



District 6420 Foundation Financial Review Committee Final Meeting Report of its 23 Aug 2023 Meeting

The following is a final revised report relating to the committee findings and recommendations for the Foundation financial review the year of 2022-2023. The purpose for the committee is to review the District 6420 administration of grant activities and programs, in compliance with RI document 300-EN, Section 5 Summary: Annual Financial Assessment for Rotary Year 2022-23.

Committee Members Attending:

Bob Hammon
Member
Jenny Redington
Member
Steve Bouslog
Member
Laura Kann
PDG and District Foundation Chair
Robert Canfield
FFRC Chair 2022-2023

Ex-Officio Members Attending

Kathy Kwiat-Hess
PDG & Past Dist. Foundation Chair
John Hurley
DGE
Dave Emerick
DG
Chuck Watkins

1. Process for Qualifying Clubs:

District Foundation Chair Laura Kann reports:

- a. Both the Club PE's and District Grant or Foundation Chair attended a training on how to apply for and conduct District Grants;
- b. An MOU from the Rotary Foundation was signed by every club;
- c. An MOU from District 6420 was signed by every club;
- d. Club goals were submitted on Rotary Club Central;
- e. Each club or a Rotarian from each club donated to the Rotary Foundation Annual fund; and
- f. Each club that had a District Grant the prior Rotary year submitted a District Grant Final Report.
- g. Each club has a Foundation Chair.

2. Financial Management Plan Proposal:

A copy of the Dist. 6420 Grants Financial Management Plan [dated June 2018] is attached (Attachment #1). The District Foundation Grants Chair maintains copies of

club grant application forms received as well as all district grant contingency fund documents. All checks written for the fiscal year have cleared the bank and been reconciled to the account.

3. Expenditure for District and Global Grants:

A summary of Rotary District 6420 checking account and copies of the monthly checking account statement detailing the transaction for the Rotary fiscal year of 2022-2023 is attached (attachment #2). The account balance as of the Beginning of the 2022-2023 fiscal year (being carried over from the prior fiscal year) was \$315.13. The account balance at the end of the 2022-2023 fiscal year was \$1,069.13 (which amount will be returned to Rotary International Foundation as it exceeds \$1,000.00). The District received \$41,471.00 from RI on 21 Jul 2022, \$33,717.00 was immediately disbursed to all those Clubs with approved grant projects for the 2022-2023 fiscal year (See attachment #3).

On 18 Nov 22, there was a cash deposit of \$480.00 to be used to pay the Rotary Foundation and on the same day there was a disbursement to the Rotary Foundation for \$480.00

On 9 Jun 2023, in accordance with a vote of the District Foundation Committee and approval from Rotary International, the District disbursed an additional \$7,000.00 with \$3,500.00 being distributed to River Bend Food Bank and \$3,500 being distributed to Northern Illinois Food Bank. All financial reports are maintained for a minimum of 7 years. See attachment #2 and #3 for more information.

4. District Bank Account:

It was previously noted in the Report for 2019-20 that current checks in use were then issued by the prior owner of the bank – Alpine Bank of Rockford. The current named owner of the bank is now Midland Bank. It was agreed that new checks be purchased when (and not before) required by the bank.

Current procedures for the Bank Account:

- a. Who are the signatories on the bank account (from or at any time during the period from 1 Jul 2022 to 30 Jun 2023)? (Primary and secondary)
§ Rhonda Sunden and Patricia Fong.
- b. What is the district policy on selecting account signatories?
§ No formal policy exists. Informally, all signatories must be Rotarians-in-good-standing with the District and all disbursements require 2 signatures. See the answer to d. below.
- c. What are the terms of office for the signatories?
§ There is no formal term of office.
- d. What is the procedure for changing account signatories

- § Change of signatory documents must be signed by the incoming signatories. Written action by the District 6420 Board of Directors must be provided at the time of signatory transfer.
- e. What is the policy for setting the term(s) of office?
 - § There is no policy for term of office. Terms of office are controlled by the District 6420 Board of Directors.
- f. What is the district's and bank's policy for changing signatories?
 - § Written action by the District 6420 Board of Directors must be provided at the time of signatory transfer. District Foundation funds are currently held by Midland Bank, Rockford, IL (formally Alpine Bank).
- g. Does bank allow district to open multiple accounts?
 - § There is no bank prohibition for the district holding multiple accounts. The district maintains a single account for all foundation activities.
- h. Do local laws allow opening of separate accounts for each grant?
 - § To the best of current knowledge, there are no legal prohibitions for maintaining separate accounts for each grant. However, the current district practice is to maintain a single account for all foundation activities.
- i. What controls are in place to prevent funds commingling?
 - § The district Foundation Financial Review Committee meets annually to review funds transactions and policies and to make recommendations for improvement where or if needed.
- j. Who maintains financial records, including bank statements and canceled checks?
 - § The district Foundation Fund Officer.
- k. What procedure exists for transferring custody of the grant bank account?
 - § The District 6420 Board of Directors would be required to take action on behalf of the District Foundation Committee to effect a change of account from one bank to another. The District Foundation Chair appoints the Foundation Fund Officer and is responsible for administering the change of account custody when a change in fund officers occurs.

5. Grant-Related Financial Transactions:

All funds unused by clubs are returned to the district and then forward to the Rotary Foundation for deposit in the District 6420 World Fund account. It is current Rotary Foundation policy that up to \$1,000 in residual administrative grant funds may be maintained at the district level and may be used for contingency purposes, with prior approval by RI. District administrative grant funds may be used for district Grants Management Training.

6. Monitoring of Grant Activities and Reporting:

- a. All checks for the 2022-23 fiscal year have been written, bank cleared, and reconciled.
- b. Bank statements are current and electronically maintained.
- c. Clubs are required to use the District Grant Acceptance Form which is maintained by the District Grants Chair.

7. Document Retention Practices:

Current practice is to retain all foundation-related documents in scanned format for at least 7 years, except where otherwise required that printed copies be maintained or for a longer time period if required.

8. Qualification Practices:

All requirements are as indicate paragraph and listed in the district's ClubRunner site. Clubs are notified of the process and notified when results are available (see Attachment #4).

9. Process for Reporting and Resolving Misuse of Grant Funds:

The Rotary District 6420 District Procedures for Addressing Misuse and/or Mismanagement of Grant Funds was implemented on 22 Sep 2018; a copy is attached (see Attachment #3). The District Grants Chair reconciles all club project close-out reports with their original proposals, and resolves any discrepancies. Should discrepancies be found, the Grants Chair notifies the District Foundation Chair who determines should there be a need for additional action and, if so, implements it in accordance with the district procedure.

10. Overall Compliance with District MOU:

The district Foundation Financial Review Committee meets annually to review all Foundation financial activities to assure compliance with the RI 300-EN Memo of Understanding requirements.

11. Identified Gaps in Oversight:

No apparent gaps in oversight were noted. All final reports were reviewed and compared to distribution.

12. Procedures Approved from Prior Recommendations:

- a. All prior printed bank statements received prior to the current electronic statements have been scanned and maintained in the same manner as the current electronic statements by the Grant Records Custodian and all printed bank statements were disposed and destroyed after they were properly scanned.
- b. All bank statements and all district foundation records (in scanned format) are now disposed and destroyed after seven years from the date of the statement or publication of the record, unless a longer period is required. The prior length of retention was five years.

- c. All clubs, without exception, must meet any and all deadlines for submissions of grant proposals to ensure consideration for funding. It is the club's responsibility to see that proposals are received on time. Failure to meet deadlines will eliminate the club from grant consideration for that fiscal Rotary year.
- d. All club Memos of Understanding (MOUs) submitted, in addition to the required signatures, shall also contain the printed name of the signatories. The District Grants Chair shall verify the name of each MOU signatory. Further, effective with the 2019-2020 fiscal year, all Club MOUs are being maintained electronically.
- e. The District Foundation Committee shall publish, in the District Newsletter, a report detailing the prior year's grants to all clubs, which report shall include, as a minimum, the following:
 - 1. Club Name;
 - 2. Grant Amount;
 - 3. Grant type (i.e. scholarship, global grant, district designated fund grant, etc.);
 - 4. Complete description of the foundation-funded activity or project.
- f. That the District Governor Line (DGN, DGE, DG, IPDG, and VG) shall be invited to Foundation Financial Review Committee meetings.
- g. That the District Foundation shall not carry over more than \$1,000.00 from the end of one year to the next year.

13. Recommendations for Future Improvements:

That, in choosing a District Foundation signatory for the Foundation bank account(s), the signatory should, if possible, be employed by or retired from a banking, accounting or similar institution or firm, be a member of the foundation committee (as a result of being a signatory), and be physically located to be able to sign and deposit checks with Foundation's banking institution.

That, in the Spring of each year, the District Treasure and District Foundation Chair communicate with each other to insure that the ending balance of the District Foundation not exceed \$1, 000.00.

That the District Financial Management Plan be reviewed and updated as needed.

List of Attachments to this Report (Five):

- 1. *District Financial Management Plan (2018 Stewardship Subcommittee);*
- 2. *Grants Financial Account - Checking Account Summary and Details (monthly bank accounts) for the period of July 1, 2022 to June 30, 2023;*
- 3. *Approved 2022-2023 District Grants;*
- 4. *District Procedure for Addressing Misuse and/or Mismanagement of Grant Funds; and*

5. *Midland Bank Statement ending June 30, 2023 of District Grant Funds.*

Prepared and Revised by: Robert Canfield on this 15th day of December, 2023

Robert Canfield – FFRC Chair 2022-23

Approved by: _____ On this ____ day of _____, 2023

Laura Kann – District 6420 Foundation Chair 2022-23