

## **Rotary District 6080 Rotary Foundation Financial Management Plan**

District 6080 has established the following financial management plan to assure proper stewardship of TRF funds, facilitation of club projects and the fulfillment of the TRF mission.

### **Bank Account Requirements**

- 1) The district shall maintain a district account to be used only for TRF grant funds in accordance with applicable laws.
  - a) The account shall be low or noninterest-bearing, and any interest earned must be documented and used on eligible, approved grant activities or returned to the Foundation.
  - b) The name of the account will be Rotary District 6080 TRF Grant Account Year xxxx-xx. A separate account will be established for each TRF grant year.
  - c) Grant funds shall not be deposited in investment accounts including but not limited to: mutual funds, certificates of deposits, bonds, and stocks.
- 2) Bank statements need to be available to support the statement of income and expenses.
- 3) Bank Statements shall be reconciled monthly.
- 4) Two Rotarian signatories are required on checks and withdrawals. Authorized signatories shall be the DG and the District Foundation Treasurer of the grant year.

### **Accounting Records and Practices**

The District shall maintain (at a minimum) the following accounting records and practices:

- 1) Maintain a standard set of accounts, including a complete record of all receipts and disbursements, and maintain receipts for all expenditures equal to or over US\$75 or more (or those of any amount required by applicable law) .
  - a) Copies of all receipts and disbursements will be scanned and electronically maintained for future access and availability to all District leadership through secure website.
- 2) Disburse grant funds, as appropriate, directly to clubs, Rotarians, vendors, and beneficiaries as approved in the grant application. Grant funds not immediately disbursed must be kept in the established project account without diversion, except for direct payment for grant activities or to return funds to TRF.
- 3) Maintain separate statements of income and expenses, noting interest earned and recoveries if applicable
- 4) Maintain a general ledger that separates funds according to each project
- 5) Establish an inventory system for the control of equipment and other assets purchased with grant funds, and maintain records for items that are purchased, produced, or distributed through grant activities
- 6) Ensure all grant activities, including the conversion of funds, are in accordance with local law
- 7) Adhere to all bank account requirements as above
- 8) Perform monthly bank reconciliations

- 9) Maintain a plan for transferring the custody of the bank accounts in the event of a change in leadership

### **Financial Management Plan and Performance Review and Oversight**

The financial management plan and its implementation shall be assessed annually by the District Rotary Foundation Audit Committee.

#### *District Rotary Foundation Audit Committee*

The District Rotary Foundation Audit Committee must 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 district officer and one of whom is a past district governor. The audit committee shall be appointed by the district governor-elect and approved by the clubs in the district at the district assembly.

The District Rotary Foundation Audit Committee shall serve one-year terms which may be repeated.

The District Rotary Foundation Audit Committee shall have at least one member with professional accounting and audit experience.

The District Rotary Foundation Audit Committee shall be free of conflict of interest. The committee may not include: members of any grant project committee or the district Rotary Foundation grants subcommittee; the DRFC chair; the district governor-elect, the immediate past district governor, or the district governor; any member of the district allocation committee, if one exists; or any Rotarian who is or plans to be a project contact or a recipient of grant funds during the term of the committee.

#### *Annual Financial Assessment*

The District Rotary Foundation Audit Committee shall complete an annual financial assessment. 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.

This financial assessment must include:

- 1) An examination of expenditures to ensure that funds were used for the intended purpose, proper records were maintained, and a system of controls over expenditure has been in place. This examination should include:
  - a) The selection of a sample of disbursements and reconciliation to supporting documentation
  - b) A review of the full listing of expenditures to ensure funds were expended in a manner consistent with the terms and conditions of the grant award
  - c) Identification of the purchasing procedure used

- d) A review of the bank reconciliations to confirm that they were prepared correctly and that opening balances match the financial records of the grant activities and bank statements
- 2) A report of the findings given to the district's member clubs within three months of the completion of each Rotary year
- 3) Confirmation of adherence to TRF document retention requirements

### **Document Retention**

Retaining information allows transparency in grant management and assists in the preparation for audits or independent financial assessments.

#### *The document maintenance system*

All original documents shall be maintained for a minimum of five years or longer if required by applicable law. Original documents shall be maintained in the office of the District 6080 Secretary for continuity of record-keeping.

#### *Documents Required to be Maintained*

Documents that must be maintained and available to TRF for an audit include but are not limited to

- 1) Bank information
  - a) All bank account information and copies of past statements
  - b) Documentation of changes in payee signatories (if relevant)
- 2) Documented plans and procedures, including:
  - a) Terms and procedures of financial management plan
  - b) General ledger explaining and itemizing deposits and withdrawals
  - c) Procedure for storing documents and archives
  - d) System to receive and investigate allegations
- 3) Annual report from the district Rotary Foundation grants audit committee or independent financial assessment
- 4) Legal documents
  - a) Copy of liability insurance if necessary
  - b) Copy of traveler's insurance policies
- 5) District qualification documents
  - a) Copy of district qualification application submitted to TRF
  - b) Copy of district qualification approval letter from TRF
- 6) Club qualification documents
  - a) Documentation of grant management and qualification training for qualified clubs
  - b) Copies of qualified club MOUs showing date on which club received qualification status

- 7) District grant and district-sponsored global grant information
  - a) Copies of proposals and applications
  - b) Copies of grant agreements
  - c) Copies of reports submitted to TRF and information collected from clubs and entities receiving district grant funds; including receipts and invoices for all purchases made with grant funds
  - d) Written or electronic correspondence

### **Report on Use of Grant Funds**

- 1) Grant reporting is a key aspect of grant management and stewardship. Grant reporting also provides education for clubs to consider projects and applying for future TRF grants. The District shall report on the use of all district designated funds (DDF) to their member clubs by
  - a) Providing a report annually at the Rotary Foundation Seminar. The report shall include a breakdown of expenditures for each project that received funding, a description of the project and the names of districts, clubs, and individuals to which grant funds were distributed. The report shall also include the yearly findings of the District Rotary Foundation Audit Committee review and financial assessment.
  - b) Including financial information on such grants in the governor's monthly letter
  - c) These reports shall also be available to all Rotarians via the District website.
- 2) Districts must adhere to all TRF grant reporting requirements and cooperate with all TRF grant audits.

### **Method for Reporting and Resolving Misuse of Grant Funds**

- 1) Reports of misuse of grant funds must be tracked, investigated, and resolved.
- 2) Any report or allegation of misuse of grant funds will be referred immediately to the District Rotary Foundation Audit Committee for review, investigation and report of recommended action/resolution.
- 3) A record of any such investigations shall be maintained by the District. The District shall maintain a log to facilitate and track reports of misuse of grant funds received from Rotarians, beneficiaries, cooperating organizations, and any other individuals involved in or aware of grant activities.
- 4) All such reviews shall include any recommended procedural changes to prevent reoccurrence.
- 5) After investigating and determining consequences, report any potential misuse or irregularities in grant-related activity to TRF and indicate how the district will act to resolve the situation.