

7

GUIDE TO IMPLEMENTING
THE DISTRICT MOU**Rotary Reminder**

Pilot districts in India have different club and district MOUs and procedures, so these districts should review the MOU for Indian districts. After each district officer completes the online qualification process, the District Qualification Record must be printed, signed, and sent to the RI South Asia Office. Once the signed records are received, The Rotary Foundation will confirm the authorization and qualify the district.

Please use this chapter as a working document to help you determine a plan for implementing all MOU requirements. Print out the memorandum and work through it as a team.

Districts have a direct role in managing Rotary Foundation grant funds and must be qualified in order to participate in district, global, and packaged grants. To prepare for this responsibility and be eligible to receive grants, districts must first complete the online qualification process through Member Access and agree to implement the district memorandum of understanding (MOU).

In addition to helping ensure that the MOU is properly implemented, the district Rotary Foundation committee chair also

- » Is the primary contact for district grants
- » Authorizes global grant applications before the Foundation reviews them
- » Tracks District Designated Fund requests
- » Assures the Foundation that the club applying for the global grant is qualified

New or incoming district officers must also complete the online district qualification process. Incoming officers will have access two months prior to the start of the new Rotary year. A qualified district keeps its status as long as the incoming officers complete the online process by 1 July.

If you have questions about the MOU or would like to share your district's grant management practices, send them to qualification@rotary.org.

MOU Section 1: District Qualification

To participate in district and global grants, a district shall complete an online qualification process, agreeing to implement the financial and stewardship requirements in this memorandum of understanding (MOU). By successfully completing these requirements, a district becomes qualified and eligible to participate in Rotary Foundation (TRF) grants.

- A. A district is responsible for the use of funds for district-sponsored grants, regardless of who controls the funds.
- B. A district is responsible for a club-sponsored grant if the sponsoring club has been terminated or is otherwise unable to take responsibility for the grant.
- C. To maintain qualified status, a district must comply with this MOU and all applicable TRF policies.
- D. Qualification may be suspended or revoked for any of the following:
 1. Misuse or mismanagement of grant funds, or failure to appropriately address allegations involving, but not limited to, fraud; forgery; membership falsification; gross negligence; endangerment of health, welfare, or safety of beneficiaries; ineligible contributions; use of funds for personal gain; undisclosed conflicts of interest; monopolization of grant funds by individuals; report falsification; overpricing; acceptance of payments from beneficiaries; illegal activities; use of grant funds for ineligible purposes
 2. Refusal to qualify member clubs without sufficient cause
- E. A district must cooperate with any financial, grant, or operational audits.

SUMMARY

Rotary districts have significant autonomy and responsibility for district grant administration. Therefore, districts need to establish measures that ensure compliance with Foundation policies, avoid misuse and mismanagement of grant funds, and ensure that clubs in the district have the appropriate training and resources. These measures establish proper stewardship controls and enable districts to maintain qualified status. Districts that fail to comply risk losing the ability to participate in the Foundation grants program.

DISCUSSION QUESTIONS

What is your timeline for completing the district's online qualification process?

What is your timeline for implementing the requirements of the MOU?

Best Practices

Share the MOU with all district officers who are involved in Foundation grants, and with members of the grants subcommittee and stewardship subcommittee.

Perform an annual internal review to confirm that the district is meeting MOU requirements.

MOU Section 2: District Officer Responsibilities

The district governor, district governor-elect, and district Rotary Foundation committee chair shall hold primary responsibility for club and district qualification, in addition to overseeing the proper implementation of TRF grants.

District officer responsibilities include:

1. Implementing, managing, and maintaining the district and club qualification process
2. Ensuring that all TRF grants adhere to stewardship measures and proper grant management practices
3. Abiding by, following, enforcing, disseminating, and educating Rotarians on the terms and conditions for district and global grants
4. Ensuring that all individuals involved in a grant conduct their activities in a way that avoids any actual or perceived conflict of interest

SUMMARY

Although district officers may choose to assign tasks to other individuals within the district, it is the district governor, district Rotary Foundation committee chair, and district governor-elect who are responsible for meeting the requirements outlined in the MOU. These responsibilities include implementing policies and procedures for qualification and grant management within the district, and creating a cohesive and streamlined system to facilitate both district and club participation.

District officers are also responsible for limiting and disclosing any potential conflicts of interest. An undisclosed conflict of interest impedes transparency, leaving the Foundation and Rotarians vulnerable to potential misuse.

CONFLICT OF INTEREST

Mismanagement of grant funds often occurs when there is a conflict of interest. A conflict of interest exists if a Rotarian or his or her associate will benefit financially or personally from the grant award or activities. Financial benefits could include receiving grant funds for being a project manager or receiving grant funds as a vendor for the project. Personal benefits could include receiving a promotion, getting business referrals, or gaining in social standing. The benefit can either be direct (the Rotarian benefits financially or personally) or indirect (an associate of the Rotarian benefits financially or personally; associates can include family members, friends, Rotarians, personal acquaintances, colleagues, and business partners).

When there is a conflict of interest, project activities can suffer and future funding or donations can be compromised. Avoiding conflicts of interest helps protect everyone involved.

Perceived conflicts of interest do not imply any benefit, but can still affect future funding or donations. Perceived conflicts of interest must be identified and disclosed to ensure transparency regarding the Rotarian's involvement.

Best Practices

Clearly outline the roles and responsibilities for district qualification, assigning responsibilities to subcommittees as appropriate.

Assign past district governors to conduct random reviews of Foundation grants to ensure that stewardship measures and grant management practices are being followed.

An actual or perceived conflict of interest does not necessarily disqualify a Rotarian from participation in the Foundation grants program. Eligibility for participation will be determined on a case-by-case basis when the conflict is disclosed.

DISCUSSION QUESTIONS

Which district Rotary Foundation leaders are responsible for district qualification, how will qualification be promoted to clubs, and who should be contacted for more information?

Who will be responsible for implementing each section of the MOU?

How will the district ensure that conflicts of interest are disclosed?

MOU Section 3: Club Qualification

Districts are responsible for qualifying their member clubs. To be qualified, the club shall agree to the club MOU and send at least one club member to the district Rotary Foundation grant management seminar.

- A. A club must be qualified in order to receive TRF global grants. Club qualification is not required for a club to receive district grant funds.
- B. A district may establish additional requirements for club qualification, in order to take into consideration relevant local laws or district-specific circumstances. Additional requirements must be attainable by all clubs in the district.
- C. A district may allot district grant funds to nonqualified clubs in its district or other districts; however, the district remains responsible for the use of those grant funds. Nonqualified clubs that fail to abide by all applicable TRF policies, including the terms and conditions for TRF district grants, may jeopardize the district's qualification status.

SUMMARY

Districts develop and manage the club qualification process using resources provided by the Foundation, including grant management seminar materials. Clubs must be qualified each year in order to apply for a Rotary Foundation global or packaged grant; however, districts decide whether clubs must be qualified in order to receive district grant funds.

To be qualified, a club must:

- » Send at least one member to the district's grant management seminar
- » Agree to the club MOU through the signatures of the club's president and president-elect

Districts may develop additional qualification requirements for clubs; however, these must be reasonable, achievable, and fair to all clubs. A district can risk losing its qualified status if an added requirement purposefully excludes a club from becoming qualified. Additional requirements should be added as an addendum to the MOU.

Districts maintain records of club qualification, including grant management seminar attendance sheets and signed club MOUs. Districts notify the Foundation about a club's qualification status only if the club applies for a global grant or if the district is audited. When authorizing a global grant application, the district Rotary Foundation committee chair confirms that the club is qualified.

The *Grant Management Seminar Leaders' Guide* should be used to plan grant management seminars. Districts should also promote the *Grant Management Manual* as a resource to clubs in preparing for the seminars and for planning and implementing global grants.

Best Practices

Have the district Rotary Foundation committee assign oversight of the club qualification process to the stewardship subcommittee, which oversees club qualification and assists with the grant management seminar.

Develop a procedure for notifying the district Rotary Foundation committee chair when clubs have achieved qualified status.

Additional district requirements for club qualification might include:

- » Having multiple attendees attend the district's grant management seminar
- » Compliance with grant reporting
- » Being current with Rotary International and/or district dues
- » Compliance with local laws specific to the district

DISCUSSION QUESTIONS

Will your district have additional qualification requirements for clubs? If yes, what will they be?

Will your district require clubs to be qualified in order to receive district grant funds?

What are your district's proposed dates for grant management seminar(s)? Where will they be held? Who will conduct the seminar(s)?

What is the plan for promoting grant management seminar(s) to clubs?

What is your district's plan if a club wishes to be qualified but is unable to attend a grant management seminar?

MOU Section 4: Financial Management Plan

Districts must have a written financial management plan to provide consistent administration of grant funds.

The financial management plan must include procedures to

1. Maintain a standard set of accounts, which includes a complete record of all receipts and disbursements of grant funds
2. Disburse grant funds, as appropriate
3. Maintain segregation of duties for handling funds
4. Establish an inventory system for equipment and other assets purchased with grant funds, and maintain records for items that are purchased, produced, or distributed through grant activities
5. Ensure that all grant activities, including the conversion of funds, comply with local laws

Best Practices

Involve district Rotarians who have an accounting or auditing background in the development of the financial management plan.

Provide a detailed, easy-to-understand financial management plan, so that even Rotarians without a financial background follow the procedures.

Compare your financial management plan with other districts to share best practices.

SUMMARY

Oversight requirements for Foundation grant funds go beyond those of most private or corporate funds. Developing and implementing a financial management plan is essential to proper oversight, good stewardship, and consistent administration of grant funds.

The financial management plan should include detailed, district-specific procedures that are reviewed regularly.

DISCUSSION QUESTIONS

How will the district's process for approving and disbursing district grant funds and expenditures for district-sponsored global grants be approved?

What reporting process will you use for district grant funds distributed to clubs and the district?

What kind of system will the district use for recording income and disbursements of grant funds?

Who will be responsible for recording this information?

Who will monitor this person's work? How frequently will it be reviewed?

FINANCIAL MANAGEMENT PLAN WORKSHEET

Use this worksheet to assess your district's financial management procedures and to determine whether new ones are needed. This plan should include all funds for district, global, and packaged grants.

Financial management plan procedure (MOU)	How measure is implemented (example)	What is our district's current procedure?	How can we improve our procedure?
1. Maintain a standard set of accounts, which includes a complete record of all receipts and disbursements of grant funds.	Prepare a spreadsheet that records the grant funds received from TRF and other sources, as well as each expenditure item on a separate line, labeled with a transaction number. Original invoices and receipts are labeled with the transaction number listed on the spreadsheet and saved in the district's document file for the grant. Send a copy of the spreadsheet and supporting documents to the project partner.		
2. Disburse grant funds, as appropriate.	Funds for district grants are paid by check two weeks after the district receives the funds in its bank account. Funds for global grants are paid two weeks after receipt of an invoice from the vendor. Cash is only used for payments when another traceable method is not possible.		
3. Maintain segregation of duties for handling funds.	Person A approves the planned grant expenditures and Persons B and C write and sign the check.		
4. Establish an inventory system for equipment and other assets purchased with grant funds, and maintain records for items that are purchased, produced, or distributed through grant activities.	Each item, along with its price and current owner, is recorded on a spreadsheet, and the original invoices and receipts are saved in the district's document file for the grant. Send a copy of the records to the project partner.		
5. Ensure that all grant activities, including the conversion of funds, comply with local laws.	Designate someone to be responsible for ensuring that all grant activities are in accordance with local laws.		

MOU Section 5: Annual Financial Assessment

The financial management plan and its implementation shall be assessed annually. A financial assessment is an evaluation of financial controls and compliance. The district shall choose either an independent firm or the district Rotary Foundation audit committee to conduct the annual financial assessment.

- A. A financial assessment is substantially smaller in scope than an audit or review, and includes:
 1. Confirmation that the district adhered to its financial management plan
 2. An examination of expenditures for district grants and district-sponsored global grants that includes:
 - a. Reconciling a selection of disbursements against their supporting documentation
 - b. Reviewing the full listing of expenditures to ensure that funds were expended in a manner consistent with the terms and conditions of the grant award
 - c. Confirming that a competitive bidding process was conducted for all significant expenditures
 - d. Reviewing the process to disburse funds to ensure that proper controls have been maintained
 3. A determination that all financial transactions and project activities related to the grant were conducted at least at the level of standard business practices:
 - a. Confirmation of adherence to TRF document retention requirements
 - b. Other procedures that the district Rotary Foundation audit committee or an independent firm deems necessary
 4. A report of the findings from the annual financial assessment, which must be given to clubs in the district within three months of the end of each Rotary year
- B. If the district has the district Rotary Foundation audit committee conduct the assessment, the committee may not include individuals directly involved with TRF grants and must meet the requirements found in the RI Bylaws, including:
 - a. Have at least three members
 - b. Have at least one member who is a past governor or a person with audit experience

SUMMARY

Districts must conduct an annual assessment of the financial management plan and its implementation to ensure that proper controls are in place to manage Foundation grant funds. This assessment must review financial transactions for district grants and district-sponsored global grants. This assessment should be performed at minimal cost and does not need to be a formal audit of the district's grants. Assessment results must be communicated to the district's clubs.

Best Practices

Appoint Rotarians from another district to conduct your financial assessment to save on the cost of hiring an independent firm.

Exchange financial assessment services with another district.

Have the stewardship subcommittee receive and approve the annual financial assessment and ensure that it is distributed to the clubs.

Districts may choose either an independent firm or an audit committee made up of three members of the district to conduct the assessment. Districts with an established audit committee for its annual statement and report of district finances (Article 15.060.4 of the RI Bylaws) may use the same committee for this annual assessment provided that there are no conflicts of interest.

DISCUSSION QUESTIONS

When will your district conduct its annual financial assessment?

Who will conduct the assessment?

Who will approve the annual financial assessment procedures presented by the independent firm or audit committee?

How will the results of the assessment be presented to clubs?

AUDIT COMMITTEE APPOINTMENT

If your district decides to use a district audit committee, use the space below to suggest committee members. Then, review the following questions to help you choose at least three members.

Does the audit committee meet the following requirements?

- Members are active Rotarians in good standing
- One member is either a past district governor or a person with audit experience

Name: _____

Do the proposed committee members have any conflicts of interest? The following Rotarians cannot serve on the audit committee because there would be a conflict of interest:

- District governor
- District Rotary Foundation committee chair
- District treasurer
- Member of district Rotary Foundation grants subcommittee
- Member of district Rotary Foundation stewardship subcommittee
- Member of district finance committee
- District bank account signatory
- Member of a grant project committee
- Recipient of a Rotary Foundation grant

MOU Section 6: Bank Account Requirements

In order to receive grant funds, the district shall have a dedicated, district-controlled bank account that is used solely for receiving and disbursing TRF grant funds.

- A. The district bank account must
 1. Have a minimum of two Rotarian signatories from the district for disbursements
 2. Be a low- or noninterest-bearing account
- B. Any interest earned must be documented and used for eligible, approved grant activities, or returned to TRF.
- C. A separate account should be opened for each district-sponsored grant, and the name of the account should clearly identify its use for grant funds.
- D. Grant funds may not be deposited in investment accounts including, but not limited to, mutual funds, certificates of deposit, bonds, and stocks.
- E. Bank statements must be available to support receipt and use of TRF grant funds.
- F. The district must maintain a written plan for transferring custody of the bank accounts in the event of a change in leadership.

SUMMARY

Districts must maintain a district-controlled low- or no-interest bank account in order to receive Foundation grant funds. Each open district-sponsored grant should have its own account that is used solely for receiving and disbursing grant funds. By establishing a separate account, districts are able to better manage the oversight and recordkeeping of grant funds.

In addition, districts must have a succession plan for the signatories on the account to ensure a smooth transition of information and documentation when signatories change.

Best Practices

If payments are made electronically by one person, maintain a paper trail showing that the payment was approved by both signatories.

If the district must use an existing account because local laws prohibit establishing a separate grant account, ensure that grant funds are properly tracked.

Grant funds should be requested from the Foundation only when a project is ready to be implemented so that the funds do not sit idle in a bank account.

Use a checking account that records disbursements and document transactions on bank statements.

DISCUSSION QUESTIONS

Who will be the signatories on the bank account?

Does your bank allow your district to open multiple accounts?

Do your country's laws allow you to open a separate account for each grant?

What controls will your district implement to ensure that grant funds are not commingled?

Who will be responsible for maintaining financial records, such as bank statements and canceled checks?

What is your district's policy on selecting bank account signatories?

Who are the current signatories? Who is the primary signatory?

Do the signatories serve a specific term? If yes, what is the policy for determining their term?

What is your district's current procedure for changing bank account signatories?

What is the bank's procedure for changing or removing bank account signatories?

Will your district or club need to develop or change its procedure for transferring the custody of the grant bank account? If yes, what changes will you make?

MOU Section 7: Report on Use of Grant Funds

Grant reporting is a key aspect of grant management and stewardship. Districts shall set up a grant reporting process.

- A. Districts must report to their clubs on the use of all District Designated Funds (DDF) to their member clubs by:
 1. Providing a report annually at a district meeting to which all clubs are invited or eligible to attend that includes a breakdown of expenditures for each project that received funding and the names of districts, clubs, and individuals who received grant funds
 2. Including financial information on such grants in the governor's final monthly communication
- B. Districts must adhere to all TRF grant reporting requirements.

Best Practices

Collect detailed reports from clubs on the use of district grant funds.

Use a spreadsheet to track DDF allocations throughout the year.

Have the stewardship subcommittee check the status of open grants regularly to track reporting deadlines.

SUMMARY

Districts must report to their member clubs how its District Designated Fund (DDF) is used each year. This includes DDF used for district, global, and packaged grants, PolioPlus, and Rotary Peace Centers. Reporting on the use of DDF ensures greater transparency and accountability between the district and its clubs. This also fosters districtwide knowledge of grant activities and enables the Foundation to reduce its reporting requirements for district grants.

Districts must also fulfill all Foundation reporting requirements for district grants and district-sponsored global grants. Districts must submit progress reports every 12 months from the time a grant is paid until the final report is accepted and final reports within two months of completing the grant project. Failure to report on grants can result in a district and its clubs being unable to participate in the Rotary Foundation grants.

Note: Your district does not need to conduct the annual financial assessment before reporting to clubs how DDF was allocated and spent.

DISCUSSION QUESTIONS

Who in the district will track the use of DDF throughout the year?

How will the district encourage clubs to submit reports on time?

MOU Section 8: Document Retention

Districts shall establish and maintain appropriate recordkeeping systems to preserve important documents related to qualification and TRF grants. Retaining these documents supports transparency in grant management and assists in the preparation for audits or financial assessments.

- A. Documents that must be maintained include, but are not limited to
 1. Bank information, including copies of past statements
 2. Club qualification documents, including:
 - a. Signed club MOUs
 - b. Club attendance records for grant management seminar
 3. District grant and district-sponsored global grant information, including:
 - a. Information collected from clubs and entities receiving district grant funds
 - b. Receipts and invoices for all purchases made with grant funds
 4. Documented plans and procedures, including:
 - a. Financial management plan
 - b. Procedure for storing documents and archives
 - c. Succession plan for bank account signatories and retention of information and documentation
 - d. System to track reports of misuse and/or mismanagement of grant funds
 5. Annual report from the financial assessment and use of grant funds
- B. District records must be accessible and available to Rotarians in the district.
- C. Documents must be maintained for a minimum of five years, or longer if required by local law.

SUMMARY

Districts must establish a document retention system for documents related to qualification and Rotary Foundation grants. The system can be a combination of electronic and physical files that best fit the needs of the district. Documents that must be retained include bank statements, receipts, club qualification materials, and procedures relating to the MOU.

Maintaining documents helps districts comply with local laws, ensure transparency, and better prepare for grant reporting, audits, and financial assessments. By maintaining these documents, the district will be able to quickly respond to requests by the Foundation or Rotarians in the district.

There are certain documents that you will want to keep in their original, physical form, such as contracts, legal agreements and documents with original signatures. Documents originally in an electronic format may be retained electronically. If you're unsure whether you should keep a document, it's always better to keep it.

Best Practices

Maintain physical files in a single location.

For easy sharing, make electronic copies that can be emailed or made easily accessible through a shared network.

Back up electronic files regularly on a CD, flash drive, or a secured website.

Keep extra copies in a location separate from where the originals are stored.

Use a company that offers free online storage services so documents can be uploaded and accessed remotely, allowing files to be shared and edited by multiple people.

The document retention system doesn't need to be complicated; implement what works best for your district.

Adapt the document retention sample file lists and share with your clubs to assist them in implementing their document retention requirements.

Districts have several options for setting up a document retention system. For example, a simple physical file could include three binders: one for qualification, one for district-sponsored global grants, and one for district grants. If your district has several grants, you may want to store files in a filing cabinet or on a computer with electronic files. Within each file folder, a district could set up subfolders for each grant number, club qualification, or year of qualification.

Grant related documentation saved on the online application system, such as the grant application and report, do not need to be saved within your district's document retention system.

DISCUSSION QUESTIONS

What type of system will you have — physical, electronic, or a combination of the two?

Who will have access to to the document retention system?

How will you catalogue what is in your document retention system?

SAMPLE FILE LIST

The following list can help your district develop its document retention system organized into sections with possible labels for folders and subfolders. Your document retention needs will vary depending upon the types of grants your district manages, so add or remove folders as necessary.

Documents needed for global grants, packaged grants, and district grants	Documents needed for district qualification
<ul style="list-style-type: none"> <input type="checkbox"/> All grant correspondence, including email <input type="checkbox"/> Beneficiary documentation including <ul style="list-style-type: none"> <input type="radio"/> Community assessment <input type="radio"/> Agreements <input type="checkbox"/> Vendor documentation including <ul style="list-style-type: none"> <input type="radio"/> Quotes for materials <input type="radio"/> Agreements <input type="checkbox"/> Scholar documentation including <ul style="list-style-type: none"> <input type="radio"/> Receipts and invoices <input type="radio"/> Agreements <input type="checkbox"/> Vocational training documentation including <ul style="list-style-type: none"> <input type="radio"/> Receipts and invoices <input type="radio"/> Agreements <input type="checkbox"/> Grant related documentation including <ul style="list-style-type: none"> <input type="radio"/> Financial documentation <input type="radio"/> Bank statements <input type="radio"/> Quotes from vendors <input type="radio"/> Receipts and invoices <input type="radio"/> Inventory list <input type="radio"/> Photos <input type="checkbox"/> Information collected from clubs for district grants including <ul style="list-style-type: none"> <input type="radio"/> Fund requests or applications <input type="radio"/> Quotes from vendors <input type="radio"/> Receipts and invoices <input type="radio"/> Reports <input type="radio"/> Other information required by the district <input type="checkbox"/> Other documentation 	<ul style="list-style-type: none"> <input type="checkbox"/> Financial management plan and related procedures <input type="checkbox"/> Bank information including <ul style="list-style-type: none"> <input type="radio"/> Account details <input type="radio"/> Bank statements <input type="radio"/> List of signatories <input type="radio"/> Bank procedure for changing signatories <input type="checkbox"/> Legal documents <input type="checkbox"/> General ledger and statement of accounts <input type="checkbox"/> Document retention procedures <input type="checkbox"/> Succession plans <input type="checkbox"/> Correspondence on qualification <input type="checkbox"/> Annual financial assessment results <input type="checkbox"/> Reports on the use of DDF <input type="checkbox"/> Reports of misuse of grant funds <input type="checkbox"/> Other documentation
	<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center;">Documents needed for club qualification</div> <ul style="list-style-type: none"> <input type="checkbox"/> Supplementary club qualification requirements <input type="checkbox"/> Signed club MOUs <input type="checkbox"/> Grant management seminar <ul style="list-style-type: none"> <input type="radio"/> Materials <input type="radio"/> Attendance sheets <input type="checkbox"/> Correspondence on club qualification <input type="checkbox"/> List of qualified clubs <input type="checkbox"/> Other documentation

Best Practices

Designate a person with whom Rotarians can discuss any concerns about the management of grant funds.

Track the following information for any allegation:

- Grant number and information
- Project description
- Primary target of investigation with his/her district and club
- Summary of the report of misuse
- Actions taken with relevant dates
- Next steps in investigation

Stop payments if there is a reported misuse until the report has been investigated.

Do not approve new grant applications for anyone involved with reported misuse until the situation is resolved.

MOU Section 9: Method for Reporting and Resolving Misuse of Grant Funds

The qualification process requires districts to track, investigate, and resolve reports of misuse or mismanagement of grant funds. By creating a plan before any allegations of misuse are made, the district can apply procedures consistently and foster an environment that does not tolerate misuse of funds.

- A. Districts must create a system to facilitate and track reports of misuse and/or mismanagement of grant funds.
- B. Districts must promptly investigate reports of misuse or mismanagement of grant funds.
- C. Districts must report any potential or substantiated misuse or mismanagement of grant funds to TRF.

SUMMARY

Districts must actively work to prevent instances of misuse and mismanagement, and to investigate any allegations. A system to track reports of misuse or mismanagement helps districts to respond in a timely and fair manner. The tracking system could be as simple as maintaining an email address to receive reports of misuse and an electronic spreadsheet to track investigations.

Districts should have guidelines to ensure that investigations are conducted with consistency and fairness. However, districts should also realize that each situation is unique and that procedures may need to be adjusted as an investigation moves forward.

All reports of misuse or mismanagement, whether a potential or substantiated case, must be reported to The Rotary Foundation. The Foundation will work with the district to ensure the issue is resolved appropriately.

Periodically review grant projects within the district as a proactive measure to help prevent cases of misuse. Document best practices to share with other project sponsors and provide feedback to those being audited.

Maintain detailed records of any investigation to provide transparency and ensure that the findings of the investigation are supported by evidence. In addition, the information collected by the district will assist the Foundation in conducting an investigation and resolving any issues.

DISCUSSION QUESTIONS

To whom in the district should reports of misuse be directed?

How will reports be tracked?

What steps will the district take to check if the report of misuse is substantiated?

Who will be responsible for investigating reports of misuse? What procedures will the district have in place to conduct the investigation?