

Ministerial Order on the Funding and Audit etc. of Universities

Pursuant to section 19, subsections (7) and (8), and section 28, subsection (6), of the Act on Universities (the University Act), cf. Consolidation Act no. 695 of 22 June 2011, and after negotiations with the Ministry of Finance, the following is provided:

Part 1

Funding for the university

1. The universities are covered by the provisions of the budget guidelines governing government-funded, independent institutions, cf. the subsidy type "government-funded independent institution".

2. Funding is provided in accordance with the University Act either as activity-based funding or fixed funding. The annual Appropriation Acts lay down the framework for the funding pursuant to section 19, subsection (2), of the Appropriation Act. Research and university programmes

(2) The final calculation of the activity-based funding is performed at the end of the year based on the activity summed up.

(3) Foreign students on full-time programmes (bachelor and master's (*candidatus*) programmes and part-time programmes will only trigger funding pursuant to section 2, subsection (2), and, thus, be included in the calculation pursuant to sections 5 and 6, if they

1) have been granted a permanent residence permit or a time-limited residence permit with a possibility of permanent residence in Denmark;

2) have been exchanged with Danish students under agreements made in accordance with the Ministerial Order on the International Education Activities of Universities between the university and one or more universities abroad or are studying at a Danish University through the medium of Fulbright, Denmark's International Study Program (DIS) or Rotary Ambassadorial Scholarships;

3) are entitled to be treated on an equal footing with Danish citizens pursuant to EU law, including the EEA Agreement, or international agreements, including cultural agreements, adopted by Denmark;

4) have a residence permit pursuant to section 9c of the Aliens Act as the accompanying child of an alien with a residence permit based on employment etc., cf. section 9a of the Aliens Act; or

5) are completing parts of an Erasmus Mundus Masters (*candidatus*) programme in Denmark and are covered by no. 3), cf. section 4, subsection (6).

(4) For foreign students not covered by subsection (3), the university must collect full student fees pursuant to section 3.

The university stipulates rules on the student fees.

(5) If the student's situation changes during a semester with the effect that the student will trigger funding pursuant to sections 2 and/or 3, student fees will only cease to be charged from the next semester. The student is responsible for documenting any change in his or her situation to the university.

(6) If the student's situation changes during a semester with the effect that the student no longer triggers funding pursuant to sections 2 and/or 3, student fees pursuant to section 3 will be charged from the next semester.

(7) A foreign student enrolled in a university programme based on section 3, no. 4), will still trigger activity-based funding for the completion of such university programme, if the student's parent's residence permit pursuant to section 9c of the Aliens Act lapses.

3. Pursuant to the University Act, the university must collect full student fees for participation in teaching and in tests and other forms of assessment forming part of the exam in respect of part-time and full-time programmes to the extent that no funding has been granted pursuant to section 2 or no full or partial scholarship for the activity has been provided, cf. the Ministerial Order on Scholarships with Grants to Support Living Costs Incurred at Universities (Scholarship and Grant Order).

(2) The university fixes the amount payable by the students pursuant to section 26 of the University Act.

(3) The Danish university must ensure that any student fees payable for completion of parts of an Erasmus Mundus Masters (*candidatus*) programme or a full programme abroad with one or more cooperating universities do not exceed the amount of the Danish scholarship for studies abroad, cf. the rules of the Act on the State Education Grant and Loan Scheme. This only applies to Danish citizens and anyone who must be treated on an equal footing with Danish citizens and who has been enrolled at the Danish university.

(4) No student fees may be collected for compulsory studies abroad.

4. In cooperation with one or more foreign universities, the university may offer full or parts of (optional or compulsory studies) approved programmes abroad alone or with one or more cooperating universities, cf. section 2 of the Ministerial Order on the International Education Activities of Universities. Activity-based education funding is provided pursuant to section 2 herein for the part of the programme taken in Denmark.

(2) Funding for full or parts of (optional or compulsory studies) approved programmes offered by the university abroad is provided based on the rates laid down in the annual Appropriation Acts and the number of full-time equivalent students for the part of the programme taken in Denmark.

(3) The university's agreements on the offering of full programmes or parts of programmes abroad in cooperation with a foreign university and bilateral or multilateral exchange agreements must be prepared in accordance with the Ministerial Order

on the International Education Activities of Universities.

(4) In cases where there is a requirement for mutual exchange, activity-based funding is paid pursuant to section 2 for students enrolled at the foreign university for the part of the programme taken in Denmark, provided that they are exchanged with students enrolled at the Danish university subject to an agreement between the Danish university and the home university of the foreign students.

(5) The university must organise its overall offering of parts of approved programmes (optional and compulsory studies) abroad, cf. subsection (2), and bilateral or multilateral exchange agreements, cf. section 2, subsection (3), no. 2), in a way that ensures reciprocity and economic balance in the exchange with the foreign universities. Reciprocity and economic balance will be assessed over a period of time and for the entire university sector as a whole.

(6) Pursuant to the University Act, the university may in collaboration with foreign universities offer programmes as part of Erasmus Mundus Masters (*candidatus*) programmes. Activity-based education funding is provided pursuant to section 2 for the part of the programme taken in Denmark and covered by EU law, including the EEA Agreement, cf. section 2, subsection (3), no. 3). For foreign students on Erasmus Mundus Masters (*candidatus*) programmes not covered by section 2, subsection (3), no. 3), the university must collect full student fees pursuant to section 3.

5. Funding pursuant to section 2, subsection (2), is calculated on a provisional basis in accordance with the provisions in subsection (3), and one twelfth of the annual amount of funding is paid monthly in advance.

(2) The final amount of the funding calculated on a provisional basis is determined based on the university's report and adjusted pursuant to section 6. The reporting period, the deadline for reporting and counting principles etc. will be laid down in the regulatory requirements set up by the Danish Agency for Universities and Internationalisation for systems for the administration of studies.

(3) Funding pursuant to subsection (1) is calculated on a provisional basis in advance for a fiscal year based on the Danish Agency for Universities and Internationalisation's forecast of the number of full-time equivalent students in the relevant fiscal year, cf., however, subsection (4). The Danish Agency for Universities and Internationalisation bases its forecast on the university's reports for the years preceding the relevant year.

(4) If the basis for the forecast is materially changed, such that the funding calculated on a provisional basis differs substantially from the final amount of funding, cf. subsection (2), the Danish Agency for Universities and Internationalisation may adjust its forecast based on a specific estimate of the expected number of full-time equivalent students and change the provisional calculation. Any instalments of funding already paid will be adjusted based on the new calculation, subject also to the provisions in section 6.

6. If the final amount of funding, cf. section 5, subsection (2), is higher than the amount calculated on a provisional basis, the difference will be paid to the university with the next disbursement of funding.

(2) If the final amount of funding, cf. section 5, subsection (2), is lower than the amount calculated on a provisional basis, the difference will be set off in the remaining instalments of funding in the fiscal year to which the funding relates. The difference will be set off in the subsequent funding authorisations, including any other funding in the fiscal year from the Danish Agency for Universities and Internationalisation. If necessary, an amount will also be set off in the first disbursement of funding for the following fiscal year. If the difference exceeds the amounts set off, the university must repay the excess amount by the end of the supplement period for the fiscal year to which the repayment relates.

(3) In the event of adjustment of funding pursuant to subsections (1) and (2), no interest will be paid or charged.

7. Funding pursuant to section 2, subsection (2), is laid down in the annual Appropriation Acts, and one twelfth of the annual amount of funding is paid monthly in advance.

Part 2

Conditions for funding

8. The right to funding under the University Act is conditional on the university

- 1) observing the University Act and the rules laid down under the Act;
- 2) counting and reporting the number of full-time equivalent students in accordance with the rules laid down by the Ministry;
- 3) observing the rules on accounting and presentation of accounts, cf. section 10;
- 4) preparing and following accounting instructions, cf. section 12;
- 5) in respect of funding for other assignments performed by the university, performing the assignments in accordance with the terms laid down for the funding; and
- 6) in respect of funding for part-time programmes, observing the conditions and rules of the Ministerial Order on Part-Time Programmes at Universities.

(2) If the university fails to observe the conditions for funding, the Danish Agency for Universities and Internationalisation may withhold funding fully or partly, let funding lapse fully or partly, set off in coming funding payments or demand that funding or loans be repaid.

Part 3

Compensation for non-deductible input VAT (VAT)

9. On a quarterly basis and on presentation of due documentation, the Danish Agency for Universities and Internationalisation reimburses the university's expenses for payment of duties under the VAT Act, which, according to the VAT Act, cannot be deducted from an enterprise's statement of its tax liability (non-deductible input VAT), and which the university incurs when purchasing goods and services. The deadline for declaration etc. is determined by the Danish Agency for Universities and Internationalisation.

(2) Funding for VAT pursuant to subsection (1) is calculated on a provisional basis before the start of a fiscal year based on the Danish Agency for Universities and Internationalisation's forecast of the university's VAT expenses, and one twelfth of the annual amount of expenses is paid monthly in advance.

The Danish Agency for Universities and Internationalisation bases its forecast on the university's VAT for the year preceding the relevant year.

(3) If the basis for the forecast is materially changed, such that the VAT calculated on a provisional basis differs substantially from the final amount of VAT, the Danish Agency for Universities and Internationalisation may adjust its forecast. Any funding for VAT already paid will be adjusted based on the new calculation, cf. also the provisions in subsections (4) and (5).

(4) If the final amount of VAT for the quarter is higher than the funding disbursed pursuant to subsection (2), the difference will be paid to the university with the next disbursement of funding.

(5) If the final amount of VAT for the quarter is lower than the funding disbursed pursuant to subsection (2), the difference will be set off in the remaining instalments of funding in the fiscal year to which the compensation relates. If necessary, an amount will also be set off in the disbursement of funding in the following fiscal year. If the difference exceeds the amounts set off, the university must repay the excess amount by the end of the supplement period for the fiscal year to which the repayment relates.

(6) In the event of adjustment of funding pursuant to subsections (4) and (5), no interest will be paid or charged.

Part 4

Annual report

10. The university is covered by the Act on Public Accounts etc., the Ministerial Order on Public Accounts and the Ministry of Finance's Financial Administrative Guidance.

(2) The university prepares and presents its annual report in accordance with the Act on Public Accounts etc. and the Ministry of Finance's Financial Administrative Guidance with the following requirements for supplementary appendices to the financial statements:

- 1) Fixed-asset movement schedule.
- 2) Information on total deposits for grants and the like, where the university undertakes the secretariat function.
- 3) Overview of the university's costs for student political activities and other student activities.
- 4) Overview of financial and operating data.
- 5) Information on costs broken down on the following main purposes: education, research, authority assignments and other purposes, including libraries, museums, collections and gardens etc.
- 6) Information on funds invested in foundations, the main purpose of which is to build dwellings close to the university pursuant to section 10, subsection (2), of the Act on Public Research Institutions' Commercial Activities and Cooperation with Foundations.
- 7) Information on costs incurred for the administration of foundations and associations, including commercial foundations and associations, pursuant to section 11, subsection (1), of the Act on Public Research Institutions' Commercial Activities and Cooperation with Foundations.
- 8) Information of the institution's contributions and acquisition of shares in companies, including pursuant to section 4, subsection (1), and section 4a, subsection (1), of the Act on Public Research Institutions' Commercial Activities and Cooperation with Foundations, for the financial year and aggregated.
- 9) Information on the institution's income and expenses in relation to the companies mentioned in no. 8).
- 10) Information on the use of funds for scholarships and grants, broken down by number of full-time equivalent students within the different categorisations in the taximeter system and the amount of grants disbursed, respectively.
- 11) Information on activities related to the university's offering of programmes abroad, cf. section 3a of the University Act.
- 12) Information on grant-financed research activities, other grant-financed activities, income-generating activities and forensic investigations.

(3) Performance reporting follows the terms agreed in the development contract.

Part 5

Audit

11. The university's annual report is audited by the Auditor General in accordance with the Act on Auditing of the State Accounts etc.

(2) Pursuant to section 9 of the Act on Auditing of the State Accounts etc., the Auditor General and the Minister for Science, Innovation and Higher Education may agree that auditing tasks pursuant to subsection (1) be undertaken in cooperation between the Auditor General and an institutional auditor. The institutional auditor is appointed by the university board and must be a state-authorised public accountant. Unless otherwise stipulated in the agreement, the university's information for use

in the calculation of state subsidies must be included in the institutional auditor's report or statement on the financial statements.

(3) The National Audit Office of Denmark and the Danish Agency for Universities and Internationalisation must be informed of the appointment and dismissal of institutional auditors and on the reason for any change of auditors.

(4) The institutional auditor, cf. subsection (2), audits and issues an auditors' report for the university's annual report. The institutional auditor prepares a long-form audit report on the audit performed.

(5) The annual report must be signed by the board and the rector.

(6) An endorsed annual report signed by the board and the rector must be submitted to the Danish Agency for Universities and Internationalisation and the National Audit Office of Denmark by 30 April of the year following the financial year, at the latest. In addition, a copy of the long-form audit report relating to the annual report must be submitted to the Danish Agency for Universities and Internationalisation and the National Audit Office of Denmark.

Part 6

Other provisions

12. The university prepares accounting instructions in accordance with the Danish Agency for Modernisation of Public Administration's guidance on accounting instructions.

13. The university must use the Public Payroll System ("Statens Lønssystem" (SLS)) and the Public Payments System ("Statens Koncernbetalinger" (SKB)) for independent institutions under the State.

14. This Ministerial Order will enter into force on 1 January 2012 and take effect from the 2012 financial year.

(2) Ministerial Order no. 1373 of 10 December 2007 on the Funding and Accounts etc. of Universities is repealed.

The Danish Agency for Universities and Internationalisation, 15 December 2011

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