

# FUTURE VISION PLAN

## Guide to Implementing the Memorandum of Understanding



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The memorandum of understanding (MOU) is a key component of qualification for Future Vision pilot districts. It is a legal agreement between each district and The Rotary Foundation (TRF) that lists the terms of qualification and the requirements for ensuring proper oversight of grant funds. Districts must agree to implement the MOU as part of the online qualification process.

This guide will provide an explanation of each section of the MOU, including its significance, best practices for implementation, and required action items. This information, along with additional resources available on the Rotary International Web site, should provide districts with the basic tools needed to

- Implement appropriate legal, financial, and stewardship controls to ensure proper management of grant funds
- Manage district qualification
- Qualify clubs

Over the course of the pilot, the Foundation will continue to expand this document and develop new resources for qualification and implementing the MOU. To share your district's best practices, methods, or tools for grant management, please forward them to [futurevision@rotary.org](mailto:futurevision@rotary.org).

To get the most out of this guide, download a copy of the MOU from [www.rotary.org](http://www.rotary.org) for reference. More information about qualification is also available online.

## **Section 1 – Terms of Qualification**

This section specifies the terms of qualification and the requirements for maintaining qualified status. It also describes conditions under which the Foundation may suspend or revoke a district's qualification.

During the Future Vision pilot, districts will have more autonomy and responsibility for grant administration. Because they are ultimately accountable for the management of both district and club-sponsored grants, districts must establish measures that will curb misuse and mismanagement of grant funds, promote thoughtful and thorough project implementation, and ensure that their member clubs have the training and resources to do the same.

### **Best Practices**

- If the district awards district grant funds to unqualified clubs, it should establish additional policies and procedures to ensure that these funds are well-managed.**
- The district should create a conflict of interest policy and a procedure for disclosing potential conflicts of interest.**

## **Section 2 – District Officer Responsibilities for Qualification**

The district Rotary Foundation committee (DRFC) chair and the district Rotary Foundation grants subcommittee are primarily responsible for managing district and club qualification, along with the governor and governor-elect. This section lists these officers' specific duties related to qualification.

Creating and implementing policies and procedures to manage qualification effectively must be a joint effort by the district's leadership. Officers must have a clear idea of their particular responsibilities to reduce uncertainty and redundancy. This will create a cohesive, streamlined system that will facilitate district and club participation in the new grant model.

As they become more familiar with qualification and the new grant structure, district leaders may increase their responsibilities and create new tasks and roles for individuals within the district. However, at a minimum, the DRFC chair and grants subcommittee must perform the functions detailed in the MOU.

### **Best Practices**

- Discuss division of duties at the Future Vision Pilot Training.**
- Create a reference sheet for club and district leaders that indicates which officers have qualification responsibilities and who should be contacted for more information.**

## **Section 3 – Bank Account Requirements**

Maintaining a district-controlled bank account that is used solely for receiving and disbursing TRF grant funds is a central component of qualification. The exact requirements of the district account are described in this section.

By establishing a district bank account designated for TRF grant funds, districts are better able to manage funds and ensure proper oversight. Having one account to receive and distribute funds not only helps simplify the district's accounting and recordkeeping related to grants but also simplifies the payment timeline and process for district grants.

MOU section 3 gives a short list of account requirements that will help ensure proper stewardship. The district bank account must adhere to these requirements. If a district already has an established bank account for TRF grant funds that meets the requirements stated in the MOU, the district does not need to open a new bank account for the Future Vision pilot.

### **Best Practices**

- Make payments by check whenever possible to provide a paper trail and allow for easier reconciliation and reporting. Only withdraw lump sums of cash from the project account when paying by check is not possible (keep in mind that doing so requires more stringent recordkeeping).**
- If the district must use an existing account because local laws prohibit establishing a separate grant account, develop extra measures to ensure that grant funds commingled with nongrant funds are properly tracked and accounted for.**

## **Section 4 – Financial Management Plan**

Districts must have an established financial management plan to provide consistent administration of grant funds. This section describes the minimum requirements for this plan, including implementing standard accounting practices and conducting annual financial assessments.

Oversight of TRF grant funds should go beyond that afforded to private or corporate funds, and the development and implementation of a financial management plan is an essential component of proper oversight. This plan must include measures for receiving and disbursing funds, tracking expenses, and performing reconciliations. Setting up a financial management plan before receiving funds will help districts ensure good stewardship and prevent instances of misuse and mismanagement. What to include in the financial management plan is detailed in part A of this section.

In addition, the district must coordinate an annual assessment of the financial management plan and its implementation. Annually assessing the administration of grant activity ensures that the district has the proper controls in place to manage its TRF grant funds. The assessment should provide an evaluation of the financial management plan to ensure that records were maintained and that there are no gaps in oversight. It should be performed at minimal cost and should *not* be a formal audit.

During the online qualification process, the district must indicate which annual assessment option – an audit committee or an independent financial assessment – it has chosen. This selection should be made based on your district’s resources and any applicable laws in your region. Part B of this section lists the requirements for each option.

## Best Practices

- ☑ **Conduct all financial transactions and grant activities at the level of standard business practices, at minimum, and always in consonance with the Declaration of Rotarians in Businesses and Professions and in the spirit of The Four-Way Test.**
- ☑ **Develop either a paper or electronic bookkeeping system. Purchase a program or book that explains how to create an effective accounting system.**
- ☑ **Exchange independent financial assessment services with a neighboring district. For example, a Rotarian from District 1234 conducts the assessment for District 5678, and a Rotarian from District 5678 conducts the assessment for District 1234.**

## Section 5 – Club Qualification

A key feature of the Future Vision pilot is that districts are in charge of managing the qualification of their member clubs. This section summarizes the TRF requirements for club qualification.

Managing club qualification will streamline the Foundation grant application processes and allow districts to customize requirements according to local laws and work directly with their clubs on grant management strategies. Districts can use best practices they have developed for managing their own qualification and grant activities as teaching tools for clubs. The Foundation will also provide resources to help districts develop their club qualification systems and conduct grant management training.

Districts can develop additional qualification requirements for their clubs, which fit the unique characteristics of each district and are supplemental to TRF requirements listed in this section. However, any additional requirements must be reasonable, achievable, and fair to all clubs. As stated in MOU [section 1](#), a district will risk losing its qualified status if it chooses not to qualify a club without sufficient cause.

See MOU [section 2](#) for district officers’ club qualification responsibilities.

## Best Practices

- ✓ **Conduct one seminar in conjunction with the presidents-elect training seminar (PETS), and offer additional seminars each year in various locations to encourage different clubs and Rotarians to attend.**
- ✓ **Encourage more than one club member to attend training seminars to involve more Rotarians interested in the grant process and to create a broader base of knowledge about grant management and stewardship.**
- ✓ **Have the district Rotary Foundation grants subcommittee (in charge of managing club qualification) develop a procedure for informing the DRFC chair (in charge of verifying club qualification status) when clubs have achieved qualification status.**
- ✓ **Have the district Rotary Foundation grants subcommittee consult with the DRFC chair, district governor, and governor-elect to determine what, if any, additional steps the district will require clubs to complete before they can become qualified.**
- ✓ **Encourage clubs to seek qualification.**
- ✓ **Make club qualification a requirement to receive district grant funds.**

## Section 6 – Document Retention

Districts must ensure that they have appropriate recordkeeping methods to preserve important documents related to qualification and Rotary Foundation grants. These requirements are detailed in this section.

It is important to maintain documents related to grants and qualification in order to comply with local laws, ensure transparency, and prepare for audits and financial assessments. By maintaining the items listed in this section of the MOU, the district will be able to quickly provide all documentation required by a TRF audit. Although TRF requires the district to maintain these documents, they do not need to be submitted to the Foundation unless specifically requested by staff.

## Best Practices

- ✓ **Keep any plans, documents, or other materials required by the MOU in the district's archives.**
- ✓ **Create a binder or file system for each fiscal year or each grant in which all documents are kept. Use separate tabs or folders for each document required in MOU section 6. If there is an audit, the district will only need to copy the information in the file.**

## **Section 7 – Report on Use of Grant Funds**

Reporting on grant activities and the allocation of grant funds is an integral part of stewardship and grant management. This section describes the district’s responsibilities to report to the Foundation and to its member clubs.

Districts must report on all District Designated Fund (DDF) use to their member clubs. This will allow for greater transparency and accountability between the district and its clubs, foster districtwide knowledge of the grant activity, and allow the Foundation to reduce its reporting requirements for district grants.

Districts must fulfill TRF reporting requirements for district grants and district-sponsored global grants. A list of these requirements can be found in the terms and conditions of Rotary Foundation District Grants and Global Grants, available at [www.rotary.org](http://www.rotary.org).

### **Best Practices**

- Collect detailed reports from clubs on the use of district grant funds. Although this information does not need to be submitted to TRF, compiling it promotes transparency between the district and its clubs and prepares the district for an audit.**
- Keep files for each club that receives funds from a district grant.**
- Keep separate files for district-sponsored global grants.**

## **Section 8 – Method for Reporting and Resolving Misuse of Grant Funds**

The qualification process requires the district to track, investigate, and resolve reports of misuse of grant funds before turning to TRF for intervention. This section details this requirement.

In order to maintain qualification, districts must actively work to prevent instances of misuse and mismanagement, and must also resolve any issues that do occur. By creating a plan to track, investigate, and resolve potential problems before any allegations of misuse are made, the procedures can be applied consistently and fairly throughout the district.

## Best Practices

- Designate a person with whom Rotarians can discuss any concerns about the management of funds or projects.
- Have those with concerns submit reports of misuse and mismanagement in writing with their signature in order to ensure credibility.
- Do not approve new grant applications for activities, clubs, individuals, or organizations with reported misuse or irregularity until the situation has been resolved.
- For grants paid through the district account, stop payment for activities, clubs, individuals, or organizations with reported misuse or irregularity until the situation has been resolved.
- For activities, clubs, individuals, or organizations that have received numerous complaints of irregularity or have had issues in the past, conduct supplementary stewardship trainings and exercise caution when awarding grant funds to these entities.

## Action Steps Checklist

The following checklist summarizes the action steps that districts must take to complete the online qualification, implement the MOU and maintain qualified status. Districts should refer to the MOU itself for the complete, binding list of qualification requirements.

### Pre-Qualification

- DGEs and DRFCs attend the pilot district future vision training in San Diego in January 2009
- Open a district bank account and select two payees in good standing who understand their roles as account signatories, in accordance with MOU section 3
- Complete the online qualification process by
  - Reading and agreeing to the qualification [memorandum of understanding](#) (MOU)
  - Submitting bank account and signatory information
  - Selecting the district's annual financial assessment method.
  - Authorizing the district's qualification information and agreeing to abide by all stated terms

### Implementation

#### Section 1

- For district governor-elect (each year of the pilot): Submit agreement to the terms of qualification through [Member Access](#) within 30 days of taking office

## Section 2

- Establish a succession plan for the district governor, governor-elect, and DRFC chair to ensure retention of information and documentation related to qualification

## Section 3

- Completed requirements in pre-qualification

## Section 4

- Establish a financial management plan by
  - Maintaining a standard set of accounts
  - Disbursing funds in a timely and direct manner
  - Maintaining separate statements of income and expenses
  - Maintaining a general ledger
  - Establishing an inventory system
  - Ensuring grant activities are in accordance with local law
  - Adhering to bank account requirements (MOU section 3)
  - Performing monthly bank reconciliations
  - Planning for transferring the custody of the bank account(s)
- Conduct annual financial assessments and report on the findings

## Section 5

- Qualify interested member clubs by
  - Creating and administering a club qualification plan
  - Providing grant management seminars to interested clubs using TRF-approved modules, and creating a method to track attendance

## Section 6

- Establish a document retention system in a location accessible and available to Rotarians that maintains all documents required by the MOU for a minimum of five years or longer if required by local law, including:
  - Bank information
  - Legal documents
  - Annual financial assessments
  - Original documentation for district grants and district-sponsored global grants
  - District and club qualification documents
  - Documented plans and procedures

## Section 7

- Report annually to member clubs on the allocation of all DDF
- Fulfill TRF reporting requirements for district grants and district-sponsored global grants

## Section 8

- Create a system to track reports, investigate, and resolve reports of misuse
- Report issues to TRF