

# Rotary District 5870 Rotary Foundation Committee Financial Management Plan Rotary Year 2013-14

## I. Purpose and Overview:

This document details the District 5870 plan for managing District Rotary Foundation Committee (DRFC) finances. The scope of this plan is limited establishing policy and procedure for managing our stewardship of District Designated Funds (DDF). It does not pertain to the management of District 5870 operational finances.

The District Rotary Foundation Executive Committee (DRFEC) includes:

- District Rotary Foundation Committee Chair (DRFCC)
- District Governor (DG)
- District Governor-elect (DGE)
- District Grants Subcommittee Chair (DGSC)
- District Rotary Foundation Fundraising Chair (DRFFC),
- District Rotary Foundation Committee Financial Officer (DRFCFO)
- District Rotary Foundation Committee Audit Committee Chair (DRFCACC)
- District Rotary Foundation Committee Stewardship Committee Chair (DRFCSCC)

Under the FVP, the District has the opportunity and responsibility to manage that portion of our DDF designated for District Grants. This amount may be as much as 50% of the total District's DDF in any given year as determined by the District Governor of the implementation year. In addition, this plan covers Global Grant funds when that funding is received into the district.

All DRFC checks are required to be signed by two Rotarians. One of these signatories will be the DRFCFO, the other either the DRFCC (primary) or the DGSC (secondary if the primary is unavailable).

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

1. All projects funded with District and Global Grant money must comply with TRF rules.
2. The funds to be applied to District and Global Grants are generated by the Annual Programs Fund (APF) contributions of the clubs of the District.
  - a. Therefore, the distribution of District and Global Grant funds will be based on each club's APF giving, both total (primary) and per capita (secondary), for the year in which the DDF was generated.

- b. At the discretion of the District Governor of the implementation year, clubs may be required to provide additional club funding in order to qualify for a District Grant.
- 3. Notwithstanding the foregoing principle, it is desired that available grant funding be spread as widely as possible among the clubs applying for District and Global Grants.
  - a. At the discretion of the District Governor of the implementation year, clubs that were not in existence in the year the DDF was generated may be allocated District and Global Grant funds that have not been otherwise requested.
  - b. It is encouraged that smaller clubs join together in partnerships to sponsor a single project that can be larger, have a broader and more lasting impact and include more Rotarians from the District.
    - 1) The sum of the partner's APF giving and their average per capita will be considered when allocating District and Global Grant funds.
    - 2) District Grant partner clubs must designate which one club will be the primary partner to receive the project funding and be responsible for completing the required project report(s).
- 4. Clubs are encouraged to partner with outside, third-party (cooperating) organizations to expand the impact of the projects. However, all projects funded by a District Grant must be proposed, managed and directed by Rotarians.
- 5. All activities associated with any grant must be verifiable and auditable. Timely reporting and good stewardship of previous grants will be a consideration in determining future grant awards.
- 6. 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 FVP District Memorandum of Understanding (MOU).

## **II. Administration of District Grants:**

- 1. Club Qualification to receive District Grant Funding: Clubs submitting applications for District Grants must be qualified. For a club to be qualified:
  - a. Two members (one of whom is the incoming Club President) must have signed the Club MOU for District Grants. The requirement to maintain a separate bank account for District Block Grant funds is waived.
  - b. Two members (one of whom is the incoming Club President) must have attended a Grant Management Certification Seminar.
  - c. The club must be current on all RI and District Dues.

- d. The club must demonstrate fiscal responsibility by presenting proof that they filed Form 990 and/or 990T as required by the U.S. Internal Revenue Service.
- e. The club must be current on all TRF grant reporting.
- f. The club must have closed any open District Grant it has received before it is eligible to apply for a subsequent grant.

2. District Grant Applications:

- a. Clubs will submit their District Grant Application to the District Grant Coordinator (DGC).
- b. The timing for the submission of these applications will be communicated to each club at least 3 months prior to the District Grant application deadline by the District Governor for that year.

3. Processing the District Grant Applications: The District Grants Coordinator (DGC) will review District Grant applications as they are received and will work with the respective clubs to resolve any content or format issues relating to the application. As soon as practicable after the deadline for submitting District Grant applications, the DRFEC will meet to review each application and determine a project funding plan for the proposed projects. A simple majority of DRFEC members will constitute a quorum for this meeting.

4. District Grant Funding Resolution: The DRFEC will make a formal resolution regarding the grant funding plan indicating the will of the Committee. A simple majority of votes of those present and in favor of the plan placed in motion, seconded and discussed will be sufficient to approve the resolution. The decision of the DRFEC will be final.

5. District Grant Funding Resolution Dissemination: The resolution regarding funding of the proposed District Grants, including a summary of the respective projects and the funding amounts, will be disseminated to all clubs in the District as soon as practicable after the DRFEC has approved the plan but in no event more than 10 days after the decision is made. In addition, it will be posted to the Rotary Foundation portion of the District 5870 website.

6. Funding and Disbursement Procedures for District Grants: Funding of the approved projects will be accomplished as soon as practicable after the funding plan has been approved. Funding will be accomplished as follows:

- a. A unique number will be assigned to each grant application by the DGC. The number will include the prefix "DG", the year designation assigned by TRF to the District Block Grant, and sequential serial number. As an example, the first grant approved for 2013-2014 will be assigned DG-14-01.
- b. After the District Grant Funding Resolution has been adopted by the DRFEC, the DGSC will prepare the paperwork necessary to submit the Block Grant Application to TRF. At the discretion of the District Governor of the implementation year, up

to 20% of the total amount of the application may be designated for projects not yet identified. Upon receipt of the funds, they will be deposited in a Rotary District 5870 District Grant bank account that was specifically established for that grant (each District Block Grant must have a separate bank account).

- c. The DRFCC will send the District Grant Funding Resolution, annotated to include the assigned grant numbers, to the DRFCFO.
- d. The DGC will prepare a check request list indicating the grant number, the payees' names, addresses, bank information (if it is a wire transfer) and the amounts of the respective checks. The check request list will be sent to the DRFCFO.
- e. The DRFCFO will prepare the checks per the instructions from the DGC.
- f. The DRFCC will verify that the check amounts and payees are in accordance with the District Grant Funding Resolution, sign the checks, and then arrange for the checks to be delivered to either the DRFCC (primary) or the DGSC (secondary if the primary is unavailable) for counter-signature.
- g. The DRFCC or DGSC will again verify that the check amounts and payees are in accordance with the District Grant Funding Resolution, sign the checks, and then make arrangements for the checks to be sent to the respective recipients.

7. 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. Interim Report: If the project is not completed, an interim report must be completed by March 31 of the grant year, and every six months after that until completed. At a minimum, the report will include:
  - 1) A brief report that describes the advances that have been made in finishing the project as described in the application, and a discussion of any obstacles that have been encountered in the project. Mention must be made regarding the planned solution(s) to the obstacles.
  - 2) A summary accounting of how the money has been spent by major category.
  - 3) An estimate of the remaining time to completion.
- b. Final report: Within two months of project completion or no later than March 31 of the grant year whichever is sooner, a final report must be completed online containing the following:
  - 1) A summary of the project detailing what was done with respect to each of the project goals as set forth in the grant application.

- 2) A detailed financial accounting of how the project money was spent including all receipts or invoices for items purchased and services contracted.
  - 3) A list of Rotarians who participated in the project and a brief description of what each did on the project.
  - 4) Photographs documenting the project (optional).
- c. Any other reporting requirements stipulated by TRF.

8. Unused Funds:

- a. If matching club funds were required: If District Grant funds and the matching club funds were not fully spent, unmatched DDF must be returned to the district. For example, the project's approved budget totaled \$8,000 (\$4,000 DDF and \$4,000 club funds) but only \$7,000 was actually spent on the project. The club returns \$500 to the District making the project \$3,500 DDF and \$3,500 club funds.
- b. If matching clubs funds were not required: If District Grant funds were not fully spent, unmatched DDF must be returned to the district. For example, the project approved budget totaled \$4,000 (all DDF) but only \$3,500 was actually spent on the project. The club returns \$500 to the District.

9. District Grants Activity Report: Every four months after the District Grant Funding Resolution is adopted, the DGC will submit to the DRFCC a summary report detailing the status of all District Grants funded during the year. This report will a list of all grants issued with the following information provided for each grant:

- a. Assigned District Grant Number
- b. Name of the Club(s) doing the project (if multiple clubs, indicate which one is the primary partner)
- c. Brief project description
- d. Status (in progress, complete)
- e. Interim report(s) submitted as required (Yes / No)
- f. Final report submitted (Yes / No)
- g. Any known problems

10. Resolution of Problems Noted: The DRFCC will review the report and take action as appropriate to resolve any problems noted in the DGC's report and forward the report to the DG.

11. District Grants Record Keeping: The DGC will maintain a series of files containing the following items. These files will be retained for five years after the final report is received and approved.

- a. An individual file in the Club Runner document retention module for each District Grant containing:
  - 1) The original application that was reviewed by the DRFEC
  - 2) A copy of the cancelled check sent to the sponsoring club to fund the grant
  - 3) Interim report(s) (if any)
  - 4) The final report
  - 5) Copies of invoices and receipts that substantiate all expenditures in excess of \$75.00 made by the granted club as it executed the grant project
  - 6) Photos (if any)
- b. A copy of the District Grant Funding Resolutions
- c. A copy of check requests made to fund the approved grants

12. District Grants Financial Accounting: The DRFCFO will be responsible for the following:

- a. Maintaining a General Ledger in accordance with Generally Accepted Accounting Principles using the Account structure included as Appendix A to the plan.
- b. Maintain receipts for all expenditures of \$75 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 DRFC banking activities, including the conversion of funds, are in accordance with local law.
- d. Adhere to all TRF bank account requirements as follows:
  - 1) The DRFC bank account should be low- or non-interest bearing; any interest earned will be documented and must either be used on eligible, approved grant activities or returned to TRF.
  - 2) The name on the account will be "Rotary District 5870 Block Grant Account".
  - 3) 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 DRFCFO will make available to the DRFCC and the DRFCACC the General Ledger, Income Statements, Balance Sheet and Bank Statements.

### III. Administration of Global Grants:

1. Club Qualification to receive a Global Grant: Clubs submitting an application for a Global Grant must be qualified. For a club to be qualified:
  - a. Two members (one of whom is the incoming Club President) must have signed the Club MOU for Global Grants.
  - b. Two members (one of whom is the incoming Club President) must have attended a Grant Management Certification Seminar.
  - c. The club must be in compliance with all TRF reporting obligations on existing grants.
2. Most clubs will require DDF in order to meet the minimum Global Grant funding requirements. To receive DDF, a club must:
  - a. The club must be current on all RI and District Dues.
  - b. The club must demonstrate fiscal responsibility by presenting proof that they filed Form 990 and/or 990T as required by the U.S. Internal Revenue Service.
3. Global Grant Application:
  - a. Most District 5870 Global Grants will be administered by a Host Sponsor Club, whose members listed on the grant application shall be the primary contacts for the grant.
  - b. Global Grant applications are completed on-line via Member Access on the Rotary International website. The Global Grants webpage assigns a unique number to each grant.
  - c. The Host Sponsor will complete all payment requirements in Member Access.
4. After TRF approves the application for a Global Grant, it will request bank information for the funds.
  - a. Club Global Grants: Clubs are required to deposit these funds in an account titled, "Rotary Club of \_\_\_\_\_ Global Grant Account" that was specifically established for that grant. Note that each Global Grant must have a separate bank account.
  - b. District Global Grants: Should District 5870 be the recipient of Global Grant funds, they will be deposited in a Rotary District 5870 Global Grant Account that was specifically established for that grant (each Global Grant must have a separate bank account) and disbursed in the same way as funds for the District Grants are disbursed. Any such financial activity will be reported, administered and audited within the system established herein for District Grants. The only difference being the particular identification of the subject Global Grant.

5. The DRFC Stewardship Committee shall provide oversight and guidance to District 5870 clubs on Global Grants as requested.

#### **IV. Auditing**

1. The DRFC Audit Committee (DRFCAC) will be appointed for a three-year term by the 2013-14 DG 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 one of whom is a current member of the District Leadership Team and one of whom is a past district governor. One member of the committee must have professional accounting and audit experience. The DRFCAC members must be free of any conflict of interest and specifically may not be any of the following:
  - a. Members of any club or district grant project committee.
  - b. Member of the DRFC.
  - c. The DGE.
  - d. The DG.
  - e. The immediate past DG.
  - f. Any Rotarian planning to be a project contact or a recipient of Rotary grant funds during the term of the DRFC Audit Committee.

The selected DRFCAC will be approved by the clubs in the District at the business session of the District Conference.

2. The DRFCAC will annually, at a time selected by the Audit Committee, perform a financial assessment. The following is taken from the Rotary Foundation Future Vision 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 club or district. 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)
3. The written report of the DRFCAC will be submitted to the DRFCC and the DG within 90 days of the end of the Rotary year.
4. Resolution of Discrepancies and/or Misuse of Funds:
  - a. The DRFC Stewardship Committee will take action to resolve any discrepancies and/or misuse of funds that were either noted during the DRFCAC financial assessment or reported by others and presented to the DRFCC.
  - b. The Stewardship Committee will report these actions in writing to the DRFCAC Chair and the DG along with an action plan to prevent the repetition of any such discrepancies.





- **District Grants Subcommittee Chair** =DGSC Brenda Osbon, RC of Austin-Oak Hill
- District Grants Coordinator =DGC Bill Edwards, RC of Marble Falls
- Global Grants Coordinator = GGC Mavi Chapa, RC of Austin
- **District Rotary Foundation Committee Finance Officer** = DRFCFO Shannon Shipman, RC of Killeen Heighs
- **District Rotary Foundation Fundraising Chair** = DRFFC PDG Gene Davenport, RC of Georgetown
- **DRFC Audit Committee Chair** = DRFCACC PDG Bill Bradfield, RC of Shiner
- **DFRC Stewardship Committee Chair** = DRFCSCC PDG Tim Buckley, RC of Northwest Austin