

## **Board of Directors – Rotary International District 7820**

We have completed our annual financial assessment of administration of grants. Our examination was conducted primarily to enable us to prepare a Statement of Receipts and Expenditures and our report thereon and was not designed to discover weaknesses or inefficiencies which may be present in the accounting systems. Our financial assessment did, however, reveal an area for improvement, which we bring to your attention with this management letter.

### **Improve follow-up on payment of approved District Grants**

#### **Observation**

As part of our financial assessment we observed that two approved District Foundation Grants were not paid out from the District's TRF bank account. The two Grants noted were paid in error from the District's general funds. Additional grants were then approved and paid from the TRF bank account to utilize what was thought to be residual funds in the account, resulting in total grants funded exceeding TRF advances received from RI.

#### **Impact**

As a result of the error, two District Foundation Grants totaling \$4,800 were paid from the District's general funds rather than the TRF advances received from Rotary International.

#### **Recommendations**

The District Rotary Foundation Audit Committee recommends that additional processes be implemented to reconcile approved District Grant disbursements with the District Grant bank account. All approved grants should be reconciled to the District Grant's bank statements.

The committee also recommends that the District Grant Chair have regular access to District Grant bank account statements to allow an opportunity to review transactions for completeness prior to the Rotary year end.

The District Rotary Foundation Audit Committee would like to thank the District Grant Chair and other District officials for their input and cooperation during the course of our review of the 2018 – 2019 District Foundation Funds.

Thank you for the opportunity to comment.

PDG Robert Moffatt,

District Audit Chair. February 26<sup>th</sup>, 2020.

Rotary International District 7820  
Annual Financial Assessment of Administration of Grants  
For the Year Ended June 30, 2019

This financial assessment is substantially smaller in scope than an audit or review. It included the following procedures:

- 1) We confirmed that the district adhered to its financial management plan;
- 2) (a) We examined at least a selection of disbursements against their supporting documentation, and
  - (b) We reviewed the full listing of expenditures to ensure that funds were used in a manner consistent with the terms and conditions of the grant award, and
  - (c) We determined that there were no significant expenditures; and
  - (d) We reviewed the process to disburse funds to ensure that proper controls have been maintained.
- 3) We determined that all financial transactions and project activities related to grants and scholarships were conducted at least at the level of standard business practices:
  - (a) We confirmed adherence to TRF document retention requirements and other procedures that we deemed necessary.

District 7820 Foundation Audit Committee members:

  
Robert Morfitt

  
Robert Munroe

  
Mark Brown

**Rotary 7820 District Grants Account  
Statement of Operations**

	For the year ended	
	June 30 2019	June 30 2018
<b>Receipts:</b>		
Rotary Foundation	\$ 28,160	\$ 34,998
<b>Expenditures:</b>		
District Grant Expenditures:		
Local projects:		
Disease prevention and treatment	6,800	1,681
Basic education and literacy	1,200	9,573
Economic and community development	9,200	10,179
International projects:		
Disease prevention and treatment	3,600	6,230
Basic education and literacy	2,000	6,790
Economic and community development	3,600	
Bank charges	42	49
District grant training	746	
Office and grant administration	825	950
<b>Total expenditures</b>	<b>28,013</b>	<b>35,452</b>
Change in net assets	147	(454)
Net assets - beginning of year	249	703
<b>Net assets - end of year</b>	<b>\$ 396</b>	<b>\$ 249</b>