

Communications between Newell Krogman (Mentor District) and Roly Turner (D5580 Stewardship Sub-committee)

Roly,

I checked with TRF in formulating this response and also consulted the *Lead Your District: Rotary Foundation Committee* (300-EN) publication, which, of course, can be found at www.rotary.org. In particular, with relationship to your inquiry, Chapters 3 and 6 (Section 8) deal with document retention.

Regarding Global Grants, district sponsored grants are grants where the district is the International or Host Sponsor. This would include those Global Grants that involve a Vocational Training Team, or a Scholarship. Either the International Sponsor or the Host Sponsor must keep original receipts in its files for the designated minimum time period of five years. (I recommend 7 years so that there is no question about when the five-year period begins and ends, and because this is history that could be useful during that period. Of course local civil laws may require longer periods.) Note that whichever district does not retain the original receipts is still responsible for having copies in its files. For example, if your district were the International Sponsor for a project in Haiti with the Host Sponsor being the district for that country, and you were retaining the original receipts, then the other district would have to retain copies of the receipts.

The same record keeping is required for clubs which sponsor Global Grants and the document retention is then their responsibility.

Hope this helps.
Newell

From: Roland Turner <rotaryroly@tbaytel.net>
Date: Friday, August 5, 2016 at 1:30 PM
To: Newell Krogmann <krogmann@earthlink.net>
Subject: Z-28 TRF Annual Giving Officer

Hi Newell

I hope all is well with you. Since completing my term as DRFCC Keith has put me on the District Stewardship Subcommittee, so I am still involved.

I was surprised to learn yesterday, via email automatic reply, that Amanda Runge is no longer with TRF. that seems very sudden. **Do you know who our new Annual Giving Officer is?**

On a second note re our District/TRF MOU section 8 Document Retention, A 3; **please define District Sponsored Global Grant.** Is that Global grant where one of the Primary Partners is; the District (e.g. Scholarship/VTT), or a Club in our District?

Thanks for your help with this, I look forward to your reply.

Roly

The Rotary Foundation

District Qualification Memorandum of Understanding

1. District Qualification
2. District Officer Responsibilities
3. Club Qualification
4. Financial Management Plan
5. Annual Financial Assessment
6. Bank Account Requirements
7. Report on Use of Grant Funds
8. Document Retention
9. Method for Reporting and Resolving Misuse of Grant Funds

1. District Qualification

To participate in district, global, and packaged grants, a district shall complete an online qualification process, agreeing to implement the financial and stewardship requirements in this memorandum of understanding (MOU). By successfully completing these requirements, a district becomes qualified and eligible to participate in Rotary Foundation (TRF) grants.

- A. A district is responsible for the use of funds for district-sponsored grants, regardless of who controls the funds.
- B. A district is responsible for a club-sponsored grant if the sponsoring club has been terminated or is otherwise unable to take responsibility for the grant.
- C. To maintain qualified status, a district must comply with this MOU and all applicable TRF policies.
- D. Qualification may be suspended or revoked for any of the following:
 1. Misuse or mismanagement of grant funds, or failure to appropriately address allegations involving, but not limited to, fraud; forgery; membership falsification; gross negligence; endangerment of health, welfare, or safety of beneficiaries; ineligible contributions; use of funds for personal gain; undisclosed conflicts of interest; monopolization of grant funds by individuals; report falsification; overpricing; acceptance of payments from beneficiaries; illegal activities; use of grant funds for ineligible purposes
 2. Refusal to qualify member clubs without sufficient cause
- E. A district must cooperate with any financial, grant, or operational audits.

2. 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

3. Club Qualification

Districts are responsible for qualifying their member clubs. To be qualified, the club shall agree to the club MOU and send at least one club member to the district Rotary Foundation grant management seminar.

- 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. A 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. A 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.

4. 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

5. 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 shall 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
 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.

6. 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.
- 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.

7. 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.

8. 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.

9. 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.

Approving District Officers

Role	Name	Term Start Date	Term End Date	Date of Approval
DG:	Herbert Schmidt	01/07/2016	30/06/2017	05/05/2015
DGE:	Debra Warner	01/07/2016	30/06/2017	12/04/2016
DRFC:	Keith Brokke	01/07/2016	30/06/2017	13/04/2016