

# District 7680 Finance Committee Operating Policies

## ***COMMITTEE OPERATIONS***

**Frequency of Meetings.** Meetings will be held, at least, four times a year. Each agenda should include topics to be discussed at the meeting (e.g. budget presentation by the DGE for the next Rotary Year) as well as reports by the District Governor, Treasurer and Secretary and any new business. The Committee Chair has the discretion to ask for any other items to be added to the agenda at the beginning of each meeting.

Suggested scheduling of meetings could be as follows:

- Meeting 1 – September after the first two months of financials and dues paid are completed
- Meeting 2 – Early December. This is when the DGE would present their preliminary budget to the finance committee for review and input. Also, to review results of Foundation Banquet
- Meeting 3 – Early February to approve final budget for DGE to then present to Presidents-Elect at Pre-PETS (Presidents will vote on budget at PETS)
- Meeting 4 – April to review financials to date and review of the district's biggest annual expense – the District Conference
- Meeting 5 – mid to late June to review District Conference results and review of the year's financial prior to end of year. Transition period for change of officers, banking visits for signature card changes, etc.

**Proxies at Meetings.** Proxies are not allowed for meetings. Audio and/or video conference call participation is allowable with voting privileges, provided that there is notification to the Committee Chair prior to the time of the scheduled meeting.

**Distribution of Committee Minutes.** Copies of edited, bulleted Finance Committee minutes and financial statements, after approval by the Finance Committee, shall be provided to District 7680 Past District Governors, Assistant Governors and Club Presidents as a means of operating in a transparent manner. The Finance Committee will make reasonable effort to distribute these minutes within 10 business days following each Finance Committee meeting.

**Archiving of Committee Minutes.** After Finance Committee approval, an electronic copy of all Finance Committee minutes, with the Financial Report included, will be deposited by the District Executive Secretary in the Secure Files Section of DACDB.

**Interim Financial Statements.** Interim Financial Statements shall include a statement of financial position and a statement of operations. These will be provided to the Finance Committee by the 15<sup>th</sup> day of the month following the close of the month being reported upon. After approval of these financial reports by the Finance Committee, the Interim Financial Statements will be posted in the Secure Files Section of DACDB. The Interim Financial Statements will be prepared in accordance with RI Policy, which need to be communicated by the Treasurer to the Finance Committee in a timely manner.

**Review of Year-End Financial Statements.** The District Finance Committee will engage a firm of independent accountants to review the year-end financial statements of District 7680. The report of the accountants shall be reviewed in accordance with Rotary International Policy (see the end of this document for latest RI Policy, which may change from time to time).

***IRS Form 990. The District Governor is the only Rotary International officer in District 7680 and is, therefore, the only responsible District person who has the authority to sign this form; the Governor is also responsible for its submission to the IRS by 15 November for the prior fiscal year.***

**District Bank Accounts.** Authorized signers on the District's Bank Accounts are the District Executive Secretary, the District Treasurer, the District Governor, and the Chair of District Finance Committee. The District Treasurer will provide PDFs of our bank statements to the Finance Committee for review. The Immediate Past District Governor must report on their review findings at each District Finance Committee meeting.

**Amendments.** Any Changes to the Finance Committee Operating Policies will require two meetings to change the operating document. At the first meeting, a motion for consideration of the change will be entertained by the chair. Discussion will follow. The discussion will be tabled until the following meeting at which time the consideration will be brought off the table for further discussion and an up or down vote.

## ***DISTRICT 7680 BUDGETS, FUNDS AND CONTRACTS***

**District 7680 Funds.** Funds under the authority of the District 7680 Finance Committee include the Annual Operating Budget, the Global Grant Funds, all District Finance Committee bank accounts, and the District Governor Allocation (if applicable). Financial reports for District 7680's Donor Advised Fund with The Rotary Foundation are to be provided to District 7680's Finance Committee for informational purposes.

### **Budgets, Contracts and Financial Agreements.**

- All budgets, contracts and financial agreements involving a District 7680 program or that commit the funds of District 7680 must be submitted and reviewed by the District 7680 Finance Committee Chair or the District 7680 Finance Committee (at the discretion of the Chair) with a recommended action to the District Governor. The District Governor has the responsibility for all budgets of District 7680. The District Governor Elect has operational responsibility for the following: Pre-PETS, AG Training, Grants Training, PETS, District Training Assembly, Governor's Installation and any future similar events that might occur.
- Budgets for the District Conference, the Rotary Foundation Banquet, Seminar for Tomorrow's Leaders (RYLA), Rotary Youth Exchange, Rotary Youth Services, or other District function, which exceed the previously approved current budget lines, must be submitted to the Finance Committee Chair for approval prior to booking the event or the commitment of District funds (time constraints may necessitate electronic approval) to the event. At the Chair's discretion, he or she may defer the issue to the entire Finance Committee for approval.

**District 7680 Financial Reserves.** District 7680 shall maintain minimum reserves of not less than \$100,000 in FDIC-insured, interest-bearing accounts.

**Finalizing of Previous Year's Budget.** The year-end financial statements should be finalized by August 31 of each year. Completion of the financial statements shall include submission of the financial statements to the District's accounting firm that has been engaged to review these statements and to prepare any returns required by the Internal Revenue Service and the North Carolina Department of Revenue.

**Annual Financial Report.** The annual statement and review, after preliminary approval by the District Finance Committee, is to be distributed to all District Clubs, by September 30 of the year following the financial activity, and then presented at the next District Midyear Assembly for approval.

## ***REIMBURSEMENT PROCEDURES***

**Reimbursement Deadlines for Expenditures.** All reimbursements for District Funds for the Prior Rotary Year must be submitted to the District Treasurer prior to July 31 of the current Rotary Year in order to receive reimbursement.

**Expense Report Approvals.** Expense Reports submitted by individuals other than the District Governor in the amount of \$4,999.99 or less require the District Governor's approval. Expense Reports submitted by individuals other than the District Governor in the amount of \$5,000.00 or more require the additional approval of the Chair of the District Finance Committee. Expense Reports submitted by the District Governor in amounts of \$4,999.99 or less shall require the signature of the Chair of the District Finance Committee. Expense Reports submitted by the District Governor in amounts of \$5,000.00 or more shall require the additional approval of the Chair-Elect of the District Finance Committee.

### **Governor's Allocation Reimbursements to the District Governor from Rotary**

**International:** The Finance Committee Chair must review and sign all Rotary International reimbursement fund forms prior to their submission.

**Allocation Advance:** During the term of a District Governor-Elect, he or she may request one or more Allocation Advances to allow him or her to make allowable purchases prior to his or her District Governor Allocation becoming available. Allocation Advances made by the District shall act as borrowing against that District Governor-Elect's District Governor's Allocation. The Allocation Advance shall be made in accordance with the following guidelines:

- The District Governor-Elect shall make a request, which in no event shall be less than 30 days' notice, for an Allocation Advance so that the Finance Committee Chair may approve, and the Treasurer may provide the funds; and
- The sum of all Allocation Advances shall not exceed \$4,000.00 without the prior approval and majority vote of the Finance Committee (the 'Maximum Allocation Advance'); and
- Once the Maximum Allocation Advance amount has been paid by the District to the District Governor-Elect, no further payments of any expenses or additional Allocation

Advances shall be made by the District, until the Allocation Advance(s) already made shall have been repaid; and

- This Allocation Advance is considered a “loan” to the District Governor-Elect, and as such, he or she must sign a promissory note (interest-free); and
- The Allocation Advance must be repaid to the District within 30 days of the receipt by the District Governor (i.e., the former District Governor-Elect who received the Allocation Advance(s)) of his or her Rotary International Governor’s allocation.

**Guidelines for Reimbursement of Assistant Governor Expenses.** Effective July 1 of each Rotary Year each Assistant Governor in District 7680 is eligible for reimbursement, up to \$500.00, (outside of separately budgeted items) which is utilized for those activities and items specified by the District Governor, (e.g. The District Conference, the District Foundation Dinner, and area meetings). Reimbursement is not authorized for spouses and these funds shall be for the purpose of expensed items and may not be used as a performance reward for services rendered.

**Registration Fee Reimbursement for PDG’s at a Zone Institute.** Past District Governors attending a Zone Institute will be reimbursed in equal amounts, the entirety of which shall not exceed the approved amount in the annual operating budget for eligible expenses (see RI Expense reimbursement guidelines), for the PDG only (not spouses or guests, unless the spouse or guest is a PDG of District 7680). If the attendee is otherwise being compensated by the Zone, then they would not be eligible to participate in this reimbursement.

## ***BILLING POLICIES AND PROCEDURES***

**Billing Policy for Clubs and those Chartered During the Rotary Year.** District 7680 will follow Rotary International Guidelines and utilize RI Invoices when billing a new Club chartered during the Rotary Year. All Clubs will be billed semiannually based on the July 1 and January 1 information reported on the District Club Data Base. The District Executive Secretary will certify the Clubs’ semiannual count on the District Club Data Base and submit a summary report to the District Treasurer who will invoice the Clubs accordingly.

Approved: June 14, 2012  
Norman W. Schul, PDG, District Finance Chair

Revised: June 30, 2015  
Lois M. Crumpler, PDG, District Finance Chair

Amended and Accepted: April 14, 2017  
Chris Jones, PDG, District Finance Chair

Amended and Accepted: June 8, 2018  
Bob Wilson, PDG, District Finance Chair

Rotary Code of Policies dated June 2017. This section replaces and supersedes any prior documentation to this date. Any subsequent publication and updates to the Rotary Code of Policies will replace this section upon the date of publication.

### **69.030. Rotary Funding for Governors**

#### 69.030.1. Rotary Funding for Governors

Governors are provided with funding to partially offset their expenses related to club visits, training, and office expenses. These funds are used to carry out governor duties and responsibilities in accordance with Rotary and Board policies.

*(October 2013 Mtg., Bd. Dec. 62)*

Source: January-February 1989 Mtg., Bd. Dec. 248, App. D; *Amended by* October 2013 Mtg., Bd. Dec. 62

#### 69.030.2. Governors' Reimbursable Expenses

Governors shall be reimbursed for reasonable and necessary expenses in carrying out their responsibilities as a governor up to the amount of their district's total funding amount designated by RI to their year of service as a governor.

*(October 2013 Mtg., Bd. Dec. 62)*

Source: October 2013 Mtg., Bd. Dec. 62

#### 69.030.3. Schedule of Reimbursement to Governors

Reimbursements paid to governors will be disbursed in local currency when RI holds that currency. When RI does not hold the governor's local currency, RI will select a reasonable, cost-effective alternate currency. All disbursements are subject to random audit. Payment is either made directly to the district governor or may be paid to the district. Reimbursements to governors shall be administered as follows, and reviewed regularly:

- a) 70% of the budget available to governors will be mailed in the first week of July (the general secretary is authorized to disburse less than 70% of the budget available to governors if he considers this necessary to maintain appropriate controls and stewardship over large total allocation amounts)
- b) prior to the disbursement of additional funds, there must be received
  1. expense reports documenting the use of the initial 70%
  2. expense reports documenting the use of up to the remaining 30%  
(Rotary Code of Policies 397 June 2017)
- c) expense reports must be submitted no later than 31 July following the governor's year of service, with proper documentation, in order to receive further reimbursement of up to the remaining 30% of the budget amount
- d) upon receipt of a petition explaining extenuating circumstances, the general secretary, acting on behalf of the Board, may extend the deadline noted in point above to no later than 30 September
- e) governors must fully document the use of the initial 70% allocation advance and return any unsubstantiated or unused funds to RI no later than 30 September following the governor's year of service; governors with amounts not substantiated or repaid to RI will be added to the List of Rotarians with Outstanding Obligations to RI and reported to the RI Audit Committee

- f) reimbursement is capped at 100%
- g) training on this policy is to be included as a part of the district governor training at the International Assembly.

*(October 2013 Mtg., Bd. Dec. 62)*

Source: June 1998 Mtg., Bd. Dec. 396; June 2005 Mtg., Bd. Dec. 329. *Amended by* November 1999 Mtg., Bd. Dec. 203; February 2000 Mtg., Bd. Dec. 335; May 2000 Mtg., Bd. Dec. 398; June 2001 Mtg., Bd. Dec. 447; November 2001 Mtg., Bd. Dec. 55; May 2003 Mtg., Bd. Dec. 409; November 2005 Mtg., Bd. Dec. 38; June 2006 Mtg., Bd. Dec. 270; June 2007 Mtg., Bd. Dec. 226; June 2007 Mtg., Bd. Dec. 318; November 2007 Mtg., Bd. Dec. 32; June 2008 Mtg., Bd. Dec. 269; October 2013 Mtg., Bd. Dec. 62

#### 69.030.4. Procedure for Revising Governors' Budgets

For the purpose of establishing a procedure for the handling of revisions in appropriations for governors, it is agreed that:

- a) in the general administration budget for each year, there shall be included in the total amount appropriated for governors a reserve to provide for all revisions in the appropriations for individual districts;
- b) the general secretary is authorized to make such revisions in the appropriations for governors as may be necessary due to districting or changes in the number of clubs in any district;
- c) the general secretary shall be authorized to make decisions on behalf of the Board relative to increases in governors' budgets, when, in the opinion of the general secretary, all or part of such increase requested by the governor is justified and reasonable;
- d) the general secretary shall be authorized to make decisions on behalf of the Board relative to reimbursement of governors for expenses incurred in excess of their budgets, when, in the opinion of the general secretary, all or part of such reimbursement as may be requested by a governor is justified and reasonable
- e) all actions taken by the general secretary in accordance with these procedures shall be reported to the Board.

*(June 1998 Mtg., Bd. Dec. 348)* Source: April-May 1948 Mtg., Bd. Dec. 212; January 1967 Mtg., Bd. Dec. 192 Rotary Code of Policies 398 June 2017

#### 69.030.5. Exchange Rate Fluctuations

Governor's budgets will be recalculated to the extent the US exchange rate increases or declines against local currency by three percent or more between the rate in effect 1 July and the rate at which the budget was originally prepared to offset the increase or decline. The revised budget, reflected in US dollars, will then become final and not subject to further change due to subsequent exchange rate fluctuations.

*(June 2006 Mtg., Bd. Dec. 270)*

Source: June 1987 Mtg., Bd. Dec. 410; *Amended by* June 2006 Mtg., Bd. Dec. 270

#### 69.030.6. Special Factors in Rotary Funding for Governors

Districts with multiple countries, multiple languages, large geographical distances, and/or large numbers of clubs may warrant additional financial resources to be added to Rotary Funding for Governors.

*(October 2013 Mtg., Bd. Dec. 62)*

Source: June 2005 Mtg., Bd. Dec. 313; *Amended by* October 2013 Mtg., Bd. Dec. 62

#### 69.030.7. Failure to Report on Finances

The financial statement as described in RI Bylaws section 16.060.4. shall include all monies received by the governor. The governor shall also send a copy of his/her financial report to the general secretary within 12 months of the completion of the governor's year in office with proof that the report has been independently reviewed and provided to each club for discussion at a district meeting in accordance with RI Bylaws section 16.060.4.

Failure to comply with the requirement to distribute a complete financial statement to the clubs and the general secretary, and to present the statement for discussion and adoption at a district meeting, shall result in the governor being ineligible to receive:

- any additional expense reimbursements from RI
- any RI volunteer appointment or assignment
- any Rotary Foundation appointment or assignment
- any RI or Rotary Foundation award

until the completed financial statement is distributed to both the clubs and the general secretary and discussed and adopted at a district meeting.

*(January 2017 Mtg., Bd. Dec. 129)*

Source: October 2015 Mtg., Bd. Dec. 82; *Amended by* January 2017 Mtg., Bd. Dec. 129

#### **Cross References**

*18.040. Extension to Non-Rotary Countries and Geographical Areas*

*19.050. Vacancies in the Office of Governor or Governor-elect: Training*

*31.060.8. Revising Rotary Funding for District Governors*

*58.070.1. International Assembly Attendance Expenses Paid by RI*

*58.070.2. Payment for International Assembly Attendance in Restricted Currency Countries*

*58.070.3. Payment for Governors Serving a Second Term*