

3 Oversight and Reporting

Rotary Foundation funds must be treated as a sacred trust and managed with proper stewardship. Once your Rotary Foundation grant has been approved, you will receive funds to implement the grant. The keys to successful oversight are having a financial management plan and document retention plan to facilitate reporting and potential audits by The Rotary Foundation.

Financial Management Plan

Clubs should have a financial management plan in place prior to receiving grant funds to ensure proper oversight and consistent administration of the funds (sample available). The financial management plan should include measures to properly disburse grant funds during project implementation, to maintain complete and thorough financial records, and to manage a club-controlled bank account. Proper financial management will reduce unintentional errors and the opportunity for misuse of funds. Remember, if funds are misused, the club is responsible for rectifying the situation (see club MOU, section 1B).

Funds cannot be managed by or turned over to non-Rotarian entities such as beneficiaries or cooperating organizations.

Funds Disbursement

After a global grant application is approved, your club will receive the funds directly from The Rotary Foundation. Your grant coordinator will be your point of contact at the Foundation. If your club applies to the district for Rotary Foundation District Grants, the club will receive the funds directly from the district, and your district Foundation chair will be the point of contact.

Consider developing either a paper or electronic bookkeeping system.

Grant agreements are only between the Foundation and the clubs and/or districts, and are subject to the laws of the state of Illinois (as the Foundation is an Illinois corporation) and of the United States. Grant sponsors are also expected to follow their own country's laws.

Financial Recordkeeping

Grant funds awarded by the Foundation should be distributed and used for the stated purpose in a timely manner, according to a spending plan. Project-related expenditures should be made by check or other traceable method whenever possible and should only be made in cash if there are no other options. When making payments in cash, detailed receipts should be maintained and each transaction should be properly recorded in order to provide transparency of grant funds (see club MOU, section 3B). Payments that are not recorded properly lack transparency and can result in mistrust.

A general ledger must be maintained and will help clubs record all grant activities in one location (sample available). The ledger should list each transaction, noting the date, amount, and reason for the transaction. Separate statements of income and expenses should also be maintained, including any interest earned and recoveries. Monthly bank reconciliations should be performed to help monitor income and expenses. If an error occurs, monthly reconciliations will allow for quick resolution.

Bank Account

Your club should maintain a club-controlled bank account that is used solely for receiving and disbursing Foundation grant funds. This makes it easier to manage grant funds and accurately report on their use. Grants are not intended to produce interest income for clubs and should be kept in a low-interest or noninterest-bearing account. The bank account name should identify the club, and two Rotarian signatories should be required for all transactions (see club MOU, section 3A).

Have a succession plan for **transferring custody of the club's grant bank account** in case a signatory (payee) is no longer able to perform his or her duties. Being prepared ensures uninterrupted management of funds and uninterrupted project implementation (see club MOU, section 3B7). If account signatories/payees change throughout the life of the project, please notify the Foundation.

Local Laws

While The Rotary Foundation attempts to follow international guidelines, laws in some countries and regions may be more stringent than Foundation requirements. It is the responsibility of both international and host partner clubs and districts to be aware of and to adhere to whatever restrictions and regulations are required by local laws. Conversely, if local laws are less stringent, the club needs to meet Foundation requirements (see club MOU, section 3B8).

Situations in which local laws are not compatible with Foundation requirements (e.g., bank account naming) will be handled on a case-by-case basis. Contact Foundation staff for more information.

Document Retention

Maintaining detailed records ensures that the club complies with the club MOU, local laws, and standard business practices. It also helps the club maintain proper grant management and stewardship in the event of changes in the project committee. Make copies of all documents to ensure that the club's activities can continue uninterrupted in case of fire or other catastrophe. If local laws require you to submit original information to the Foundation, it is still necessary to keep copies of these documents.

Retain all documents required by the financial management plan in a location that is known and accessible to more than one person. This promotes transparency to the club, helps to reveal any misuse early enough that it can be corrected, allows for better reporting and organization, and prevents knowledge gaps in the event that project contacts are no longer available. Remember that all original documents related to grant-funded expenditures, including receipts and bank statements, must be retained for a minimum of five years, or longer if required by applicable law (see club MOU, section 4A).

As part of their document retention protocol, clubs will need to establish an inventory system to track equipment and other assets purchased, produced, or distributed through the grant, identifying which individual or entity has ownership of these items. Note that Rotary clubs are not allowed to have ownership of grant assets; all grant assets must legally belong to the beneficiaries (see club MOU, sections 3 and 4). In addition, a record specifying where grant assets are located in the community helps both the sponsors and the community even after project implementation. For example, because deep tube wells are susceptible to geological changes that increase the chance of arsenic contamination, it may be necessary for the government to periodically locate these wells to test the water quality.

For scholars and vocational training team members:

- Sponsors must retain receipts for expenses equivalent to US\$75 or more (tuition, housing, travel, etc.) for transparency and document retention.
- Individuals may also need to retain receipts for tax purposes. Research tax laws before distributing grant funds.
- Encourage non-Rotarian grant recipients to set up an ATM/bank card for tracking grant-related expenses online, to make reporting to the sponsor club or district easier.

Examples of Document Retention

Create a binder or file system for each fiscal year or each grant in which all documents can be kept. Use separate tabs or folders for documents listed in club MOU, section 4.

For electronic document retention, scan all documents onto a shared network space. Save the originals in a secure location.

Reporting Requirements

Grant recipients are responsible for reporting on the use of grant funds in accordance with the terms and conditions of the grant.

Unused funds should be returned to The Rotary Foundation (returned global grant funds will be credited to the World Fund, and district grant funds to the district's DDF). The bank statement included with the final report should indicate that the account is either closed (if it is a project-specific account) or clearly indicate that all grant funds and interest were spent.

For grants involving scholars and vocational training teams, the sponsoring club or district is responsible for the use of grant funds by the non-Rotarian recipients and for reporting to the Foundation. Rotarians should ensure that the recipients are also aware of these responsibilities and should maintain regular contact with them to ensure that grant funds are being spent as approved.

Additional reporting requirements are listed below for each grant type.

District Grants

Clubs that receive funds from district grants must submit a report to the district, along with receipts for the project, after the project's completion. Districts are responsible for reporting to the Foundation on the disbursement of district grant funds and for maintaining all documentation relating to district grants in accordance with the district MOU.

In addition, the district is responsible for annually reporting to its clubs how it used its district grant funds. To encourage transparency and oversight, all members of the district should review this report to ensure that funds were spent according to district-specific guidelines.

Global Grants

Progress reports must be submitted within 12 months of receiving the first grant payment and every 12 months thereafter. Final reports must be submitted within two months of completing the project. Progress and final reports must be submitted through Member Access.

Elements of a Global Grant Report	Additionally, for scholars and vocational training team members
<ul style="list-style-type: none"> • Purpose of the grant • Project/activity goals • Evaluation of goals and how they addressed the area(s) of focus • Description of how both partners were involved in the grant • Number of project/activity beneficiaries and how they benefited • Itemization of how the funds were spent, including vendors • Role of cooperating organizations, if any 	<ul style="list-style-type: none"> • Individual report to their sponsor club or district every 12 months for the term of the grant • Individual final report immediately after the travel period
<p>Forms for these reports can be found at www.rotary.org. The sponsor club or district will need to upload them into the overall report.</p>	

Cadre of Technical Advisers: Reviews, Visits, and Audits

The Rotary Foundation Cadre of Technical Advisers is a group of Rotarians who have volunteered to provide technical expertise to the Foundation and to Rotarians developing and implementing grants worldwide. The cadre helps the Foundation ensure that grant funds are going to feasible and well-planned projects and that the funds are spent as intended. This is achieved by:

- Providing technical expertise for Foundation Trustees evaluating global grant applications
- Evaluating the implementation of projects that have received Foundation grant funds and ensuring that stewardship guidelines are followed
- Providing assistance and advice to Rotarians planning and implementing projects
- Scheduling cadre reviews, visits, and audits on a routine basis for selected global grants

Throughout the life of your project, these types of evaluations may occur:

- **Technical review.** Evaluates the technical feasibility of a project based on the application only (does not include a site visit or communication with the project sponsors).
- **Site visit.** On-site evaluation of the technical feasibility of a proposed project (**advance site visitor**), the implementation of an ongoing project (**interim monitor**), or the impact and resolution of a completed project (**post-project monitor**). A cadre member travels to the project site and meets with the project sponsors and the local representatives.
- **Audit.** Evaluates the financial management and oversight of grant funds. A cadre member meets on-site with the project sponsors and the local representatives.
- **Operational audit.** Reviews the document retention system and anything that supports implementation of the MOU.

Global grant applications seeking more than a US\$100,000 World Fund award will automatically receive a cadre review and be submitted to the full Board of Trustees for approval. Global grants requesting between \$15,000 and \$100,000 may also be assigned a cadre review, depending on the size or technical difficulty of the proposed grant.

In addition to routinely scheduled evaluations, the Trustees require that a percentage of grants be randomly audited each year. Cadre involvement is meant to assist Rotarians and does not indicate suspicion of mismanagement or misuse; this process can be confirmation that the grant management practices are sound. If you implement the club MOU in full, you should be prepared for a Foundation audit (see club MOU, section 1D).