

D7080 Best Practice Guidelines for Individual and Multi Club-Funded Projects **(“Guidelines”)** *(May 18/17 – LAB/AV/JC Presented at President’s meeting)*

Club funded projects provide alternative ways for Rotary Clubs to fund projects outside of the Rotary Foundation framework. These best practice guidelines (“Guidelines”) aim to ensure that a similar level of transparency and accountability is demonstrated when Clubs manage individual or multi club-funded World Community Service /International Service projects. Good internal controls do more than help a club manage project resources efficiently and transparently. They help protect the assets of Rotary Clubs, promote compliance with laws and regulations, reduce Club Officers’ liability for non-incorporated clubs, create accurate and reliable financial reporting, and facilitate effective and efficient operations and ethical practices. They also build community support, protect resources from being misused, help gauge a project’s success, and help the planning for future projects. Each club in District 7080 is strongly encouraged to adopt and follow these Guidelines in the management of all club-funded projects. Please note that these Guidelines do not replace any requirements issued by Canada Revenue Agency (“CRA”) for registered charities or foundations and are in addition to any applicable Rotary International (“RI”) Policy. In the event of any inconsistency between these Best Practice Guidelines and CRA or RI requirements, CRA requirements prevail.

Projects that receive District or Rotary Foundation grants are required to report and reconcile all expenditures, including accompanying receipts upon completion of the project. By establishing standard procedures and sound financial controls for non-Rotary granted projects, we enable Rotary Clubs to adopt similar transparent accounting systems for managing project funds efficiently and effectively.

1. Accountability

The accountability for project management, including documenting decisions, meeting minutes, project disbursements and expenditures, reconciliation and reporting lies with the Project Leader and the Committee responsible for the project. They are accountable to the Board of their Club. Project Leaders are responsible for reporting the use of funds to their Club and others who have donated to the project.

Project Leaders should at a minimum:

- a) Establish a committee of a minimum of three (3) persons plus the Club treasurer, the committee chair and the Club President or their designate;
- b) Clearly define committee member roles and responsibilities;
- c) Ensure minutes of meetings are recorded and maintained;
- d) Identify, communicate and implement a meeting quorum for decision-making which should be at least a 2/3 majority, and
- e) Report back to the Board of the Club orally and in writing on a regular basis.

2. Transparency and Due Diligence:

Basic good accounting practices are encouraged to be followed at all times. Examples are outlined in the following Rotary documents:

- Communities in Action – A Guide to Effective Projects
- Treasurer's Handbook
- Service Projects Handbook
- RI Code of Policies

All World Community Service/International Service projects, should at a minimum:

- a) Comply with all applicable laws and ethical standards including, currency import and export regulations, Canada Revenue Agency requirements and the Four-Way Test;
- b) If cash is taken to international project locations, and distributed in the location, official receipts are collected;
- c) Use an Agency or Contractor Agreement when transferring funds to a recipient outside of Canada. (see Schedule A or Schedule B). Please check with your Club Treasurer or an Accountant regarding which agreement is best suited for your project.
- d) Record currency transactions in Canadian Dollars using the then current RI Currency Exchange rate for the month when funds were dispensed/spent for reconciliation purposes, or actual bank transaction records received at the time of the currency conversion;
- e) Ensure that project funds are not used for personal travel expenses, accommodation, hospitality, meals and entertainment, gas or other costs expected to be paid by the project volunteers unless previously approved by the Club's Board and the Committee responsible for the project;
- f) Adhere to Rotary International and the Rotary Foundation's missions and/or areas of focus, and
- g) Adhere to all applicable Rotary Policies and Procedures including District 7080 conflict of interest guidelines (below), ethics, and accounting policies.

Project Leaders should at a minimum:

- a) Record and maintain dated minutes to meetings for 7 years past the end of the Project;
- b) Obtain and collect receipts for all project expenditures and disbursements that are reconciled accurately and reported fully;
- c) Detail an accounting of spending for the project;
- d) Provide regular updates to the Club Board, committees and community stakeholders, as may be required, describing project income, expenses and project progress;
- e) Prepare and file with the Board of the Club, and the board of a Foundation if applicable, a dated financial reconciliation report within 2 calendar months of the completion of a project related trip; annually at the end of each Rotary year in a multi-year project, and a final report within 2 months of Project completion, and
- f) Make the report available to all committee, board and club members, and/or any interested stakeholders or Rotarians who request it.

The District 7080 International Services Committee recommends that clubs and committees also consider the following:

- a) Develop and document a Project Charter that outlines the project overview, objectives and how results will be measured;
- b) Develop a club statement of financial stewardship and accountability;
- c) Create a bank account for project funds (only if receiving funds from other clubs/donors for a specific project);
- d) Provide a receipt to individuals who donate money or project materials. These may not be tax deductible for the donor, but are in acknowledgement of their donation;
- e) Depending on the size of the Project, develop a system for independent audit or review of project finances by a reputable accounting agency/person, and
- f) Obtain the Club Board's approval for project expenditures over a certain amount, for example \$1,000. (NOTE: It is recognized that many clubs require budget approvals at the beginning of the Rotary year, and work within those budget requirements without further approvals.)

3. Conflict of Interest

As Rotarians, Project Leaders and committee members have an obligation to act in accordance with the highest ethical standards and embody the Four Way Test in everything they do both here and abroad. As part of those obligations, Rotarians are not permitted to lead or be involved in a Project where their involvement is or could be perceived as a conflict of interest. In instances where there is or may be a perceived conflict, the Project Leader must raise the matter to the Club President for consideration by the Board. All individuals involved in a project requiring the use of funds shall conduct their activities in a way that avoids any actual or perceived conflict of interest for themselves, any Rotarian, Project candidate, Location Rotarian, or others who may directly or indirectly benefit from the Project. A conflict of interest is a relationship among individuals through which an individual involved in a project causes benefit, or could be perceived to cause benefit, for such individual or such individual's family, personal acquaintances, business colleagues, business interests, or an organization in which such individual is a trustee, director, or officer. Rotarians who serve on a club selection committee for a Project are expected to exercise complete transparency in all their dealings. Before a Committee responsible for the Project or Project Leader conducts a business transaction related to a club-funded project in which a vendor receives payment from a Rotary Entity, a fair, open, appropriate and thorough request for proposals or bidding process must be conducted to ensure that the best services are secured at a reasonable cost, despite any connection between the vendor and a Rotary Entity. For further guidance in conflict of interest matters, please consult Rotary International at Rotary.Org.

4. For further References, please consult the following sources:

Communities in Action – A Guide to Effective Projects (*605a_en.pdf*)

Lead Your Club – Treasurer 2016-19 Edition (*220_en.pdf*)

Lead Your Club – Service Projects Committee 2016-19 Edition (*226d_en.pdf*)

RI Code of Policies 2017

RI Manual of Procedure 2016

Rotary Foundation Code of Policies – April 2017

Terms and Conditions for Rotary Foundation Grants and Global Grants – March 2017

Schedule A

AGENCY AGREEMENT

This Agreement is made on _____, 201 .

BETWEEN:

THE ROTARY CLUB OF _____

(the “Club”)

-AND-

THE ROTARY CLUB OF _____

Or

(the “Agent”)

WHEREAS:

1. The Club is a registered charitable organization in accordance with the Income Tax Act and Regulations of Canada (the “Act”);
2. In accordance with the Act, the Club devotes all of its resources to charitable activities including those of the Club Funded Projects Committee (“Committee”). The Committee recommends to the Club selected projects outside of Canada which comply with the D7080 Best Practice Guidelines for Club-Funded Projects attached as Schedule “A” (the “Guidelines”) and which constitute charitable activities according to the Act and Canadian law;
3. The Agent is not a registered Canadian charity and has asked the Club to provide support for a project described in Schedule “B” attached (the “Project”);
4. The Club has obtained assurances from the Agent that, because of the Agent’s reputation and expertise, the Agent can administer the Project in accordance with this Agreement, and that, in addition, the Project complies with the Guidelines; and
5. The Club has approved in principle the Project, which is located in _____ (the “Territory”) and has agreed to support the Project as outlined in Schedule “B” and according to the budget in Schedule “C”, subject to

the Agent agreeing to administer the Project in compliance with the Guidelines and this Agreement.

IN CONSIDERATION OF the mutual promises made by the parties, as contained in this Agreement (and other legally-binding consideration, the receipt and sufficiency of which is acknowledged by the parties), the parties agree as follows:

1.0 RECITALS:

The recitals in paragraphs 1 to 5 above are true, complete and correct, and form part of this Agreement.

2.0 APPOINTMENT:

The Club appoints the Agent as its agent to administer the Project in compliance with the Guidelines and this Agreement.

3.0 TERM:

3.1 This Agreement is in force for a period ending the earlier of the completion of the Project or three years from the date of this agreement (the "**Term**"). Termination of the Donor Agreement (if any) related to the Project will cause a termination of this Agreement, and vice versa.

3.3 The Term may be extended by mutual agreement of the parties for a further period of one year provided Schedule "B" has been complied with by the Agent to the satisfaction of the Club, acting reasonably.

4.0 CLUB COVENANTS:

4.1 The Club agrees to provide financial support for the Project through the Agent as shown on Schedule "B".

4.2 The Club will monitor the status of the Project and will recommend specific steps or procedures for completion of the Project so that the Project adheres as much as possible with the Guidelines.

5.0 AGENT COVENANTS:

5.1 The Agent accepts the appointment as Agent under this Agreement. The Agent agrees to use its best efforts to ensure that the Project is completed diligently, in a proper and businesslike manner, and on a timely basis, all in accordance with Schedule "B", the Guidelines and all laws of the Territory. Without limiting the foregoing, the Agent covenants that the Project is a charitable activity according to the Act and Canadian law.

5.2 The Agent shall provide to the Club, at such times, and in such detail, and at such frequency as requested by the Club:

- a) comprehensive reporting documentation on the status of the Project (including without limitation, a record of all receipts, disbursements, expense vouchers and invoices, with copies thereof sent to the Club at least every six months), and
- b) regular financial report reflecting the use of the funds for the Project.

5.3 The Agent shall permit Club representatives to inspect the Project on reasonable notice.

5.4 The Agent shall keep the financial support paid under paragraph 3.1 separate from its other assets and maintain separate records for such support, available for inspection by Club representatives on reasonable notice.

5.5 The Agent agrees that all expenses of the Project (except as set out in this Agreement and Schedule “B”) shall be paid by the Agent and indemnifies and saves the Club harmless from all costs, actions or damages relating to the Project.

5.6 The Agent, will not do anything, and will not allow any person, firm or corporation with which it deals to do anything, which in the opinion of the Club might jeopardize the Canadian charitable status of the Club or adversely affect the reputation of the Club.

5.7 Without limiting the generality of subparagraph 5.6, the Agent acknowledges that it has been made aware of the non-denominational tenets of Rotary International. The Agent therefore covenants not to engage in any activity related to the Project which might be considered by the Club, acting reasonably, to be any one or more of fundraising, proselytizing, recruiting, or attempting to persuade any person to change his or her religious beliefs.

6.0 MUTUAL COVENANTS:

6.1 The Club and the Agent agree that:

(a) despite anything else in this Agreement, the Agent is an independent contractor and is not an agent or servant of the Club for any purpose other than the Project; and

(b) each party will deal in good faith to complete the Project in accordance with the Guidelines and Schedule “B”.

7.0 TERMINATION:

7.1 This Agreement may be terminated without cause by either party giving 30 days’ written notice to the other party. If this Agreement is so terminated, the Agent shall refund immediately to the Club any unspent funds comprising the financial support provided by the Club under this Agreement.

8.0 OTHER CONDITIONS:

- 8.1 This Agreement is the entire agreement of the parties and supersedes all previous representations, understandings or agreements, oral or written.
- 8.2 All amendments to this Agreement must be in writing and signed by both parties.
- 8.3 Failure of either party to insist upon the strict performance of any term of this Agreement does not waive the right of such party to later require such performance, or act as a waiver of a later breach, whether of similar nature or otherwise.
- 8.4 This Agreement binds and benefits the parties and their successors and permitted assigns.
- 8.5 The rights and obligations of the Agent in this Agreement shall not be transferred without the prior written consent of both parties.
- 8.6 Nothing in this Agreement authorizes one party to represent the interests of the other party or to permit one party to undertake any contracts or other obligations of the other party.
- 8.7 This Agreement may be signed and delivered by facsimile transmission or electronic signature and is valid and binding upon the parties upon receipt of executed copies by facsimile transmission or exchange of electronic signatures.
- 8.8 Monetary amounts are in Canadian currency unless otherwise stated.

9.0 NOTICES:

- 9.1 The legal addresses and the facsimile transmission numbers of the parties are set out below or such other addresses as a party notifies the other.
- 9.2 Any notices, consents, requests, demands and other communications by a party shall be given in writing either by personal delivery, or by telefax and promptly confirmed by airmail to the addresses indicated. All notices are effective upon receipt.
- 9.3 The addresses for notices are:

9.3.1 in the case of the Club:

The Rotary Club of Clubname,
Street.
City, Ontario, Canada
Postal Code
Facsimile transmission number:
Attention:

9.3.2 in the case of the Agent:

Schedule B

CONTRACTOR AGREEMENT

This Agreement is made on [**insert date**]

BETWEEN:

**FOUNDATION/FUND of the
THE ROTARY CLUB OF _____**
(the “**Fund**”)

-AND-

(the “**Contractor**”)

WHEREAS:

1. The Fund is a registered charitable organization in accordance with the Income Tax Act and Regulations of Canada (the “**Act**”);
2. In accordance with the Act, the Fund devotes all of its resources to charitable activities;
3. The International Services Committee (“**ISC**”) is a committee of the Rotary Club of _____. ISC recommends to the Fund selected Projects outside Canada which substantially comply with the Support Guidelines for ISC Projects attached as Schedule “A” (the “**Guidelines**”) and which also constitute charitable activities according to the Act and Canadian law;

4. The Contractor is not a registered Canadian charity and has asked the Fund to provide support for a project described in Schedule “B” attached (the “**Project**”);
5. The Fund has obtained assurances from the Contractor that, because of the Contractor’s reputation, experience and expertise, the Contractor can administer the Project in accordance with this Agreement, and that, in addition, the Project complies with the Guidelines; and
6. The Fund has approved in principle the Project, which is located in [insert location] (the “Territory”). The Fund has also agreed to support the Project as outlined in Schedule “B” and according to the budget in Schedule “C”, subject to the Contractor agreeing to administer the Project in compliance with the Guidelines and this Contract.

IN RETURN FOR the mutual promises made by the parties, as contained in this Agreement (and other legally-binding consideration, the receipt and sufficiency of which is acknowledged by the parties), the parties agree as follows:

1.0 RECITALS:

The recitals in paragraphs 1 to 6 above are true, complete and correct, and form part of this Agreement.

2.0 ADMINISTRATION:

The Contractor agrees to administer the Project in compliance with the Guidelines and this Agreement.

3.0 TERM:

- 3.1 This Agreement is in force for a period ending the later of the completion of the Project or [**insert date**] (the “**Term**”).

3.1.1. Termination of this Agreement, or of any of:

- (i) the Donor Agreements (if any) related to the Project, or
- (ii) the Articles of Agreement for Program Contributions (if any) between the Fund and the Canadian Rotary Collaboration for International Development, or
- (iii) any agreement between the Fund and [**The Rotary Club of XXXXX or other Contractor**],

all related to the Project, will cause the termination of this Agreement, and of all these listed agreements.

3.2 The Term may be extended by mutual agreement for a further period provided this Agreement has been complied with by the Contractor to the satisfaction of the Fund, acting reasonably.

4.0 **FUND COVENANTS:**

4.1 Provided the financial support is made available through donors, the Fund agrees to provide financial support for the Project through the Contractor as shown on Schedule "B".

4.2 The Fund will monitor the status of the Project and will recommend specific steps or procedures for completion of the Project to ensure it complies as much as possible with the Guidelines.

5.0 **CONTRACTOR COVENANTS:**

5.1 The Contractor agrees to use its best efforts to ensure that the Project is completed diligently, in a proper and businesslike manner, and on a timely basis, all in accordance with Schedule "B", the Guidelines and all laws of the Territory. Without limiting the foregoing, the Contractor covenants that the Project is a charitable activity according to the Act and Canadian law.

5.2 The Contractor shall provide to the Fund, at such times, and in such detail, as requested by the Fund:

- (a) comprehensive written reporting documentation, as reasonably required by the Fund, on the frequency as set out in the guidelines, on the status of the Project, including without limitation, a record of all receipts, disbursements, expense vouchers and invoices, with copies thereof, and of all relevant documents, photographs and minutes of meetings; and

- (b) upon completion of the Project, a final comprehensive written report which includes the reporting documentation in subparagraph 5.2 (a), which shall be delivered within thirty (30) days of Project completion.

The Contractor acknowledges and agrees that any interim payments of the financial support under subparagraph 4.1 may be withheld or discontinued by the Fund until the above documentation is received in satisfactory form.

- 5.3 The Contractor shall permit Fund representatives to inspect the Project on reasonable notice.
- 5.4 The Contractor shall keep the financial support under subparagraph 4.1 separate from its other assets and maintain separate records for such support, available for inspection by Fund representatives on reasonable notice, and also include in the written documentation set out in subparagraph 5.2.
- 5.5 The Contractor agrees that all expenses of the Project (except as may be set out in this Agreement and Schedule “B”) shall be paid by the Contractor and indemnifies and saves the Fund harmless from all costs, actions or damages relating to the Project.
- 5.6 The Contractor, will not do anything, and will not allow any person, firm or corporation with whom it deals to do anything, which in the opinion of the Fund might jeopardize the Canadian charitable status of the Fund or adversely affect the reputation of the Fund.
- 5.7 Without limiting the generality of subparagraph 5.6, the Contractor acknowledges that it has been made aware of the non-denominational tenets of Rotary International. The Contractor therefore covenants not to engage in any activity related to the Project which might be considered by the Fund, acting reasonably, to be any one or more of fundraising, proselytizing, recruiting or attempting to persuade any person to change his or her religious beliefs.

6.0 MUTUAL COVENANTS:

- 6.1 The Fund and the Contractor agree that:
 - (a) despite anything else in this Agreement, the Contractor is an independent contractor and is not an agent or servant of the Fund for any purpose other than the Project; and
 - (b) each party will deal in good faith to complete the Project in accordance with the Guidelines and Schedule “B”.

7.0 TERMINATION:

7.1 This Agreement may be terminated without cause by either party giving 30 days' written notice to the other party. Upon receipt of a notice of termination from the Fund, the Contractor shall immediately cease the procurement of any further goods or services for the Project and shall render an interim accounting of receipts and disbursements in accordance with sub paragraph 5.2(a). If this Agreement is so terminated, the Contractor shall refund immediately to the Fund any unspent funds comprising the financial support provided by the Fund under this Agreement.

8.0 OTHER CONDITIONS:

8.1 This Agreement is the entire agreement between the parties and supersedes all previous representations, understandings or agreements, oral or written.

8.2 All amendments to this Agreement must be in writing and signed by both parties.

8.3 Failure of either party to insist upon the strict performance of any term of this Agreement does not waive the right of such party to later require such performance, or act as a waiver of a later breach, whether of similar nature or otherwise.

8.4 The Contractor may not assign its rights or obligations under this Agreement without the prior written consent of the Fund, which consent may be arbitrarily withheld in the Fund's discretion. Any attempt to so assign is null and void. This Agreement binds and benefits the parties and their successors and permitted assigns.

8.6 Nothing in this Agreement authorizes one party to represent the interests of the other party or to permit one party to undertake any contracts or other obligations of the other party.

8.7 This Agreement may be signed and delivered by facsimile or electronic transmission and is valid and binding upon the parties upon receipt of executed copies by facsimile or electronic transmission.

8.8 Monetary amounts are in Canadian currency unless otherwise stated.

9.0 NOTICES:

9.1 The legal addresses and the facsimile transmission numbers of the parties are set out below or such other addresses as a party notifies the other.

9.2 Notices pursuant to this Agreement must be in writing and may be given by electronic mail, telex, telecommunication, facsimile transmission or other similar form of instantaneous communication, to the parties at the addresses shown below:

9.3 The addresses for notices are:

9.3.1 in the case of the Fund:

The Rotary Club of

[Insert complete address]

Attention:

9.3.2 in the case of the Contractor:

[Insert complete address]

Attention

10.0 GENERAL:

10.1 The parties will execute such other documents or do take such other actions as are reasonably required to carry out this Agreement.

10.2 Time is of the essence of this Agreement for all acts of the Contractor.

10.3 This Agreement is governed by the laws of Ontario and Canada and is an Ontario contract.

10.4 This Agreement may be executed by the parties in counterparts, each of which is deemed to be an original, and such counterparts constitute the same document.

Schedule A

D7080 Best Practice Guidelines for Individual and Multi-Club Funded Projects

[attach Guidelines]

Schedule "B"

Project Description

Schedule "C"

Project Budget