

## NOTE ON CONSULTING SERVICES HOW TO CALCULATE CONSULTANCY FEES POLITICAL PARTY COOPERATION

ANNEX 12: 3RD EDITION – NOVEMBER 2015

### Memo

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**To:**       **The coordinators of the parties**  
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**Case:**     **The DIPD guidelines section 1.12 regarding calculation of consulting services**  
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**From:**     **DIPD Administrator**  
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**Date:**     **13.11.2015**  
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### Memo regarding preparation of budgets for activity-specific consulting services

In connection with the parties' work with project applications DIPD's secretariat has become aware of the need for a clarification of the guidelines for the remuneration of consultants; in particular its own employees, by DIPD also known as "*internal consultants*" and by the Ministry of Foreign Affairs (UM) called "*activity specific consulting services*". It is always advisable to start the preparatory phase with DIPD by reading the guidelines thoroughly.

### The DIPD guidelines section 1.12 regarding Internal Consultants

The DIPD's guidelines regarding project support says the following in section 1.12 page 18:

*" Under this budget line, the applicant shall indicate the total cost of the activity-specific hours, which the internal consultants perform for the applicant. Staff members of the applicant's organisation can be paid to carry out project work under this budget line. All hours must be recorded in a time recording system, so that an activity-specific application of hours can be documented."*

Below is a summary of the expenditure items in the budget relating to pay for both internal employees and other consulting services. As described in DIPD's guidelines, different rules apply for this in accordance with the guidelines of the Ministry of Foreign Affairs, of which we would like to ensure that the parties have an overview.

As a general rule, DIPD recommends to always use the rules Ministry of Foreign Affairs called "*Administrative guidelines for grant administration through private Danish organizations*" as a starting point, which can be found on the page regarding grant administration.

### Regarding costs towards salaries and consultants:

The party shall draw up an internal summary of the budget, which looks as follows:

"Consultant/sum/related activity ", where a connection will be made between the budget item (consultant type, e.g. budget item 03), with the cost of the consultant in question (hourly salary, total salary costs or the Ministry's specified maximum rates).<sup>1</sup>

The hourly salary costs for which support can be applied, shall be calculated in the following way:

- *The actual hourly salary costs (calculated based on an average monthly working time of 160,33 hours) for the individual employee plus other salary-related cost such as pension contributions, telephone subsidies etc. also calculated on an hourly basis..*
- *Max. 80% of the salary in overhead for coverage of the general operating costs of the position.*
- *The calculated hourly rate cannot exceed the Danish Ministry of Foreign Affairs seniority based maximum rates that are adjusted once a year ([link](#)).*

In addition to this a "job description", which connects the consultant's hours with a given activity in the project (e.g. planning of workshop x number of hours, the organisation of workshop x number of hours and report writing x number of hours).

In short:

Budget item	DKK	Activity
03 Internal Consultant	Calculation of the consultant's hourly rate and the total salary bill for the project. Here we calculate on the basis of the Ministry rates for consultants. The actual salary costs must therefore be the sum of the maximum rates specified by the Ministry, as well as 80% thereof, which shall be calculated in addition as overhead to the organisation, and shall constitute the final hourly rate the consultant.	<ul style="list-style-type: none"> <li>• Workshop planning (x hours)</li> <li>• Workshop completion (x hours)</li> <li>• Workshop documentation (x hours)</li> <li>• Monitoring visit with the project partner (x hours)</li> </ul>

In an internal and more detailed budget, which the party shall draw up and use as a basis for its internal project work plan, it would be a good idea to prepare the above description, which should not be included in the budget for the project application. However, an explanation can be included in the notes to the budget in the application.

The most important thing is to have an overview of the total salary bill for the project application, and to ensure that DIPD approves of any changes to the budget after approval of the project application by the Board of Directors of DIPD.

Regarding *specialist activity-specific consulting services*; in DIPD's guidelines called "internal consultant", this kind of services include the following:

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<sup>1</sup> The Ministry's regulations for consultant rates "Seniority-based maximum levels for compensation of activity-specific consulting services" as per 01.01.2015 includes the following rates, within which the compensation for the internal consultant must fall: Less than 4 years of experience DKK 297.00 / 5 to 9 years of experience DKK 315.00 / 10 to 14 years of experience DKK 342.00 / 15+ years DKK 389.00.

- Preliminary investigations, appraisals, preparatory work and preparation of documentation
- Professional advice, support and capacity building of partner
- Professional support for the partners' management and accounting.
- Monitoring of ongoing efforts including supervision trips
- Reviews of ongoing projects
- Participation with resource persons in relation to evaluation
- Recruitment of activity-specific staff
- Information under the grant
- Development of the organisation's special and core competencies
- Development of activity-specific policies, strategies and guidelines
- Participation in thematic reviews
- Participation in external and internal coordination of activities under the grant

Below a clarification of the current rules:

Budget for salary and consulting services:	Calculation of costs:	Rules for this area:
<p>03</p> <p>Expenditure on <b>internal consultant</b> (employee of the Danish party)</p>	<p>The cost to the internal consultant to be linked up with specific activities in the project. A certain number of hours will have to be reserved for the solving of the task, which must appear from the detailed budget or the budget notes.</p>	<p>This is also known as "<i>activity-specific consulting services</i>", and refers to a permanent employee, who is chosen to carry out <u>specific tasks related to the project</u>.</p> <p>This employee is paid on an hourly basis and the hours <u>are recorded in a time-recording system</u>. We budget with x number of hours per activity. The employee is compensated with a salary for the specific task.</p>
<p>04</p> <p>Fees and direct costs to an <b>external consultant</b></p>	<p>This cost constitutes a total sum (lump sum) paid for the solution of the task. A contract must be prepared for the task, and a budget shall be prepared for miscellaneous items and deliverables. Travel expenses shall be presented separately.</p>	<p>Guidance is provided for this area by <u>the EU competition principles and public tenders act regarding free competition</u>, where assignments up to DKK 250,000 can be assigned to a consultant/company without tender, but in a fair and open process.</p> <p>Assignments of more than DKK 250,000, must be in restricted tender, and assignments of more than DKK 500,000, must be in a tender with three bidders.</p>
<p>05</p> <p>Costs towards <b>local employees</b> (with partner)</p>	<p>Accounts must be prepared for both the costs for salaries for local staff and the management of a local partner. The partner must submit audited accounts. The party must ensure that</p>	<p>The salary level <u>must not exceed the average salary level for similar organisations in the country</u>.</p> <p>The employee may not receive double pay (both base salary by partner and consultant salary)</p>

	this is done in accordance with DIPD' s guidelines.	
11 <b>Administration in Denmark</b> (staff in the party, such as coordinator, bookkeeping, etc. )	In the budget a max. of 7% of the total budget for administrative contribution must be reserved. In the accounts this must always be calculated on the actual consumption. So if you are using fewer resources than budgeted, then there is also a smaller amount available.	It is not necessary to account for the 7% in the administration, which covers all permanent staff, who carry out general procedures such as administrative, reporting and bookkeeping; including the coordinator, who is responsible for the party's project.