

District 5390 New Grant Model Knowledge Review

General Knowledge:

Our District has significant autonomy and responsibility for grant administration. Therefore, we need to establish measures that ensure compliance with Foundation policies, avoid misuse and mismanagement of grant funds, and insure that clubs in our district have the appropriate training and resources. These measures establish proper stewardship controls and enable our District to maintain "Qualified" status. If we fail to comply, we all risk losing the ability to participate in the Foundation grants program.

Knowledge Check:

1. Who is ultimately responsible for club-sponsored grants?
 Club District
2. Districts must cooperate with financial, grant, or operational audits.
 True False

District Officer Responsibilities:

The District Governor, District Governor-elect, and District Rotary Foundation Committee Chair shall hold primary responsibility for club and district qualification, in addition to overseeing the proper implementation of TRF grants. District officer responsibilities include:

1. Implementing, managing, and maintaining the district and club qualification process.
2. Ensuring that all TRF grants adhere to stewardship measures and proper grant management practices.
3. Abiding by, following, enforcing, disseminating, and educating Rotarians on the terms and conditions for district, global, and packaged grants.
4. Ensuring that all individuals involved in a grant conduct their activities in a way that avoids any actual or perceived conflict of interest.

Although district officers may choose to assign tasks to other individuals within the district, it is the district governor, the district Rotary Foundation committee chair, and district governor-elect who are responsible for meeting the requirements outlined in the MOU. These responsibilities include implementing policies and procedures for qualification and grant management within the district and creating a cohesive and streamlined system to facilitate both district and club participation.

District officers are also responsible for limiting and disclosing any potential conflicts of interest. An undisclosed conflict of interest impedes transparency, leaving the Foundation and Rotarians vulnerable to potential misuse.

Knowledge Check:

1. The District Grants Subcommittee Chair is responsible for implementing District qualification.
 True False
2. Grants projects can be implemented even if there is a potential conflict of interest.
 True False

District 5390 New Grant Model Knowledge Review

Club Qualification:

Our District is responsible for qualifying our member clubs. To be qualified, a club must agree to the club MOU and send at least two club members to the District Rotary Foundation Grant Management Seminar. Under the general Rotary guidelines:

- A. A club must be qualified in order to receive TRF global and packaged grants. *Club qualification is not required for a club to receive district grant funds.*
- B. The district may establish additional requirements for club qualification in order to take into consideration relevant local laws or district-specific circumstances. Additional requirements must be attainable by all clubs in the district.
- C. The district may allot district grant funds to nonqualified clubs in its district or other districts; however, the district remains responsible for the use of those grant funds. Nonqualified clubs that fail to abide by all applicable TRF policies, including the terms and conditions for TRF district grants, may jeopardize the district's qualification status.

Our District has developed and will manage the club qualification process using resources provided by the Foundation, including grant management seminar materials. Clubs must be qualified each year in order to apply for a Rotary Foundation global or packaged grant and/or to receive district grant funds.

To be qualified in our district, a club must:

- * Send at least two members (one should be the club Foundation Chair) to the district's grant management seminar
- * Agree to the club MOU through the signatures of the club's president and president elect.

Districts may develop additional qualification requirements for clubs; however, these must be reasonable, achievable, and fair to all clubs. A district can risk losing its qualified status if an added requirement purposefully excludes a club from becoming qualified. Additional requirements should be added as an addendum to the MOU.

Districts maintain records of club qualification, including grant management seminar attendance sheets and signed club MOUs. Districts notify the Foundation about a club's qualification status when the club applies for a global or packaged grant or if the district is audited. When authorizing a global or packaged grant application, the district Rotary Foundation committee chair confirms that the club is qualified.

Knowledge Check:

1. The Rotary Foundation will qualify clubs.
 True False
2. A club can receive district grant funds even if it is not qualified.
 True False
3. District may develop additional club qualification requirements.
 True False

District 5390 New Grant Model Knowledge Review

Financial Management Plan:

Districts must have a written financial management plan to provide consistent administration of grant funds. The financial management plan must include procedures to:

1. Maintain a standard set of accounts, which includes a complete record of all receipts and disbursements of grant funds.
2. Disburse grant funds, as appropriate.
3. Maintain segregation of duties for handling funds.
4. Establish an inventory system for equipment and other assets purchased with grant funds, and maintain records for items that are purchased, produced, or distributed through grant activities.
5. Ensure that all grant activities, including the conversion of funds, comply with local law.

Oversight requirements for Foundation grant funds go beyond those of most private or corporate funds. Developing and implementing a financial management plan is essential to proper oversight, good stewardship, and consistent administration of grant funds.

The financial management plan should include detailed, district-specific procedures that are reviewed regularly.

Knowledge Check:

1. Why should the district have a financial management plan?
 To provide consistent administration of grant funds
 To ensure that one individual can manage grant funds
2. One person in the district should manage the use of grant funds.
 True False

Annual Financial Assessment

The financial management plan and its implementation shall be assessed annually. A financial assessment is an evaluation of financial controls and compliance. The district must choose either an independent firm or the district Rotary Foundation audit committee to conduct the annual financial assessment.

- A. A financial assessment is substantially smaller in scope than an audit or review, and includes:
 1. Confirmation that the district adhered to its financial management plan
 2. An examination of expenditures for district grants, district-sponsored global grants, and district sponsored packaged grants that includes:
 - a. Reconciling a selection of disbursements against their supporting documentation
 - b. Reviewing the full listing of expenditures to ensure that funds were expended in a manner consistent with the terms and conditions of the grant award
 - c. Confirming that a competitive bidding process was conducted for all significant expenditures
 - d. Reviewing the process to disburse funds to ensure that proper controls have been maintained

District 5390 New Grant Model Knowledge Review

3. A determination that all financial transactions and project activities related to the grant were conducted at least at the level of standard business practices:
 - a. Confirmation of adherence to TRF document retention requirements
 - b. Other procedures that the district Rotary Foundation audit committee or an independent firm deems necessary
 4. A report of the findings from the annual financial assessment, which must be given to clubs in the district within three months of the end of each Rotary year
- B. If the district has the district Rotary Foundation audit committee conduct the assessment, the committee may not include individuals directly involved with TRF grants and must meet the requirements found in the RI Bylaws, including:
- a. Have at least three members
 - b. Have at least one member who is a past governor or a person with audit experience.

Districts must conduct an annual assessment of the financial management plan and its implementation to ensure that proper controls are in place to manage Foundation grant funds. This assessment must review financial transactions for district grants, district-sponsored global grants, and district-sponsored packaged grants as well as the district's controls for managing these grants. This assessment should be performed at minimal cost and does not need to be a formal audit of the district's grants. Assessment results must be communicated to the district's clubs.

Districts may choose either an independent firm or an audit committee made up of three members of the district to conduct the assessment. Districts with an established audit committee for its annual statement and report of district finances (Article 15.060.4 of the RI Bylaws), may use the same committee for this annual assessment provided that there are no conflicts of interest.

Knowledge Check:

1. How often should the financial management plan and its implementation be assessed?
 Quarterly Annually
2. The annual financial assessment should only include a review of district grants.
 True False
3. The district must submit a report on the findings of the annual financial assessment to:
 Their member clubs The Rotary Foundation

Bank Account Requirements:

In order to receive grant funds, the district shall have a dedicated, district-controlled bank account that is used solely for receiving and disbursing TRF grant funds.

- A. The district bank account must
 1. Have a minimum of two Rotarian signatories from the district for disbursements
 2. Be a low- or noninterest-bearing account
- B. Any interest earned must be documented and used for eligible, approved grant activities, or returned to TRF.
- C. A separate account should be opened for each district-sponsored grant, and the name of the account should clearly identify its use for grant funds.

District 5390 New Grant Model Knowledge Review

- D. Grant funds may not be deposited in investment accounts including, but not limited to, mutual funds, certificates of deposit, bonds, and stocks.
- E. Bank statements must be available to support receipt and use of TRF grant funds.
- F. The district must maintain a written plan for transferring custody of the bank accounts in the event of a change in leadership.

District must maintain a district-controlled low or no-interest bank account in order to receive Foundation grant funds. Each open district-sponsored grant should have its own account that is used solely for receiving and disbursing grant funds. By establishing a separate account, districts are able to better manage the oversight and recordkeeping of grant funds.

In addition, districts must have a succession plan for the signatories on the account to ensure a smooth transition of information and documentation when signatories change.

Knowledge Check:

1. A district must have a district bank account.
 To receive grant funds To be qualified
2. The district bank account may have one signatory on the account.
 True False
3. Grant funds can be deposited into investment accounts.
 True False

Report on Use of Grant Funds:

Grant reporting is a key aspect of grant management and stewardship. Districts shall set-up a grant reporting process.

- A. Districts must report to their clubs on the use of all district designated funds (DDF) to their member clubs by
 1. Providing a report annually at a district meeting to which all clubs are invited or eligible to attend that includes a breakdown of expenditures for each project that received funding and the names of districts, clubs, and individuals who received grant funds
 2. Including financial information on such grants in the governor's final monthly communication
- B. Districts must adhere to all TRF grant reporting requirements.

Districts must report to their member clubs how its district designated fund (DDF) is used each year. This includes DDF used for district, global, and packaged grants, PolioPlus, and Rotary Peace Centers. Reporting on the use of DDF ensures greater transparency and accountability between the district and its clubs. This also fosters district-wide knowledge of grant activities and enables the Foundation to reduce its reporting requirements for district grants.

Districts must also fulfill all Foundation reporting requirements for district grants, district-sponsored global grants, and district-sponsored packaged grants. Districts must submit progress reports every 12 months from the time a grant is paid until the final report is accepted and final reports within two months of completing the grant project. Failure to report on grants can result in a district and its clubs being unable to participate in the Rotary Foundation grants.

District 5390 New Grant Model Knowledge Review

Knowledge Check:

1. District only report on the DDF that is used for grant projects.
 True False
2. Grant reporting is optional.
 True False

Document Retention:

Districts shall establish and maintain appropriate recordkeeping systems to preserve important documents related to qualification and TRF grants. Retaining these documents supports transparency in grant management and assists in the preparation for audits or financial assessments.

- A. Documents that must be maintained include, but are not limited to
 1. Bank information, including copies of past statements
 2. Club qualification documents, including:
 - a. Signed club MOUs
 - b. Club attendance records for grant management seminar
 3. District grant, district-sponsored global grant, and district-sponsored packaged grant information, including:
 - a. Information collected from clubs and entities receiving district grant funds
 - b. Receipts and invoices for all purchases made with grant funds
 4. Documented plans and procedures, including:
 - a. Financial management plan
 - b. Procedure for storing documents and archives
 - c. Succession plan for bank account signatories and retention of information and documentation
 - d. System to track reports of misuse and/or mismanagement of grant funds
 5. Annual report from the financial assessment and use of grant funds
- B. District records must be accessible and available to Rotarians in the district.
- C. Documents must be maintained for a minimum of five years, or longer if required by local law.

Districts must establish a document retention system for documents related to qualification and Rotary Foundation grants. The system can be a combination of electronic and physical files that best fit the needs of the district. Documents that must be retained include bank statements, receipts, club qualification materials, and procedures relating to the MOU.

Maintaining documents helps districts comply with local laws, ensure transparency, and better prepare for grant reporting, audits, and financial assessments. By maintaining these documents, the district will be able to quickly respond to requests by the Foundation or Rotarians in the district.

Knowledge Check:

1. Districts must save documents for district grants, district-sponsored global grants, and district-sponsored packaged grants.
 True False
2. A district may set up an electronic document retention system.
 True False

District 5390 New Grant Model Knowledge Review

3. Documents must be saved for:

The life of the grant

A minimum of 5 years

Method for Reporting and Resolving Misuse of Grant Funds:

The qualification process requires districts to track, investigate, and resolve reports of misuse or mismanagement of grant funds. By creating a plan before any allegations of misuse are made, the district can apply procedures consistently and foster an environment that does not tolerate misuse of funds.

- A. Districts must create a system to facilitate and track reports of misuse and/or mismanagement of grant funds.
- B. Districts must promptly investigate reports of misuse or mismanagement of grant funds.
- C. Districts must report any potential or substantiated misuse or mismanagement of grant funds to TRF.

Districts must actively work to prevent instances of misuse and mismanagement, and to investigate any allegations. A system to track reports of misuse or mismanagement helps districts to respond in a timely and fair manner. The tracking system could be as simple as maintaining an email address to receive reports of misuse and an electronic spreadsheet to track investigations.

Districts should have guidelines to ensure that investigations are conducted with consistency and fairness. However, districts should also realize that each situation is unique and that procedures may need to be adjusted as an investigation moves forward.

All reports of misuse or mismanagement, whether a potential or substantiated case, must be reported to The Rotary Foundation. The Foundation will work with the district to ensure the issue is resolved appropriately.

Knowledge Check:

1. Districts need to develop a system to track reports of misuse of grant funds.

True

False

2. If the district received a report of misuse, it must:

Investigate it

Substantiate it

3. The district can resolve matters of misuse without reporting them to the Foundation.

True

False