

# Appendix 1: Club Memorandum of Understanding

This worksheet lists the requirements of the club memorandum of understanding, explains the requirements, and poses questions about how your club implements them. Use the worksheet to develop an implementation plan for your club. Space is provided for taking notes during the district Rotary Foundation grant management seminar.

An official club MOU, provided by The Rotary Foundation (TRF) for clubs participating in the Future Vision pilot, will be distributed by your district. It is an agreement between your club and its district explaining what the club is required to do to ensure proper implementation of grant activities and management of grant funds. By authorizing the official club MOU, the club agrees that it will comply with all Foundation requirements.

| Requirements  | Explanation  |
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| <p><b>Terms of Qualification</b></p> <p>A. Upon successful completion of the qualification requirements, the club will receive qualified status for a period of one year.</p> <p>B. By entering into this agreement and receiving Rotary Foundation grant funds, the club understands and confirms that the club, as an entity, is responsible for the use of grant funds, regardless of which individual(s) or group controlled the funds.</p> <p>C. The club must disclose any potential conflicts of interest and must comply with the Conflict of Interest Policy for Grant Participants as outlined in section 7.030. of The Rotary Foundation Code of Policies.</p> <p>D. The club must cooperate with all district and TRF audits.</p> | <p><b>When a Rotary Foundation Global Grant is awarded to a club, the entire club membership, not just a single member, is responsible for both the grant funds and the outcome of the project.</b></p> <p><b>How will you communicate that all members of the club are responsible for global grant funds?</b></p> <p><b>Who in the club will ensure that there are no conflicts of interest when a project is planned?</b></p> <p><b>Notes</b></p> |



| Requirements  | Explanation   |
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| <p><b>Financial Management</b></p> <p>A. The club must maintain a bank account to be used only for Rotary Foundation Global Grant funds in accordance with applicable laws.</p> <ol style="list-style-type: none"> <li>1. The account should be low- or noninterest-bearing, and any interest earned must be documented and used on eligible, pre-approved grant activities or returned to TRF or the district.</li> <li>2. Grant funds may not be deposited in investment accounts including but not limited to: mutual funds, certificates of deposits, bonds, and stocks.</li> <li>3. Two Rotarian signatories are required on checks and withdrawals.</li> </ol> <p>B. The club must create a financial management plan that includes measures to</p> <ol style="list-style-type: none"> <li>1. Maintain a standard set of accounts, including a complete record of all receipts and disbursements, and maintain receipts for all expenditures equal to or over US\$75 or more (or those of any amount required by applicable law)</li> <li>2. Disburse grant funds, as appropriate, directly to Rotarians, vendors, and beneficiaries as approved in the grant application. Grant funds not immediately disbursed must be kept in the established project account without diversion, except for direct payment for grant activities or to return funds to the district or TRF</li> <li>3. Maintain separate statements of income and expenses, noting interest earned and recoveries if applicable</li> <li>4. Maintain a general ledger that separates funds according to each project</li> <li>5. Establish an inventory system for the control of equipment and other assets purchased with grant funds, and maintain records for items that are purchased, produced, or distributed through grant activities</li> <li>6. Perform monthly bank reconciliations</li> <li>7. Maintain a plan for transferring the custody of the bank accounts in the event of a change in leadership</li> <li>8. Ensure all grant activities, including the conversion of funds, are in accordance with local law</li> </ol> | <p>A financial management plan is required so all club members know how grant funds are being used. This results in increased oversight and aids the club with its reporting responsibilities.</p> <p><b>Who in the club will be responsible for the bank account for grant funds? How will the status of this account be reported to the board? To the full club?</b></p> <p><b>Who will oversee the financial management plan? How will this be monitored regularly?</b></p> <p><b>What will be the role of the club treasurer?</b></p> <p><b>Notes</b></p> |

| Requirements   | Explanation  |
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| <p><b>Document Retention</b></p> <p>A. The club must create a document maintenance system or club archive to maintain original documents for a minimum of five years or longer if required by applicable law, including, but not limited to:</p> <ol style="list-style-type: none"> <li>1. Documents relating to qualification</li> <li>2. All records and documentation of policies and procedures required by the club MOU</li> <li>3. Documentation related to grants, including original documents for all grants, copies of proposals and applications, copies of grant agreements, copies of reports submitted to TRF and the district, receipts and invoices for all purchases made with grant funds, written or electronic correspondence</li> </ol> <p>B. Documents must be stored in a known location that is accessible to club Rotarians and must be provided to TRF or the district upon request or in the case of an audit</p> | <p>One of the most common reasons for overdue reporting is that clubs lack adequate records or information about the project or activity, often because club leadership changes or the project contact leaves the club. A document retention system helps centralize and organize information needed for reporting.</p> <p><b>Where will your club store its documents related to qualification and grant activity? Will you use your club's current archive system or develop a new one?</b></p> <p><b>Who will oversee this process?</b></p> <p><b>How will you ensure that your club inventories grant assets?</b></p> <p><b>According to local laws, how long must you retain documents?</b></p> <p><b>Notes</b></p> |

| Requirements  | Explanation  |
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| <p><b>Report on Use of Grant Funds</b><br/>           The club must report on the use of grant funds as outlined in the Terms and Conditions for Rotary Foundation District Grants and Global Grants.</p> | <p>Reporting on grant activities lets the Foundation, the district, and fellow Rotarians know how funds are used. Information obtained from grant reports also helps the Foundation evaluate the pilot.</p> <p><b>Who will be responsible for reporting grant activity to the full club, the district, and the Foundation?</b></p> <p><b>How and how often will this information be reported?</b></p> <p><b>How will this report be incorporated into the treasurer's monthly report to the board?</b></p> <p><b>Notes</b></p> |

| Requirements   | Explanation  |
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| <p><b>Method for Reporting and Resolving Misuse of Grant Funds</b></p> <p>The club must report any potential misuse or irregularities in grant-related activity to the district.</p> | <p>Because a great deal of effort, time, and dedication goes into fundraising and contributions, all Rotarians are responsible for ensuring that Foundation funds are used correctly. Immediately reporting problems and irregularities increases the likelihood of a timely resolution (which allows the community to still benefit from the project) and decreases the likelihood of the club being required to return funds. Your club is required to track, investigate, and resolve reports of misuse of grant funds before turning to the Foundation for intervention. If you suspect any problems, contact your district Rotary Foundation committee immediately.</p> <p><b>How do you ensure that all members understand their responsibility for reporting suspected misuse of funds?</b></p> <p><b>Who in your club could serve as a monitor of grant activity?</b></p> <p><b>To whom should club members or members of the community report suspected misuse?</b></p> <p><b>With whom do you share allegations at the district level?</b></p> <p><b>Notes</b></p> |

