision by the Accounting Section. If the Accounting Section is unable to carry out the registration, the task will be performed by other staff of the Finance Section, see Appendix 1. The registration is organised in a way which prevents the same member of staff from registering an expense and carrying out the payment transaction. Entry of bank transactions does not require a second approval.

Vouchers relating to staff will be registered in SLS by salary accountants at CBS.

Electronic invoices and credit notes will be sent directly to Ibistic Invoice Workflow (see Chapter 3.1.7 below). The invoices will be received, entered and approved in the sections, and subsequently, the entries will be verified, and the invoices will be transferred to Navision and booked. The accountant will issue a reminder for vouchers which have not been approved in Ibistic to the person responsible for the activity. In connection with the second reminder, the reminder will be forwarded with a copy to the person responsible for the budget or a person appointed by him/her (e.g. the line managers of the department).

The accountant verifies on an ongoing basis that payments have been carried out or will be carried out based on account statements from suppliers, etc. Account statements and reminders received must be handled no later than one week after receipt. The verification must be noted on a print of the account statement, which is to be kept on file at the Accounting Section. Reminders must be handled on a daily basis.

In connection with the preparation of the quarterly financial statements, the entry lists to be examined by the persons responsible for the budgets, see Appendix 2, are distributed. The section managers are responsible for informing the Finance Section of any accounting errors which they become aware of during the examination of their part of the financial statements.

2.1.2 Chart of accounts

The chart of accounts of the IT University consists of the following:

- A 1-digit partial accounts number.
- A 6-digit finance account number stating the subject of the cost or income.
- A 3-digit location number stating the place in the organisation where the cost or income is to be paid.
- A 4-digit activity number stating whether the cost/income relates to a particular activity. For some location numbers, this dimension can be used with a blank value
- A 2-digit purpose number stating the purpose of the cost/income.
- A 2-digit financing source stating the financing sources of the cost/income.

The chart of accounts is available in Ibistic and Navision for all persons responsible for budgets and it is maintained by the controllers of the Finance Section. The finance manager has the overall responsibility of the chart of accounts and should approve any amendments to this. The controllers prepare section-specific versions of the chart of accounts.

Time registration

The members of staff of the IT University carry out time registration in accordance with the following guidelines:

- Staff paid by the hour: Pre-printed forms to be approved by the person responsible for the budget and forwarded to the staff section at least once a month.

- Members of staff with staff responsibilities do not have maximum work hours or a duty to carry out time registration. In general, science staff do not carry out time registration; however, time registration is carried out in connection with external research funds if this is required explicitly.

- Other staff: These are required to register their time consumption every day or once a week as a minimum. Once a month, the statement is approved by the nearest superior and delivered to the Staff Section.

The rules governing fixed and flexible working hours can be found in *The Administrative ABC* (Den administrative ABC) on the intranet.

2.1.3 Preservation of accounting material

The accounting material of the IT University includes the following:

- Registrations, including the transaction trail in Navision.

- Internal and external basic vouchers and other documentation required for the control trail.

- Basic vouchers regarding salaries and outgoing data from SLS.

- Approved financial statements, accounting statements or statements forming a basis for income and expenses.

- Outgoing data from the internal financial administration system (Navision) of the IT University

- Instructions, including entry instructions, Navision scripts, signature sheets, etc.

Accounting material is retained by the IT University for 5 years from the end of the relevant financial year. Accounting material relating to grant-funded research projects from the EU is retained in accordance with applicable rules, however, at least 5 years from the date when grants were last paid out under the scheme.

Accounting material for the current and previous year is retained by the accounting office/Staff Section of the Finance Section or in storage.

Accounting material relating to previous years is retained on file at the accounting office/Staff Section of the Finance Section.

Navision is executed in a mirrored environment with synchronous mirroring of committed data in separate data centres at the operation supplier. Daily backups are stored on tapes. Backups on tapes are also mirrored in separate data centres.

At least one daily backup is made of all data in Ibistic Invoice Workflow. Backed up data are regularly transferred to a separate physical location. Ibistic has committed itself to performing a restore test of backup data once a year.

Navision data (accounting and anonymised payroll items) are retained unchanged in the system (no data compression of old data is performed).

Ibistic data are retained for 10 years.

This filing is carried out in a way which observes the requirements for authenticity and integrity and which ensures that all or part of the data is not lost as a result of error, breakdown or other operational disturbances, irrespective of whether the data is retained with the registered company or with a third party. Backup of accounting data is carried out in accordance with the rules described in detail in Chapter 3.

Paper vouchers transformed into electronic format with a view to storage in an electronic medium, microfilm, etc., may be destroyed.

The finance manager is responsible for preserving and removing accounting material as regards accounting vouchers and data output from Navision, and the staff manager is responsible for preserving and removing accounting material as regards data output from SLS and basic vouchers regarding salaries.

2.2 Administration of expenses

In general terms, the expenses of the IT University are related to the purchase of goods and services and salaries. In the following, the organisation, procedures and rules regarding these types of expenses are described.

Members of staff are identified by name and section, see Appendix 2.

2.2.1 Planning of expenses

The planning of expenses includes the situations in which the IT University assumes a substantial or long-term financial obligation.

Staff costs

New positions and re-hiring must occur within the annual financial framework adopted by the Board of Directors.

Appointments

Decisions on the creation of new positions or re-hiring on management level are made by Management. Hiring of members of the Management must be approved by the Board of Directors on the recommendation of the vice chancellor prior to the appointment.

Decisions regarding new positions (including PhD positions) or re-hiring at the department within the approved budget are made by the head of department and approved by a member of Management.

An annual budget for teaching, counselling and examination is prepared for the purpose of hiring external lecturers, assistant teachers, external examiners, etc. Decisions on hiring are made by the head of studies and approved by the head of department. It is the responsibility of the head of department that the budget is observed. If the budget is exceeded, the relevant positions must be approved by a member of Management before the positions are posted and filled.

Decisions on new positions or re-hiring in the administrative units within the budget of the section are made by the section manager and approved by a member of Management.

The hiring of assistants paid by the hour in the administrative units can be decided on and approved by the individual section managers as long as the costs are kept within the budget awarded.

Decisions on the filling of positions fully financed by external project funds are made by the person responsible for the budget of the project and approved by the head of department.

Dismissals

Decisions on the dismissal of members of Management are made by the Board of Directors on recommendation of the vice chancellor.

Decisions on the dismissal of lecturers paid by the hour, assistant teachers, etc., are made by the head of department following consultation with the staff manager.

The vice chancellor makes decisions on the dismissal of other staff, including management staff.

Payment for extra or overtime work

Decisions on payment for extra or overtime work are made by the section manager. Decisions on payment for extra or overtime work for section managers are made by the head of administration.

Payment of supplements and non-recurring bonus

Decisions on the payment of supplements and non-recurring bonus are made by a member of Management.

Approval of hourly salary statements

External lecturers, assistant teachers, etc., are hired for teaching specific courses for which the duty calculated in hours will be agreed at the time of appointment.

In connection with examinations, payment for internal and external examiners will be carried out according to examination type, the number of students taking the exam, the point weighing of the course, etc., resulting in the preparation of an hourly salary statement. These are prepared by the internal and external examiners and forwarded to the examination office. After validation against the examination lists, they will be approved for payment.

Payments other than salaries

Decisions on other remuneration than salaries (PC in the home, ADSL connection in the home, etc.) are made by the section manager or in accordance with internal guidelines.

Decisions on other contractual costs

- Entering into temporary tenancies
  Entry into tenancies is decided on and approved by Management and signed for Management by the head of administration.

- Building and construction work
  Under section 12(2) of the articles of association, the chairman of the Board of Directors together with another member of the Board of Directors make decisions regarding real property and make decisions on behalf of the Board of Directors following its approval.

- Verification of salary data output
  The salary controller imports SLS data into Navision and reconciles the import to SLS before entry in the books is carried out. The reconciliation of salaries is carried out in the Staff Section where salary list/data output list no. 198 is checked. The

salary vouchers entered by CBS are checked/compared with the registered entries in data output list no. 198.

2.2.2 Purchasing

Facilities Management (FM) is responsible for the purchasing policy, and as a general rule, purchasing is carried out centrally via FM. In addition, there are a few authorised purchasers in the sections carrying financial liability. A more detailed description of the purchasing and tender policy can be found in *The Administrative ABC* at the IT University's website.

All purchasing of goods and services for the IT University is covered by the purchasing and tender policy of the University and must be carried out in accordance with this internal policy and the guidelines of external legislation, including the purchasing circular of the Danish Ministry of Finance and the tender directives of the EU. The purpose of the purchasing policy is to promote efficiency and professionalism in the purchasing process of the IT University.

In general, the IT University's purchases are based on agreements entered into with SKI (Statens og Kommunernes indkøbsservice) or the Ministry of Finance (the Government purchasing programme). This is the most advantageous solution seen from a resource perspective since, as a starting point, the purchasing of the IT University does not have the resources or volume to carry out EU tenders.

If no purchasing agreements have been made in a specific area, the supplier may be chosen freely.

In addition to the fact that advantageous agreements may be achieved via SKI and the Government purchasing programme, to the extent possible and in cooperation with other universities, the purchasing of the IT University will attempt to obtain further discounts by entering into an agreement on a coordinated purchasing agreement based on the agreements made with SKI and the Government purchasing programme. Common to the mentioned agreements is that they ensure observation of the EU tender directives and the national rules on tenders.

In addition to shared purchasing carried out by FM, the managers responsible for the budgets are entitled to enter into agreements in their own areas within the authority of the manager. This applies mainly to the travel area where booking is normally made with DSB (train travel) or Carlson Wagonlit Travel (air travel), courses for staff, etc.

In the communication area, purchasing is carried out separately by the Communication Section as they have the experience and expertise in this area.

Purchasing in the travel and communication areas is carried out in the way which is financially most advantageous to the IT University seen from an overall perspective.

As for the purchase of consultancy services, these services must be stated separately in the project description, which must be approved by Management before the project is initiated. The paradigms of project management at the IT University can be found at the University's intranet under *"Organisation"* and *"The Project Organisation"*.

Generally, the person responsible for the budget is the manager of a financially liable unit who has the final right to approve purchases (right to issue payments) in his/her own unit.

All members of staff may be responsible for activities/commissioning.

In order to limit administrative expenses, part of the minor costs of the science staff for books, travel and conferences are administered by means of budgets granted via gadget accounts (location dimension) attributable to persons. In addition to the head of department, Research and Learning Support (RL) or the PhD administration may approve payments from the gadget accounts of the researchers. The section manager – including the head of department – is in charge of ensuring that all purchases are carried out within the budget framework awarded.

Purchases are carried out by the authorising manager/purchaser's ordering (an authorised member of staff) of the service via FM's request system or via e-mail. FM then searches for the purchase in accordance with the purchasing policy. The electronic invoice is entered in the books, and the goods are received. Subsequently, the invoice is approved by the person responsible for the budget.

Danish suppliers are required to forward an electronic invoice in OIOUBL standard. The purchaser/commissioning person is responsible for forwarding the invoice in the right format to the EAN no. of the IT University at the time of the issue of the order. If the University receives a printed invoice from a Danish supplier, the commissioning person contacts the supplier to reject the invoice and request an electronic invoice.

2.2.3 Approval of vouchers

The administration of the expenses of the IT University includes a number of roles which are carried out by different persons for each transaction:

- Person responsible for the activity.

- Person responsible for the budget.

- Person responsible for the books.

- Person responsible for payments.

The *person responsible for the activity* is the member of staff who makes the decision on the expense, i.e. orders a product or a service, etc.

The person responsible for the activity:

- confirms by his/her approval that the product or service has been received

- confirms that the price and quantity is in accordance with the voucher and checks the voucher

- ensures that the voucher is paid by the person responsible for the budget.

All members of staff at the IT University can be responsible for an activity if they receive authority by a person responsible for a budget. No lists are kept of persons responsible for activities.

The *person responsible for the budget* is the member of staff ensuring that the cost decision is in accordance with the general and financial provisions of the IT University.

The person responsible for the budget:

- confirms by his/her payment that the expense is in accordance with the general and financial provisions of the IT University

- enters the expense in the books in accordance with the current chart of accounts (found in Ibistic and Navision)

- forwards the voucher for payment via the person responsible for the books.

A *person responsible for the budget* is authorised by his/her nearest superior. In section 14 of the articles of association, the Board of Directors has authorised the vice chancellor to make decisions on the IT University grants and other income in accordance with the budgets and guidelines approved by the Board of Directors. This authorisation has been further delegated in the organisation via the members of Management, see section 14(3) of the articles of association.

The authority of persons responsible for a budget will usually be subject to various limitations. This may include a limit on the individual expense, limits on the type of expense (based on financial accounts), limitations to particular organisational units (based on location numbers) or limitations to particular activities (based on activity numbers).

The Finance Section keeps a physical folder containing lists of documentation of the current and historic authorisations of the persons responsible for budgets. These list the limitations for each authorisation, the person granting the authorisation and a sample of the approving signature of the person responsible for the budget (signature). The cashier in the Accounting Section is responsible for the maintenance of the folder. If a person responsible for a budget is also responsible for an activity, the approval of the expense in question must be granted by a different person responsible for a budget with the relevant authority. Management's expense vouchers must be approved by another member of Management or the finance manager.

The *person responsible for the books* is the member of staff responsible for entering the cost in the IT University's accounting system, Navision.

The *person responsible for the books*

- carries out quality assurance of the entry string of each expense voucher and ensures by sampling that the persons responsible for the budgets comply with the limitations to their authority

- is responsible for the entry of each expense voucher in Navision

- implements the payment process in cooperation with the person responsible for payments

- is responsible for the entry of each payment in Navision.

The *person responsible for the books* is assisted by members of staff who have been granted an accounting profile in Navision. Usually, they carry out the following accounting tasks:

- Reading of SLS salary finance items from CBS. The salary controller imports the items in a Navision draft. Subsequently, it is entered in the system.

- Re-entries from the controller team. These are entered in a draft by the controller and subsequently entered by an accounting profile.

Expenses related to Danish suppliers that forward an aggregated invoice covering several minor deliveries (e.g. flowers, delivery service, etc.) are split up in Ibistic by the person responsible for the books based on information on subordinated vouchers regarding the recipient of the part supplies, and subsequently, receipt of goods and approval are handled as usual in Ibistic.

Bookkeeping in Navision can only be carried out by staff with an accounting profile. The list of persons responsible for books is found in Appendix 1, and the granting of an accounting profile appears from Navision.

The *person responsible for payments* is the member of staff responsible for paying suppliers and staff for goods, services and advance payments. This is carried out based on the registrations of the person responsible for the books and by means of the IT University's bank connection, Danske Bank.

The *person responsible for payments*

- is responsible for the payment process and carries out this process in cooperation with the person responsible for the books

- follows up on the payment process via balancing of bank accounts.

The person responsible for payments and a certain members of staff have been granted a cashier profile in Navision. These persons act as backups to the person responsible for payments. The list of persons responsible for payments is found in Appendix 1, and the granting of a cashier profile appears from Navision.

Approval of payments may be granted in one of the following ways:

- Approval by bank procuration in Navision. In Navision, a number of users have been granted bank procuration as either bookkeepers or cashiers. Payment requires approval in Navision by one accountant and one cashier together after which it can be forwarded to Danske Bank for completion. The grant of bank procuration can be found in Navision at any time.

- Approval in the Danske Bank system. In the Danske Bank system, certain members of staff in the Finance Section have been granted procuration (the so-called A role). As a result, two members of staff together can authorise payment in the Danske Bank system after payment has been transferred from Navision. The granting of roles can be found in the Danske Bank system.

The payment process between the person responsible for the books and the person responsible for payments is as follows:

- The person responsible for the books will find cost vouchers for the payment draft in Navision.

- The person responsible for the books (bank procuration: accountant) makes the first approval of the draft payment.

- The draft payment is taken over by the person responsible for payments for verification.

- The person in charge of payments (bank procuration: cashier) makes the second approval of the draft payment and sends it to Danske Bank/NKS account (NemKontoSystem), see Appendix 4.

- The person responsible for the books checks that the transactions have been carried out and enters the draft payment in the books.

  o Danske Bank: The draft payment can be entered in the books the same day.

  o NEM account: The draft payment can be booked when its status is NKS received.

Official travelling

In connection with official travelling, settlement must be carried out by means of a special form (Excel spreadsheet) prepared by the Finance Section. All payments in connection with official travelling are examined and verified by the person responsible for payments, who ensures that the payments are in accordance with the decisions made and the official travelling circular. The finance manager will carry out sampling of vouchers and sums.

Credit cards

The IT University cooperates with SEB card. This cooperation comprises cards subject to company liability, see the circular no. 24 of 20 April 2010 on the use of credit cards. The IT University's use of credit cards is described in Chapter 2.7.5 and in the University's *procedure for application for, use, control and registration of credit cards*.

The IT University does not issue cheques. If a cheque is required, it will be issued by the bank.

Charges in connection with payments to foreign accounts

When possible (STP-ready payments), the IT University performs payments to accounts abroad as SHARE, i.e. the IT University pays the charge for the transaction in Denmark, and the recipient pays the bank charge for the transaction in the receiving country.

2.2.4 Accrual of costs

Deferred income and accruals are recognised in the financial statements. A distinction is made between deferred income and accrual accounting in general.

Accrual accounting is related to costs paid before the accrual date which relate to the following periods. These must be carried as current assets in the financial statements and be made in connection with the year-end closing.

Accrual relates to costs of the accounting period which are not paid until the following period. These must be carried as trade payables in the financial statements and be made in connection with the year-end closing.

The IT University carries out accrual in the following cases:

- Purchase of goods and services which are invoiced irregularly during the year, and which cover periods of both the new and the old year.
- Goods and services received during the year which are invoiced in the following year.
- Purchasing of services/goods to be delivered in the following year (new year), but which are paid for in the current year (old year).

As a general rule, the bookkeeping department recognises directors' liability insurance, library licences, IT licences and service agreements, etc., stating the period in the relevant accounting period. For regularly charged services such as telephone bills and plant services, the Finance Section ensures that costs are expensed for 12 months per year. Costs not exceeding DKK 5,000 excl. VAT per entry, such as newspaper subscriptions, are not accrued.

The Finance Section is responsible for informing the sections of the need for accrual accounting and for issuing instructions and follow-ups in connection with the year-end closing.

The section managers are responsible for following up on the accrual guidelines and for the timely forwarding of vouchers to the Finance Section. The Finance Section is responsible for the entering of the accrual items in the books and for the correct and appropriate reversal of these items in the financial statements.

2.3 Administration of income

The administration of income includes decisions, invoicing, entry in the books, approval of vouchers and administration of debtors.

2.3.1 Income summary

The IT University has the following sources of income:

- Income from government budget appropriations, including grants per number of student attending full-time courses.
- Course fees from students attending part-time courses.
- Grants from private and government sources for financing research activities
- Sale of patents.
- Operation and service in connection with the companies on the 5th floor at Rued Langgaards Vej 7.
- Operation of the accounting registration of the Student Counselling Service (SRG) in accordance with *the Agreement on the Administration of Finance and Staff for the Student Counselling Service of the IT University of Copenhagen* (Aftale om IT-Universitetet i Københavns varetagelse af økonomi og personaleadministration for studenterrådgivningen).
- Income related to commercial activities.
- Minor supplementary sales of photocopies and prints, distribution of research, lectures and access to gym.

Grants per number of students

Grants per number of students are income obtained based on student full-time equivalents and a rate determined in the annual appropriation acts. Student full-time equivalents are calculated based on the examinations passed by the students, etc.

Payment for part-time courses

The IT University collects part of the costs incurred in relation to part-time courses in the form of course fees and all costs incurred in relation to the teaching of students who are citizens of countries outside the EU/EEC.

Grants for the financing of research activities

External research funds are obtained based on applications issued to the ministry and the municipalities, research committees, the EU, foundations, private companies or a combination of these.

In relation to the grant and receipt of external funds, written agreements or contracts must be prepared between the grantee and grantor of the IT University.

Grants from private grantors and the EU for research, etc., are treated as public grants.

Commercial activities

The IT University carries out commercial activities in accordance with the rules of the budget instructions.

All persons responsible for budgets may initiate commercial activities. Before new activities are launched, prices must be determined ensuring that long-term costs are covered. New commercial activities must be approved by the finance manager. Income and costs in relation to commercial activities should be entered in special activity accounts.

The IT University has prepared guidelines for commercial activities describing the calculation of rates/prices for commercial activities.

Other income

In addition, the IT University has a number of other sources of income in the form of minor supplementary activities.

- Sale of prints and photocopies (cash sale).

- Sale of printing of reports to students (cash sale).

- Sale of (property) plant and equipment, etc. (cash sale).

- Sale of gym membership (cash sale).

- Fees from participants in conferences, seminars and courses (credit sale).

- Lease of office premises.

2.3.2 Registration of income

The income of the IT University is registered in different ways depending on the type of income.

<u>Income from the Finance and Appropriation Act</u>

Income from the Finance and Appropriation Act is registered in Navision as it is transferred from the ministry in the form of prepayments in 1/12 on a monthly basis. The income depending on student full-time equivalents may be subject to subsequent adjustment as the universities report statements on the production of student full-time equivalents. Full-time courses are reported annually, and part-time courses are reported semi-annually. The University's institution auditors will issue an auditors' report on the reporting on part-time courses.

The grants per number of full-time students and visiting students are calculated based on registrations in the study administration system (STADS) on students admitted and their examinations.

For course fees from students participating in part-time courses in STADS, Student Affairs and Programmes is responsible for both registration in STADS and issue of invoices for the students. Grants for part-time students are only activated when the course fees have been paid to the IT University.

The analysis section of the Finance Section is responsible for calculating and reporting student full-time equivalents and student years to the Ministry of Higher Education and Science. The Finance Section is responsible for checking that the payment of the 12 instalments is carried out to the IT University in accordance with the grants announced.

<u>Income from grant-funded research activities and other grant-funded activities</u>

Grants from public authorities for research, etc., should be entered in special activity accounts in order for the IT University to be able to present financial statements to the grantor. The finance manager will ensure that income is received in accordance with the description of the grant and that income is entered in the books as the costs are paid. The head of department is responsible for preparing financial statements to the grantor at the fixed deadlines and according to the directions of the grantor. The controllers in the Finance Section prepare and verify the financial statements, and the finance manager signs the financial statements.

In case of grants from public and private organisations, the contract/cooperation agreement should be approved by the contract lawyer at the Finance and Staff Sections before it is signed by a member of Management.

The basis of the contract is approved and signed by the head of department or a member of the IT University's Management.

Entry and accounting should be carried out on an ongoing basis. At the end of each month, an accumulated overhead should be calculated and entered in the books. Subsequently, operations will be balanced by means of the cash account, and thus, income from work in progress (research projects) is calculated based on the recognised costs for the month.

Income from commercial activities

The basis of income is orders received by the individual sections. The orders should be approved by a person responsible for the budget of the sections.

The section manager is responsible for the timely forwarding of the basis of invoicing to the accounting section of the Finance Section and should ensure that invoicing is carried out in accordance with the guidelines of the IT University on commercial activities.

The debtor accountant is responsible for invoicing according to the rules of the instructions, and the controllers are responsible for checking that the income has been entered in Navision.

Income from course fees for part-time courses

Calculation of course fees for open education is carried out in the Finance Section. The calculation should ensure that the course fee plus the grant per number of students from the Danish Agency for Higher Education cover the expenses related to open education. The calculation should consider costs covered by special grants (e.g. rent) and special costs (e.g. teaching in the evenings and on Saturdays) in connection with open education.

As the admitted students sign up for study activities in the open education scheme, a member of staff in *Student Affairs and Programmes* will issue and forward invoices to the students.

The invoiced amounts will be entered as income as per the invoicing date. When payment is received, the information on the students is transferred to STADS by a member of staff in *Student Affairs and Programmes*. The section manager of *Student Affairs and Programmes* is responsible for the registration in STADS.

Other income

Additional minor activities consist of the sale of goods and services related to teaching and research. Prices of additional minor activities are fixed by the finance manager based on the principle that marginal costs must be covered. The prices should be fixed in a way which does not constitute distortion of competition compared to private organisations.

Payment is made in cash (at the Accounting Section during the opening hours of the cash desk) or by debit card at the information desk or in the Accounting Section. On a day-to-day basis, the Finance Section verifies in connection with bank reconciliations that movements on terminals and the bank account match. This is done in connection with the bank reconciliation on the following day.

2.3.3 Approval of income vouchers and issue of invoices

Income vouchers do not require approval by two persons. *Student Affairs and Programmes* is responsible for issuing invoices in relation to open education. The debtor accountant is responsible for issuing other invoices based on the invoicing material from the sections.

2.3.4. Administration of debtors

Course fees for part-time courses

Part-time students pay their course fee for the semester in advance. They are not debtors in the normal sense as they are not obligated to participate in a course, even if they have been admitted.

The deadline for payment for the participants is set at 14 days before the commencement date of the course. One week before the commencement of the course, reminders are sent to the participants who have not yet paid. When the course commences, a second reminder is sent to the participants who have accepted admittance but have not yet paid. No fee or penalty interest is added on the reminders. Invoices not paid 14 days after the commencement of the course will be balanced in Navision by the Finance Section.

Credit and reminder procedures

As a general rule, the IT University does not provide credit facilities. However, credit should be granted in connection with the sale of services in the area of commercial activities. In this case, 30 days' credit is granted from the invoicing date.

Up to three reminders are issued before the claim is forwarded for debt collection.

First reminder

Once a month, the debtor accountant issues reminders. A new 8-day deadline for payment is granted, and the debtor is informed that a fee will be levied. The first reminder will be issued at no cost of the debtor. If the first reminder does not result in payment, a second reminder is issued the following month.

Second reminder

In connection with the second reminder, the debtor is required to pay administrative fees.

Third reminder

When a third reminder is issued, a copy of the reminder is forwarded to the person responsible for issuing the invoice. It should be stated in the third reminder that the claim will be forwarded to the tax authorities following the expiry of the deadline. A 10-day deadline for payment is granted. However, the finance manager assesses whether the claim is to be forwarded to the tax authorities, i.e. the materiality of the amount compared to the costs of forwarding the claim to the tax authorities. If so, the debtor accountant will forward the claim to the tax authorities.

Overdue claims may be written off in full when it has been determined by legal action that full or partial collection is not possible.

Decisions relating to depreciation and write-downs are made by the finance manager. A more detailed description of the administration of debtors can be found in the procedure description *Administration of debtors*.

2.3.5 Deferred income and accrual accounting in general

Deferred income and accruals are recognised in the financial statements. A distinction is made between deferred income and accrual accounting in general.

Deferred income concerns income paid and registered before the balance sheet date but related to the following year. Such income is recognised in the financial statements under current liabilities.

Accrual in general relates to income in respect of the financial year which is not paid until the following year. It is recognised in the financial statements under receivables.

The basic principle is that the date of payment is not decisive as income is recognised at the date it is earned or generated.

Accrual accounting is carried out in the following cases:

- Sale of goods/services delivered in the financial year but invoiced in the following year.
- Sale of goods/services delivered in the new year but invoiced in the old year.
- Sale of goods/services delivered irregularly over the year which cover more than one year.

The Finance Section is responsible for starting the accrual process by issuing instructions on accrual accounting to the sections with financial liability.

The section managers are responsible for decisions relating to accrual accounting and for the timely forwarding of vouchers to the Finance Section.

The Finance Section is responsible for the registration and entry of accrual items and for the documentation of these items in the individual financial years. The Finance Section is responsible for the correct and appropriate reversal of the accrual items in the financial statements.

2.4 Administration of non-current assets

Non-current assets are assets which are initially intended for permanent ownership and use. The IT University's non-current assets primarily comprise the following group of non-current assets.

- Leasehold improvements
- Tools and equipment and IT equipment
- Machinery
- IT systems
- Licences
- Rights.

2.4.1 Valuation of non-current assets

Acquisitions which comply with the definitions stated below are recognised as non-current assets and as non-current assets in the balance sheet of the financial statements of the IT University. As a result, the income statement will only include depreciation for the year. In terms of cash flows, the expense will be limited to the year of acquisition, but the costs will only affect the income statement by the annual depreciation made as the asset is used and its value decreases.

The capitalisation requirements of the IT University:

- The acquisition price is > DKK 100,000.
- The economic life is one year as a minimum.
- The asset is owned by the IT University.
- Improvement of an existing asset of which the improvement amounts to a minimum of DKK 100,000.

Non-current assets should be valued based on the cost accounting model, which means that assets are valued at their purchase or acquisition price (exclusive of VAT) plus the costs related to the acquisition, i.e. freight, installation, etc.

Generally, non-current assets are valued based on purchasing invoices, and thus, the responsibility for the correct valuation lies with the individual sections responsible for financial matters in connection with the entry into the books. However, in connection with the year-end closing, the controllers of the Finance Section examine a number of accounts in order to verify that capitalisation has been carried out as described above.

Technical installations and leasehold improvements should be administered and valued by the Facilities Management based on invoices received.

- Donated assets:

  Assets received by external grantors without obligations and where no consideration is paid are registered as donated assets if they comply with the requirements for capitalisation.

- Own assets:

  Other assets acquired by external grantors in the form of sums of money or materials, etc., which are received as payment for a contractual agreement, or where consideration is to be delivered in the form of research results, etc., will be entered as the IT University's own assets on equal terms with acquisitions made for funds granted under the appropriation acts.

Valuation, budget and accounting procedures, etc., are described in further detail in the *Property, plant and equipment, intangible assets and inventory registration* description of the Finance Section.

Registration

Owing to the low number of assets/equipment cards, the IT University does not use the equipment module in Navision. Amortisation and depreciation are calculated in the Excel spreadsheets *Immaterielle aktiver.xlsx* and *Materielle aktiver.xlsx*, and the calculations are used as a basis for amortisation and depreciation that are carried out in the finance ledger in Navision.

Reconciliation of equipment and depreciation is carried out by a controller in the Finance Section.

2.4.2 Value adjustment of non-current assets

Value adjustment of assets includes depreciation and impairment write-downs.

Depreciation method and economic life

Non-current assets are registered in the balance sheet and reduced by depreciation and impairment write-downs as an expression of the impairment losses on the assets.

Depreciation is carried out on a straight-line basis in accordance with the economic lives indicated in the financial administrative instructions (Økonomiske Administrative Vejledning, ØAV) of the Danish Ministry of Finance.

Economic lives of intangible assets

- Adaptation or development of new applications for an existing standard system (software) are amortised over 5 years
- Licences are amortised over 3 years
- Other acquired rights with a contractually fixed economic life are amortised over the economic life of such right.

Economic lives of (property) plant and equipment

- Leasehold improvement are depreciated over 10 years
- Installations at rented premises are depreciated over 10 years
- IT equipment (hardware, AV equipment, etc.) is depreciated over 3 years
- Fixtures and fittings are depreciated over 5 years.

Depreciation is calculated from the first full month after the commissioning of the equipment.

Impairment write-downs

Impairment write-downs express an unexpected impairment loss as a result of a real event.

Impairment write-downs are carried out based on the following guidelines:

- The impairment loss must be material and ascertainable (objectively) and proven based on a real event.
- Non-current assets which are technically obsolete, not used to their full extent or damaged will be written down to their assessed value.
- Discarded assets will be written off in full.

Once a year, in connection with the year-end financial reporting, the residual value of the assets will be examined individually and compared to their real value. In connection with impairment write-downs, a brief valuation note is issued, including information on the asset and the reason for the write-down. The note is signed by the section manager and the finance manager.

The section managers are responsible for the administration of non-current assets in accordance with the guidelines in order to ensure that valuations and write-downs are carried out correctly. The Finance Section initiates follow-ups in the individual sections regarding the reporting of value adjustments and write-downs. The Finance Section enters the actual value

adjustments and write-downs on assets in Navision based on the information from the sections.

2.4.3 Capitalisation of new acquisitions

Capitalisation of new acquisitions is carried out as individual assets. The IT University does not aggregate assets.

Improvement of capitalised non-current assets is registered by tying the costs for improvements to the original asset, see above. Maintenance costs are not capitalised as these costs merely uphold the value in use of the equipment.

2.4.4 Capitalisation of development projects

Purchases for *development projects in progress* are recognised in the balance sheet under specific account numbers on an ongoing basis.

When the project has been finalised, the project manager/department must inform the Finance Section, which will then measure the asset at cost excl. VAT based on the recognised invoices and prepare an asset note and provide it with a number. Subsequently, the activity is recognised under another account number in the balance sheet.

2.5 Administration of current assets

Current assets include inventories, receivables and cash and cash equivalents.

2.5.1. Inventories

The IT University has no material inventories of raw materials, semi-finished products or finished products. Thus, no accounting records of inventories are entered in Navision, and no inventory count is carried out in connection with the preparation of the financial statements.

2.5.2 Receivables

Receivables include amounts owing and prepayments. These subjects are dealt with under administration of income/administration of debtors and cash and cash equivalents and prepayments (administration of costs), respectively.

 The IT University does not administer lending transactions in the form of liquidity loans.

2.6 Administration of equity and liabilities

Equity and liabilities comprise equity and liabilities incurred.

Liabilities may include liabilities other than provisions or provisions. Liabilities other than provisions may include short-term or long-term liabilities other than provisions.

2.6.1 Equity and retained earnings

Equity is the difference between the assets and liabilities of the IT University. Equity includes initial capital, tied-up equity and retained earnings.

Only the Finance Section may prepare accounting vouchers and register items in Navision in items under equity. Movements in equity are limited to changes to retained earnings.

2.6.2 Provisions

Provisions include legal or constructive liabilities which, realistically, the IT University cannot avoid paying. Thus, provisions are likely but uncertain as regards their time of payment and the exact amount to be paid.

A number of criteria should be complied with before provisions may be included in the financial statements:

- The liability should be a result of events which occurred before the balance sheet date and which will result in a legal or constructive obligation.
- It should be likely that the obligation will result in a financial withdrawal.
- It should be possible to carry out a reliable measurement of the liability.

2.6.3 Long-term and short-term debt

Long-term debt comprises liabilities which are known as regards amount and time of payment and which fall due after more than one year. Short-term debt falls due within one year.

The IT University does not have any long-term debt.

Short-term debt comprises trade payables as well as wages and salaries and holiday allowance payable, etc. Furthermore, prepaid income is treated as prepayments under short-term debt.

In the financial statements, holiday allowance is included as the amount which the IT University would have to pay out in holiday pay if all members of staff were leaving at 31 December of the year in question. The amount is calculated as directed in *Guidelines of the Agency for the Modernisation of Public Administration on Calculation and Accounting of Holiday Allowance* (Moderniseringsstyrelsens vejledning om beregning og bogføring af feriepengeforpligtelser) of September 2012, version 1.2. The IT University uses the aggregating model of the guidelines (model 1).

Furthermore, the IT University makes provisions for fixed-term employment of the Management and the head of department and for performance pay for managers.

The Staff Section is responsible for the calculation of residual holiday entitlement. The Finance Section is responsible for calculating and recognising holiday allowance and the provision for fixed-term employment and performance pay.

Overtime and additional work

Provisions are made for overtime and additional work in connection with the year-end closing. The provisions are based on the flexible balance of the staff and their terms of employment.

2.7 Payment transactions

As a rule, payment transactions are carried out by electronic transfer between banks. Cash payments or payments by credit card should be limited to situations were electronic transfer is not possible or suitable.

2.7.1 – 2.7.3 Administration of cash accounts

The IT University is not included in the cash funds scheme.

Payment of salary and other amounts via SLS is carried out by salary office staff at CBS. The staff authorised to release payments in SLS are stated in Appendix 1.

As a rule, payment of creditors is carried out via Danske Bank (SKB). All expense vouchers should be administered jointly by two members of staff. This procedure is controlled by a bank procuration in Navision. A user with a cashier profile and a user with an accounting profile are required to perform payment and recognition. No member of staff is allowed to carry out both entry in the books and payment of an expense voucher. All members of staff in the Accounting Section and the controller team are authorised to effect payment, see Appendix 1.

The bank accounts of the IT University and the limits on each account are stated in Appendix 3.

The IT University has cash funds, an investment account in Danske Bank and a euro account in Danske Bank, while all other accounts are within the SKB system.

The number of payment transactions not carried out by SLS or the purchasing module in Navision and Danske Bank (SKB) should be limited as far as possible.

The Accounting Section reconciles all cash accounts on a daily basis via automatic bank reconciliation. The reconciliation facilities of Navision are used.

The finance manager carries out regular control in order to verify if the liquid funds and the reconciliation of the bank accounts carried out by the accountant match. The control is documented by signature on a print-out.

2.7.4 Cash funds

The IT University's cash funds include cash receipts and are used for payment of small amounts. The cash funds should be kept at a suitably low level.

The cash funds should not exceed DKK 50,000.

Registration of payments received and made should be carried out under the dates of receipt and payment. In connection with payments, it should be checked that a voucher exists which has been approved by an authorised member of staff.

The cash log should be reconciled at least weekly and forwarded to the accountant for entry in the books.

The cashier is responsible for the safe keeping of cash, cheques and other means of payment in one of the safes at the IT University. Means of payment should always be kept under lock and key when the cashier is not present in the room where the means of payment are kept. If there is no members of staff in the room, the door to the room must be locked.

A slot machine and two credit card terminals are installed at the IT University for loading of printing and copy cards. The cashier empties the slot machine once a week and enters the amount in the cash log. Payments made via the slot machine are credited via Danske Bank every week.

The IT University has two credit card machines. Every day, the cashier verifies that the movements according to the credit card machines are consistent with the account movements at Danske Bank.

The receptionist keeps and hands out taxi vouchers to members of staff. The receptionist is responsible for keeping a register of vouchers handed out.

Likewise, the receptionist administers the holding of transport vouchers for the courier firm.

The receptionist is responsible for the stamping machine and organises the use of it in a way which prevents abuse.

The IT University has an account with Danske Bank which is not related to SKB. This account is connected to the cash funds, and the balance should not exceed DKK 250,000.

2.7.5 Credit cards

Credit cards may be used in accordance with section 30 of the Executive Order on Financial Reporting.

The provision of the Executive Order on Financial Reporting has been described in detail in the Danish Ministry of Finance's circular no. 24 of 20 April 2010 on the use of credit cards.

Since September 2014, the IT University has only had credit cards subject to company liability.

Members of staff are personally liable for the use of the card and must sign a declaration in which they agree to comply with the rules for the use of credit cards within government institutions and the IT University.

Credit cards may be used for minor purchases and payments which it would not be appropriate to settle by means of an invoice from the supplier to Ibistic.

Credit cards subject to company liability are issued to members of staff who as part of their work are expected to have a considerable need for cash settlement of such purchases:

- Expenses in connection with official travelling that can be reimbursed in accordance with the circular on official travelling. This implies an expectation of considerable travel activities.
- Payment of minor expenses for representation, taxi rides, etc.
- Payment of purchases where it is specifically justified that payment is made by credit card, including payment via the internet.

For department purchases of special services on the internet, a virtual card can be issued upon application.

The finance manager approves the issue of credit cards subject to company liability.

Appendix 5 at the end of these instructions lists the persons who have credit cards with company liability. These cards are administered by named persons in the IT department, Facilities Management (FM) and Økonomi og Personale Afdelingen (ØP), respectively, and are usually used for purchases carried out via the Internet. Approval of their use is granted in accordance with the standard procedure for persons responsible for activities and budgets.

2.8 Financial reporting

The preparation and approval of the grant financial statements of the IT University must be carried out in accordance with the Danish Act on Central Government Accounting with the exceptions stated in the Executive Order on Grants and Auditing, etc., at Universities and letter from the Ministry on the preparation of the annual report.

In addition to general information on the IT University, the annual report must include a Management's review and performance reporting as well as:

- Description of accounting policies
- Income statement
- Balance sheet
- Cash flow statement
- Statement of changes in equity
- Notes, cf. the Executive Order
- Financial highlights.

The IT University presents its financial statements based on the cost accounting principle.

2.8.1 Approval of monthly financial statements in SKS

The IT University does not report to the Government Accounts (Statsregnskabet) via the Government Group System (Statens koncernsystem, SKS).

2.8.2 Interim financial statements

At the IT University, follow-ups on budgets are prepared quarterly in April, July and October. In that connection, interim/quarterly financial statements are prepared. The quarterly financial statements are approved by Management and presented to the Board of Directors at the first board meeting after their completion.

Quarterly financial statements and the corresponding follow-ups on budgets involve all sections which are financially responsible for the follow-up on the relevant cost locations. The persons responsible for the budgets of the sections have a duty to carry out critical financial statement and budget control at least every quarter and to comment on the financial development in their own area of responsibility.

The Finance Section is responsible for ensuring that the interim financial statements are reconciled with Navision. The Finance Section initiates follow-up on items and entry of any material re-entries before the quarterly financial statements are prepared.

The Finance Section is responsible for summarising the quarterly financial statements and the relevant status note.

2.8.3 Approval of the financial statements

The financial statements of the IT University are prepared at 31 December.

The external financial statements consist of a Management's report prepared in accordance with the rules of the current Executive Order on Grants and Auditing, etc., of Universities.

The external financial statements are approved and signed by the Board of Directors and Management.

Subsequently, the institution auditor audits and signs the financial statements. The auditor issues a report on the audit performed in the form of a long-form audit report to the Board of Directors.

An annual report signed by the Board of Directors and Management and provided with an auditors' report is forwarded to the Danish Agency for Higher Education and the Auditor General.

The finance manager is responsible for the preparation of the annual report of the IT University. Management is responsible for the preparation of the Management's report in the annual report. The Finance Section is responsible for the preparation of the remaining part of the annual report, including the performance reporting.

The Finance Section is responsible for the reconciliation of the financial statements with Navision and for verifying that the figures and text present a true and fair view. This includes ensuring that all cash accounts in all partial accounts are reconciled and quality checked.

In connection with the preparation of the financial statements, the Finance Section should check that all material receivables, prepayments, and amounts owed are disclosed in the financial statements in order for these to provide a true and fair view of the income and expenses of the IT University in the current financial year before audit of the financial statements can be initiated.

2.9 Other accounting tasks

2.9.1 Checking of valuable mail

All mail is opened by a member of staff of the registry. For each item of mail which includes valuable items, a form (forms with consecutive numbers) is filled in stating the value contained in each item of mail. The form is signed by the member of staff. Valuable mail and the form are handed over to the cashier. The cashier signs the form to confirm the registration of the valuable items. A member of staff of the registry hereafter registers a copy of the letter and cheque together with a copy of the registration of the valuable mail before handing it over to the cashier. The cashier cashes the cheque and registers it in the cash log.

Copies of the registration of the valuable mail, letter and cheque are retained in the registry.

2.9.2 Administration of scholarship grants

The IT University does not administer any scholarship grants.

2.9.3 Administration of non-government assets

The external activities of the IT University should be derived from its ordinary activities, research and courses. These activities are funded by public and private companies, organisations, foundations, the EU, etc. Administration of external grant-funded projects is carried out subject to the general guidelines stipulated in the budget instructions and applicable guidelines in force from time to time at the IT University.

Grant-funded research projects:

Partial accounts 3: Grant-funded research activities where income is entered as the costs are paid.

Partial accounts 4: Other grant-funded activities where income is entered as the costs are paid.

Financial administration of external projects

A number of procedures exist which describe the financial administration of external grant-funded projects from the application stage to the concluding stage.

- The responsibility and authority in relation to the application stage lie with the department, including ensuring that the application budget is forwarded to the Finance Section, checking of calculations and approval and forwarding of the application for registration.
- The head of department has the financial responsibility and determines the actual organisation of the unit.
- The head of department is responsible for the ongoing, correct registration of costs and income for the individual projects and for ensuring that the necessary invoicing and accounting is carried out in accordance with contracts, cooperation agreements, grant agreements, etc.

2.9.3.1 Follow-Up on budgets in relation to externally funded research projects

The quarterly financial statements include a statement of all externally funded projects and the staff costs and operating costs related to these projects.

A summary of all active projects is sent to the department. The summary includes information on the balance at the beginning of the period, the expenses paid during the year divided into staff costs, operating costs and overheads as well as a calculated forecast for the year.

The department examines the material along with the transaction list and the salary list (without the civil registration number). The grantor may participate, and the department returns their comments:

The examination includes:

- That costs paid are registered for the project.
- That invoicing has taken place in accordance with the grant.
- That income is registered for the project.
- That decisions have been made regarding all projects with additional expenses or risk of additional expenses (risk of loss).
- That the registration of hours spent has been carried out in accordance with the requirements issued.
- That the registered final date is expected to be correct.
- That the project budget is revised in case of major changes and that the new budget is forwarded to the Finance Section for approval.

In connection with the above examination, the department should report back to the Finance Section. For each project, the report should include comments on the progress of each project. In case of deviations and corrective measures in relation to the financial aspect of the projects – including extension of the project period – this should be stated as one of the comments.

The department should forward information on projects to be closed to the Finance Section.

Unspent funds should either be returned to the grantor or – if they are not to be repaid – transferred to the IT University's current operations in partial accounts 1.

Via the administrative staff of the department, the grantee has a duty to disclose information about the status of the project and the use of unspent funds. The Finance Section will enter any unspent funds in the books and carry out any repayment in cooperation with the staff of the department.

2.9.3.2 Project deficits

Any loss on projects will be entered in the books when these are proven. If the project costs exceed the grant for the project, this deficit should be funded by the IT University's current operations in partial accounts 1.

The Finance Section follows up on the spending – including the internal funding – in quarterly financial statements in accordance with reconciled information from the department.

The IT University makes a general provision for losses on projects as a fixed percentage of income from the project portfolio. The percentage for the general provision for losses is assessed on an annual basis at the year-end closing. The percentage may be revalued for specific projects if the project management in the department can provide evidence to the Finance Section that the project is subject to special risks. In connection with the quarterly follow-up, the department forwards an assessment of the risk of losses on the individual projects as these are examined. The Finance Section makes a critical examination of the department's risk assessments, asks questions and makes entries in the books based on actual and final assessments of any losses on projects.

2.9.3.3 Financial reporting and audit

When it appears from the contract or grant letter that the grantee is obligated to prepare financial statements for the grantor, the responsibility for preparing the financial statements lies with the Finance Section. Subsequently, the Finance Section will verify the financial statements and sign them if required, see the grant letter.

If the grantor requires an auditors' report on the financial statements, the Finance Section will contact the auditor.

More information on the business procedure regarding externally funded projects can be found in the Finance Section's guidelines on administration of externally funded research projects.

2.9.4 Securities

The investments follow the cost accounting principle, which entails that value adjustments are made regularly in the form of additions and disposals of securities and market value adjustments of the total portfolio.

Return paid and unrealised market value adjustment are recognised under financial income, and financial expenses are recognised under fees.

Examination of bookkeeping records and reconciliation is made in Excel.

3 The use of IT by the IT University

3.1 Use of IT in general

- The IT University uses Navision Stat for management accounting.
- Payments are carried out via Danske Bank (Statens Koncern Betalinger).
- The SLS system is used for the calculation and payment of salaries for the staff of the IT University.

The following ancillary/feed systems are used for management accounting:

- STADS is used as a basis of data for statements of student full-time equivalents.
- ØS-LDV is used for the creation of reports for various salary and financial data.
- Crystal Reports is used for financial reports, follow-ups on budgets, etc.

3.1.1 Navision

Navision is used for administration of creditors, administration of debtors, including sale of Open Education courses, management financial statements (incl. payroll costs), internal grants and project entries.

In connection with the transition to Navision Stat, the IT University and the Agency for the Modernisation of Public Administration entered into an authorisation agreement on the following issues:

- Delivery obligations.

- Prices.

- Obligations of the IT University.

- The responsibilities of the Danish Agency for the Governmental Management under the Ministry of Finance.

- The responsibilities of the IT University.

- Rights.

- Termination.

In August 2013, the IT University entered into the general *NS ØS LDV hosting agreement 2012* (NS ØS LDV hostingsaftale 2012) with the Agency for the Modernisation of Public Administration. The hosting agreement comprises operation and hosting of Navision Stat and ØS LDV, including operating environment for production data, test environment for Navision Stat and service. The Agency for the Modernisation of Public Administration, in its capacity as contract holder, handles all coordination with the operation supplier.

Furthermore, the IT University is covered by the general provisions on delegation of responsibility between the Agency for the Modernisation of Public Administration and the individual users of Navision Stat which appear from the general description of Navision Stat issued by the Danish Agency for the Governmental Management under the Ministry of Finance.

The tasks of the institution in relation to Navision Stat can be divided into the following main groups:

1. Tasks relating to accounting and payment transactions, including tasks relating to data exchange with the banking system:

   These tasks are carried out by the Finance Section of the IT University, and they are divided into separate accounting and cashier functions. The tasks are described in detail in chapter 2. The location of the Finance Section in the internal organisation is shown in the organisational chart of the IT University, see chapter 1.

2. Tasks relating to the data processing work of the IT University (system and security tasks): As described above, Navision Stat and ØS-LDV are hosted at an operation supplier via the Agency for the Modernisation of Public Administration.

   The operation supplier is obligated to comply with DS 4 84: 2005/ISO27002 and the security instructions for Navision Stat. As part of the hosting agreement, the Agency for the Modernisation of Public Administration will handle the task of ensuring that the operation supplier complies with the standard. The IT University is ultimately responsible for the security and will perform a follow-up for the Agency for the Modernisation of Public Administration.

   A system manager is appointed in the Finance Section who will handle user creation. This is made based on the system owners approval. Users with special rights (super users) can only be created by the Agency for the Modernisation of Public Administration.

Reference is made to the general description of the organisation of Navision Stat issued by the Agency for the Modernisation of Public Administration, including a description of the individual modules included in Navision Stat.

The IT University has entered into an ongoing support agreement with the consultancy firm Deloitte. Upon request of the Finance Section, Deloitte will perform minor adjustments of Navision, typically at configuration and report level.

Integration in Ibistic Invoice System, see 3.1.7, is completed by means of a supplementary component developed and maintained by KMD. In case of major updates, the Finance Section will coordinate the update with the Agency for the Modernisation of Public Administration.

The system manager will keep a log of system changes approved by the system owner. This applies to both large changes handled via the hosting delivery and minor changes performed internally or by Deloitte.

3.1.2 The government group payment system (SKB)

Payment of salaries and general creditors is carried out via SKB. Payments are mediated by Danske Bank.

SLS also uses SKB for the payment of salaries.

Danske Bank carries out the general operations and support in relation to SKB. Instructions, etc., on SKB can be found on Danske Bank's website.

3.1.3 The public salary system (SLS)

The IT University does not perform registrations in SLS but reports to Copenhagen Business School (CBS), which performs the registrations. Paid wages and salaries are loaded as payroll items in Navision via data files received after each payroll run in SLS.

3.1.4 The local data warehouse of the Danish Agency for the Governmental Management under the Ministry of Finance (ØS LDV)

ØS LDV is a local data warehouse where information on salaries (SLS) and accounting data (Navision) can be found. ØS LDV consists of a data warehouse, a reporting package (MSRS, see 3.1.4.1) and standard cubes for withdrawal via Excel.

All members of staff working with salaries and financial data can obtain access to ØS LDV. Access is limited – in particular as regards salaries. Moreover, members of staff with a very limited need will receive reporting regularly in the form of predefined reports without having access to the rest of the data.

ØS LDV is comprised by the hosting agreement for Navision Stat entered into with the Agency for the Modernisation of Public Administration and is hosted in the same environment (see 3.1.1). The finance manager owns the system and administers the user rights.

ØS LDV is covered by the Navision Stat security instructions and currently does not have its own security instructions.

3.1.4.1 Microsoft reporting services (MSRS)

MSRS is a report generating service which is integrated in the MS SQL Server package. This package is required in order to run ØS LDV.

The documentation of the standard functionalities of Reporting Services is described in Microsoft TechNet Library – SQL Server. The documentation is updated by Microsoft.

The installation of Reporting Services is described in Microsoft TechNet Library – SQL Server.

3.1.5 Crystal reports

The report generating service Crystal Reports is used with Navision Stat and the data warehouse ØS LDV.

Crystal Reports is a standard report generator developed by Seagate Software of Vancouver, Canada.

The documentation of the standard functions of Crystal Reports is described in the manual Seagate Crystal Reports User's guide. The standard documentation is updated by Seagate Software. The installation of Crystal Reports is described in the manual Seagate Crystal Reports User's guide.

3.1.6 Study administration system (STADS)

The IT University uses STADS for study administration.

STADS is the basis of the registration of study activities in the IT University. This includes reporting of student full-time equivalents to the statistics systems of the Danish universities, printing of examination protocols, etc.

The Ministry of Higher Education and Science is system owners of STADS, which is further developed by the Ministry in cooperation with a number of institutions of higher education.

3.1.7 Ibistic Invoice System

The IT University uses Ibistic Invoice System to receive, distribute, enter and approve incoming invoices. Out-of-pocket expenses are not handled in Ibistic Invoice System.

Ibistic is a cloud-based system and is accessed via a browser.

The finance manager is the system owner, and a member of staff in the Finance Section is the system manager.

User creation is handled by the bookkeeping department in cooperation with the system manager. Users are assigned second approval rights based on the approval rights (authorisation rights) they have been assigned. System operations are handled by Ibistic.

Appendix 1: Persons responsible for books, accountants, persons responsible for payments and cashiers

Persons responsible for books and accountants

Name	Function	IT system
Pernille Nielsen	Responsible for books	Navision
Finance manager	Accountant	Navision
Ole Christiansen	Accountant	Navision
Office trainee	Accountant	Navision
Annette Jørgensen	Cashier, sales assistant	Navision
Charles Thomassen	Cashier	Navision
Georg Dam Steffensen	Cashier	Navision
Kaare Garnæs	Cashier	Navision
Pia Kystol Sørensen	Cashier	Navision
Inga Sørensen	Sales assistant	Navision
Marianne Christensen	Sales assistant	Navision
Tina Forsingdal	Sales assistant	Navision
Office trainee	Sales assistant	Navision
Student assistant	Sales assistant	Navision
CBS salary 1	Salary	SLS
CBS salary 2	Salary	SLS
CBS salary 3	Salary	SLS

Persons responsible for payments and cashiers

Name	Function	IT system
Annette Jørgensen	Person responsible for cash funds	Navision
Charles Thomassen	Cashier	Navision
Georg Dam Steffensen	Cashier	Navision
Kaare Garnæs	Cashier	Navision
Pia Kystol Sørensen	Cashier	Navision
CBS salary 1	Salary	SLS
CBS salary 2	Salary	SLS
CBS salary 3	Salary	SLS

Bank procuration in Navision

Name	Profile	Account
Annette Jørgensen	Cash funds (50% approval)	Payment account
Charles Thomassen	Cash funds (50% approval)	Payment account
Finance manager	Cash funds (50% approval)	Payment account
Kaare Garnæs	Cash funds (50% approval)	Payment account
Pia Kystol Sørensen	Cash funds (50% approval)	Payment account
Pernille Nielsen	Accountant (50% approval)	Payment account
Georg Dam Steffensen, head of administration	Accountant (50% approval)	Payment account
Ole Christiansen	Accountant (50% approval)	Payment account
Office trainee	Accountant (50% approval)	Payment account

Appendix 2: Signature authorisations

Summary of signature authorisations at 1 November 2014 stating limits for location, activities and amounts (the individual forms are can be obtained from the Accounting Section)

s

Navn	Efternavn	Afdeling	Sted nr		Beløb ex moms
Georg Dam	Steffensen	Direktion	Alle		Ubegrænset
Jørgen	Staunstrup	Direktion	Alle		Ubegrænset
Mads	Tofte	Direktion	Alle		Ubegrænset
Michael	Bloch	FM	481, 483-499		50.000
Tina	Feldthusen	FM	481-499		250.000
Tina	Rasmussen	FM	481-499		100.000
Jens Christian	Godskesen	Institut	109 201-399 441 451-456 501-599	Alle forskningsprojekter	100.000
Kasper	Østerbye	Institut	401-417		100.000
Kjell	Yngve Petersen	Institut	513		20.000
Laura	Beloff	Institut	514		20.000
Peter	Sestoft	Institut	109		100.000
Peter	Sestoft	Institut	512		20.000
Peter Werner	Eklund	Institut	450-459		50.000
Rasmus	Pagh	Institut	511		20.000
Henrik Ejby	Bidstrup	IT	151-159		100.000
Karin	Tjoa	IT	151-159		10.000
Camilla	Rosengaard	Kommunikation	190 - 199		100.000
Sanne	Rindholm	Kommunikation	191 -192		10.000
Anna	Sommer	Reseach & Learing	202-397, 501	Alle forskningsprojekter	20.000
Annelie	Jepsen	Reseach & Learing	201-397, 441, 501-599	Alle forskningsprojekter	20.000
Annika Daugaard	Thomsen	Reseach & Learing	201-397	Alle forskningsprojekter	20.000
Christina	Rasmussen	Reseach & Learing	451-456	(362) 8154 projekt /aktivitet	20.000
Freja	Krab Koed Eriken	Reseach & Learing	451-456		20.000
Inger Vibeke	Dorph	Reseach & Learing	201-397	Alle forskningsprojekter	20.000
Jonas	Hansen	Reseach & Learing	201-397	Alle forskningsprojekter	20.000
Lisbeth	Breinholdt	Reseach & Learing	201-397	Alle forskningsprojekter	20.000
Marie	Gottlieb	Reseach & Learing	200-399, 451-456, 501-599		20.000
Marie	Gottlieb	Reseach & Learing	440-449		100.000
Nhi Quyen	Le	Reseach & Learing	201-397, 501-599	Alle forskningsprojekter	20.000
Anne	Nicolaisen	Studieadm	402-417		10.000
Christopher	Amdi	Studieadm	401		10.000
Lene	Rehder	Studieadm	401-417		100.000
Maj Britt	Madsen	Studieadm	401-417		30.000
Marianne	Christensen	Studieadm	401		10.000
Niels A H	Madsen	Studieadm	401-402		30.000
Sara Solveig	Ørnsholt	Studieadm	412		30.000
Tina	Forsingdal	Studieadm	401		30.000
Tina	Forsingdal	Studieadm	402		10.000
Anna Elizabeth	Thomsen	Studienævnet	402-417	4123	10.000
Eva Maria	Steensig Hauerslev	Studienævnet	403-417		10.000
Mette	Eng	Studienævnet	403-417		10.000
Mette Holm	Smith	Studienævnet	402-417		10.000
Ole	Pedersen	Studienævnet	403-417		10.000
Sophie Christine	Kongsvark	Studienævnet	403-417		10.000
Gitte	Gramstrup	ØP	102, 117		50.000
Jane	Andersen	ØP	Alle		100.000
Marianne	Kabel	ØP	171-172		100.000
Ole	Christiansen	ØP	Alle		1
Ulrik	Ræbild Nørgaard	ØP		Alle forskningsprojekter	20.000
Økonomichef	vakant	ØP	Alle		Ubegrænset
	Barselsorlov				

Appendix 3: Bank accounts and maximum balances

Summary of bank accounts, limitations on amounts and maximum balances

Bank	Account no.	Max. balance
DB SKB – FF	4069053041	
DB SKB – salary	4069053807	
DB SKB – amounts received	4069053815	
DB SKB – FIK amounts received	4069053084	
DB SKB – amounts paid	4069053076	
DB cash – outside SKB	3199341847	DKK 250,000
Cash funds		DKK 50,000
Portfolio management	3100246503	DKK 0
EUR currency account	3100286211	

Appendix 4: Users of Danske eBanking subject to user ID

Agreement with Danske Bank

At 1 November 2014, the persons listed below with the indicated profiles have user accounts with Danske eBanking.

Administrators of agreements (no rights of approval)	User ID
Mads Tofte	379674
Georg Dam Steffensen	878773
User administrators (two together)	**User ID**
Charles Thomasson (proxy for finance manager)	7D7043
Ole Christiansen	675891
Persons granting approval (two together)	**User ID**
Kaare Garnæs	1A0046
Pernille Nielsen	143801
Annette Jørgensen	276710
Dominika Opal	1A7909

Appendix 5: Members of staff holding credit cards subject to company liability

Members of staff holding credit cards (Eurocard) subject to company liability, cf. framework agreement with SEB card and the Government.

Card holder	Card no.	Contract ID	Date of expiry	Limitation
ANNETTE JØRGENSEN	547512******5613	329402416	02/16	DKK 20,000/month
CAMILLA ROSENGAARD	547512******8225	329412100	08/17	DKK 20,000/month
JAKOB BARDRAM	547512******3525	329402457	08/17	DKK 20,000/month
KARIN NIELSEN TJOA	547512******3505	329402408	06/16	DKK 20,000/month
LAURA WATTS	547512******3459	329402440	08/17	DKK 20,000/month
LENE NIELSEN	547512******3384	329402432	08/17	DKK 20,000/month
MADS TOFTE	547512******7189	329402382	02/16	DKK 20,000/month
NINA BOULUS-RØDJE	547512******8308	329412126	08/17	DKK 20,000/month
PAGH RASMUS	547512******3137	329402424	08/17	DKK 20,000/month
TINA RASMUSSEN	547512******8238	329402390	10/16	DKK 45,000/month

At 19-09-2014