

# Rotary District 7040 Grants Management Plan – Financial Management Plan

*Revised at District Council, January 27, 2018*

## **Purpose and Overview:**

The purpose of this document is to present the plan for managing the District Rotary Foundation finances for the Rotary Foundation Grants Management program. As such, the scope of this plan is limited to those finances pertaining to the District's stewardship over District Designated Funds (DDF) used for District Grants and Global Grants (where applicable) as defined and specified by The Rotary Foundation (TRF) in the various documents that describe the Grants Management Plan. Specifically excluded from the scope of this plan is the management of District 7040 operational finances and any other finances having to do with District operations.

The District Rotary Foundation Committee includes the DRFC, DG, DGE, District Stewardship Committee, District Grants Chair, District Annual Fund Chair, District Endowment Chair, District PolioPlus Chair and the District Treasurer.

The District has the opportunity and responsibility to manage that portion of DDF designated for District Grants. This amount may be as much as 50% of the total District's DDF in any given year. In addition, this plan will cover Global Grants where we receive Global Grant funds into our district.

The key to the successful management of the finances related to District and Global Grants is based on an effective process of administering the applications for and allocation of all grants.

**Guiding Principles:** The guiding principles behind the District's administration of the District and Global Grants are:

- All projects funded with District and Global Grant money must comply with TRF rules.
- It is desired that the available grant funding be spread as widely as possible among the clubs applying for District and Global Grants. Thus, it is encouraged that smaller clubs form partnerships to sponsor projects. If the District DDF does not cover the requested fund totals in a given Rotary year, grants will receive a pro-rated amount. Preference will go to clubs with goals entered into Rotary Club Central for the grant year.
- It is desired that the funds granted result in a lasting benefit to the targeted population. Thus, it is desirable that clubs join together in partnership to sponsor a single project that can be larger, have a broader and more lasting impact and include more Rotarians from the District.
- In the case of District Grants, both Simplified and Matching grants are available. Simplified grants can be used to support local or international projects; no International partner is required. Matching grants require an international partner.

- Clubs may partner with outside, third-party organizations to expand the impact of the projects. However, all projects funded by a District Grant must be proposed, managed and directed by Rotarians.
- All activities associated with District Grants must be verifiable and auditable.
- The District's administration of District and Global Grants will, in all particulars, be in conformance with the requirements and intents of The Rotary Foundation Grants Management Memorandum of Understanding (MOU).

## The Plan

Administration of District Grants: The process for the submittal and evaluation of District Grant applications and the allocation of District Grants will be as follows:

1. Club Qualification to Receive District Grant Funding: Clubs submitting applications for District Grants must be qualified. To be qualified each club must have signed the Club MOU, be current on all RI and District Dues and current on all TRF grant reporting as well as the District 7040 Addendum. Attendance at the Grants Management Seminar is a requirement for District Grants and for Global Grants: current President, current President-Elect (if applicable), Treasurer for grant funds, and either the International Service Chair or the Foundation Chair. If the Treasurer attends two sequential years, he/she receives a bye for the third. If the President is serving his/her second year of a 2-year term, he/she receives a bye for the second.
2. District Grant Application: Clubs will submit the grant applications to the District Grants Chair and notify the DRFC they have done so.
3. Schedule for District Grant Applications: The timing for submittal of District Grant applications for the subsequent Rotary year will be April 30th.
4. Processing the District Grant Applications: The District Grants Chair will review the District Grant applications as they are received and work with the respective clubs to resolve any content or format issues relating to the application.
5. District Grant Funding Determination: As soon as practicable after April 30<sup>th</sup>, the deadline for District Grant applications, the DRFC and District Grants will meet to review each application and determine a project funding plan for the proposed projects given the constraints of the DDF funds available for District Grants. If there are requests in excess of available DDF, the DG and DGE will join the DRFC and Grants Chair as part of a Subcommittee to determine allocations.

6. Funding Procedure for District Grants: Funding of the approved projects will be accomplished as soon as practicable after the funding plan has been determined. Funding will be accomplished as follows:
- After approval of the grants, the District Grants Chair will prepare the paperwork for submission to TRF of the Spending Plan request. Upon receipt of the funds, they will be deposited in the Rotary District 7040 District US-Fund Grant Account.
  - The District Grants Chair will prepare a check request list indicating the club name, the payees' names, addresses, bank information (if it is a wire transfer) and the amounts of the respective checks and whether a check is to be issued immediately or after receipt of a Final Report. The check request list will be sent via email to the District Treasurer.
  - The District Treasurer will prepare the checks per the instructions from the District Grants Chair; District Simplified checks will be reimbursed after the Final Report is accepted by the Stewardship Chair; District Matching Grants will be paid in advance.
  - At the appropriate time, the District Grants Chair will verify the check amounts and payees are in accordance with the approved Rotary Foundation Spending Plan and then instruct the District Treasurer to have the checks delivered to the DG for signature.
  - The DG will again verify the check amounts and payees are in accordance with the District Spending Plan, sign the checks and then make arrangements for the checks to be sent to the respective recipients.
7. Funding Procedure for Global Scholarship and District Grants (Bank Account held in District 7040 US-Fund Grant account). Funding will be accomplished as follows:
- The Rotary Foundation Global Grants website assigns a unique number to each grant.
  - After TRF approves the application for a Global Grant, it requests the bank information for the funds.
  - When the funds are in the District bank account, the District Treasurer will notify the Global Grant primary contact for District 7040.
  - The primary contact will prepare a check request indicating the amount, the payee, the bank information (if it is a wire transfer) or the mailing address. The Check Request will be sent to the DRFC, the District Grants Chair and the District Treasurer.
  - The DRFC will approve the disbursement via email. If it is a wire transfer, the DRFC will forward the request to the DG for approval.
  - The District Treasurer will prepare the checks per the instructions from the primary contact on the Global Grant. If it is a wire transfer, the District Treasurer will prepare the wire transfer.
  - The DRFC will verify the check amounts and payees are in accordance with the check request.

- The DG will again verify the check amount and payees are in accordance with the check request and sign the check. The District Treasurer will mail the check.
8. Club District Grant Reporting Requirements: As a stipulation of receiving a District Grant the sponsoring club will commit to comply with the following reporting requirements:
- a. All grants must be completed and reported on by May 31st.
    - A Final report will describe both the advances made in fulfilling the project as described in the application and mention any obstacles that have been experienced in the project. Mention should be made regarding the planned solutions to the problems.
    - A summary of the project indicating what was done with respect to each of the project goals as set forth in the grant application.
    - A complete financial accounting of how the full project money was spent in detail including copies of all receipts or invoices for items purchased and services contracted under the grant.
    - A list of Rotarians who participated in the project and a brief description of what each did on the project.
    - Photographs documenting each phase of the project are to be included.
  - b. Any other reporting requirements stipulated by TRF or the District Addendum.
  - c. If the District Grant funds and the matching club funds are not fully spent, unmatched DDF must be returned to the district. For example, the club project totaled \$8,000 (\$4,000 DDF and \$4,000 club funds) and a total of \$7,000 was spent on the project. The club returns \$500 to the District making the project \$3,500 DDF and \$3,500 club funds.
  - d. A Final Report for a District Simplified or Matching Grant which is not received by the District Grants Chair by 31 May, will be ineligible for either in the subsequent Rotary year.
9. Annual District Grants Activity Report: Each year the District Grants Chair, will submit to the DRFC, in the period June-July, a summary report of the status of all District Grants funded during the year. This report will include the following:
- a. A listing of all grants issued with the following information:
    - Club
    - Project Title
    - Date Final report submitted
    - Total amount of Project
    - Any problems known

10. Resolution of Problems Noted: The DRFC will review the report and take action as appropriate to resolve any problems noted in the District Grant Chair's report and forward the report to the DG.
  
11. District Grants Record Keeping: The DRFC will maintain a series of files of the following for seven years:
  - a. Club qualification attendance records.
  - b. Club MOUs and District Addendum documents signed by club officers.
  - c. A listing on the District website for each year's District Grant Spending Plan containing:
    - Name of Club
    - Country of Project
    - Title of Project
    - Total amount of Grant
  
12. Maintenance of Files: The District Grants Chair will maintain a series of files of the following for seven years:
  - the original application as reviewed by the DRFC prior to funding
  - a copy of the cancelled check sent to the sponsoring club to fund the grant
  - copies of invoices and receipts
  - photos
  - the final report
  
13. Grants Financial Accounting: The District Treasurer will be responsible for the following:
  - a. Maintaining a General Ledger in accordance with Generally Accepted Accounting Principles.
  - b. Maintain receipts for all expenditures of \$75US or greater (Note: this does not pertain to receipts for expenditures made by the various clubs as they execute the granted projects, rather, only to expenditures made by the DRFC).
  - c. Ensure that all Grants banking activities, including the conversion of funds, are in accordance with local law.
  - d. Adhere to all TRF bank account requirements as follows:
    - The grant bank account should be low or non-interest bearing; any interest earned will be documented and used on eligible, approved grant activities or returned to TRF.

- The name on the account will be “**Rotary District 7040 Grant Account.**”
  - Grant funds may not be deposited in investment accounts of any kind.
- e. Perform monthly bank reconciliations and retain them electronically.
  - f. Annually, within 30 days after the end of each Rotary year, the District Treasurer will make available to the DRFC and the District Stewardship Chair the General Ledger, Income Statements, Balance Sheet and Bank Statements.

14. Signatory authority and custodianship of District Rotary Foundation Grant Bank Account: The following will apply:

- a. All disbursements will be made by a check drawn on the District 7040 Grants checking account. There will be no cash disbursements.
- b. Two signatures are required on all disbursement checks. The following positions have signing authority: DG, DRFC, District Treasurer.
- c. When one of these positions has a change of personnel, the most senior individual will ensure that new signature cards are completed with the bank within 60 days of the change.

15. Stewardship of Funds:

The District Foundation Stewardship Committee will be appointed for a three-year term and will be composed of at least three active Rotarians who are independent and financially literate, each of whom is a member in good standing of a different club in the district, and at least two of whom are past district governors. One member of the committee must have professional accounting and Stewardship experience. The District Foundation Stewardship Committee members must be free of any conflict of interest and specifically may not be any of the following:

- Members of any club or district grant project committee
- The DRFC
- The DG
- The immediate past DG
- The DGE
- Any Rotarian planning to be a project contact or a recipient of Rotary grant funds during the term of the District Foundation Stewardship Committee

The selected District Foundation Stewardship Committee will be approved by the clubs in the District at the legislative session of the District Conference.

The District Foundation Stewardship Committee will annually perform a financial assessment. The following is taken from the Rotary Foundation Grants Management Plan - District Memorandum of Understanding: “*An independent financial assessment is an evaluation of*

*financial controls and compliance conducted by an independent, financially literate person or entity that has no direct links to the funds being examined or relationship with the clubs receiving funds. The assessment is substantially smaller in scope than an audit or review and does not express an opinion on the financial statements taken as a whole.” (Section B, Paragraph 2)*

The written report of the District Foundation Stewardship Committee will be submitted to the DRFC and the DG within 90 days of the end of the Rotary year.

Members of this committee serve for renewable 3-year terms.

16. Resolution of Discrepancies and/or Misuse of Funds: The DRFC will take action to resolve any discrepancies and/or misuse of funds noted by the District Foundation Stewardship Committee and report said action to the District Foundation Stewardship Committee Chair and the DG along with an action plan to prevent the repetition of any such discrepancies. Any discrepancies identified by others and presented to the DRFC, will also take action to resolve said discrepancies and/or misuse of funds. A copy of the District Foundation Stewardship Committee report and all follow up reports will be provided to the DGE and DGN for information. The Rotary Foundation will be notified of any discrepancies and/or misuse of funds as soon as they are identified. The DRFC or District Grants Chair will work with The Rotary Foundation to resolve these issues. Resolutions could include returning of funds to the District or The Rotary Foundation. It could also include denial of future requests for DDF for a period of one to three years, depending on the severity of the discrepancy or misuse of funds. It is possible, if severe enough, that the club charter could be pulled.
17. Report to the District of District Grant Activity: Annually, by September, the DRFC will transmit to all clubs in the District, via posting on the District website under the Foundation tab, a summary report regarding the District Grant activity during the previous Rotary year. This will also be included in any club programs which the DRFC conducts.
18. Global Grant Financial Management: Should District 7040 be a recipient of any Global Grant funds, they will be deposited in the District Rotary Foundation Grant bank account and disbursed in the same way funds for District Grants are disbursed. Any such financial activity will be reported and administered within the system established herein for District Grants. The only difference being the particular identification of the subject Global Grant.

19. Annual review and evaluation of this Financial Management Plan: Annually, within one month after the submission of the Final Report of the District Grant Spending Plan to TRF, the DRFC, District Treasurer, District Grants Chair, IPDG, DG and DGE will meet to assess the operational performance of this District Rotary Foundation Grants Financial Management Plan. The purpose of this review is to determine if the procedures work to the satisfaction of those involved and if the plan serves the clubs of the District well. It is specifically not the purpose of this review to perform an audit on the financial records. Changes in the procedures may be made by majority vote of the review committee.
  
20. Changes to this District Rotary Foundation Financial Management Plan: If, from time to time, it is needed to make changes to this financial plan to better serve the clubs of the District or to correct a deficiency in the plan, such changes may be proposed to the DRFC who will transmit the proposed change(s) to all members of the Committee for comment. Any comments received will be resolved and the resulting proposed changes to the plan will be made and promulgated. A note indicating the superseding plan will be added to the end of the plan indicating the date of the revision and the date of the superseded version of the plan.
  
21. Communication of the D7040 Financial Management Plan: This plan and any future revisions will be posted on the District 7040 website under the Foundation tab/Grants Management tab and made available at the various Grant Management training sessions.

*Paragraph 19 revised September 2018.*