

THE ROTARY FOUNDATION

29 January 2013

Shirley Deepak, Project Contact,
Rotary club of Tiruchirapalli Shakthi
32/1 Pensioners Colony
Kesava Nagar Race Course Rd.
Tiruchirapalli 620023 Tamil Nadu
INDIA
winreach@yahoo.co.in

Lawrence Sundram, Intl Project Contact,
E-Club of the United Services, San Diego
1402 Vista de Lomas
Bonsall
CA 92003
United States
larrysundram@gmail.com



Dear Rotarians Deepak and Sundram:

Thank you very much for your participation in the audit of Global Grant 25027, approved to help provide a vehicle, computers and accessories to the Maharishi Vidhya Mandir school for children with autism and to install sanitary napkin dispensers/incinerators in educational institutions for girls in Tamil Nadu, India. This letter is to share with you the results of audit.

After reviewing the audit report, The Rotary Foundation (TRF) noted that the educational equipment has been installed in the beneficiary school and those 56 children with autism and other disabilities are benefitting from this project. It appears to be a very worthy project.

Unfortunately, the audit also identified instances where the grant funds were managed in a manner inconsistent with the grant terms and conditions and TRF Code of Policies. The concerns identified included inadequate project planning, slow and disorganized project implementation and limited Rotarian involvement.

Rotarian Involvement

Insufficient Rotarian participation appears to stem from the inherent set up of this project. It is noted that this grant was planned in haste by several past district governors and then turned over to local clubs in order to complete project implementation. We were disappointed to note that the new primary contact was appointed by these past governors without taking her consent and even the district leadership was not kept apprised about the change.

Although Rotarians regularly visit the school for children with autism, there is limited awareness and ownership of the other aspects of this grant including the procurement of incinerators and selection of other beneficiary schools. We would like to remind you that the three person committee, acting with the support of the club/district should be actively managing all aspects of the grant so that the project can be completed successfully.

Project Planning and Management

It was observed that project planning was not sufficiently completed by the sponsors, leading to the following issues with the grant implementation:

- a) While the incinerators were purchased in August 2011, the incinerators were installed in a hurry prior to the auditor's visit and one was still not installed. The installation was delayed for over a year.
- b) The auditor found the incinerators in use in only one out of the eight beneficiary schools visited during project site visits. The audit report indicates that six incinerators did not have an extended chimney to take off the heavy smoke.
- c) The school students and authorities have not been trained to use incinerator equipment.
- d) The project funds have been exhausted and the sponsors are not left with funds to procure sanitary napkin dispensers, as intended.

It is noted that this grant is comprised of two separate grant projects combined in order to meet the minimum funding requirements for global grants. At the time of application, TRF understood that this project was intended to have an "adopt-a-school" nature that would address disparate needs of autistic children, all the while meeting the area of focus requirements. In light of the confirmation from the grant sponsors that this was not the case and that they lumped projects together in order to meet Foundation funding requirements, TRF would like to remind the sponsors that this does not meet grant requirements. Further, any future grant applications should be designed around a cohesive project addressing a common community need. Additionally, a thorough needs assessment should be completed prior to submitting a grant application to ensure that the real needs of the community are being met and ensuring that there is a clear implementation plan.

Additionally, it was noted that no monitoring was conducted post project implementation to determine whether the assets are being utilized and to evaluate the impact on the beneficiaries. This is especially pertinent as monitoring and evaluation of a grant project is an essential and required component of the new grant model.

Project scope change

During a physical verification of grant assets, the auditor noted that the purchased grant assets did not match the approved budget. While the project was approved to provide sanitary napkin dispensers, the auditors noted that additional incinerators were purchased instead. We wish to remind District 3000 that any deviations from the approved budget or changes in the implementation of the project should be discussed with the international sponsors and, thereafter, such requests must be submitted for TRF approval. Consistent communication with TRF staff will ensure that the project is in compliance with the Global Grant requirements.

Financial Management

During a meeting with the primary project contact, the auditor was informed that the payments for incinerators were issued based on instructions received from a past governor and in absence of any quotation from the supplier. We would like to remind you as recipients of a TRF grant award, you are expected to conduct financial transactions at least at the level of standard business practice and to exercise the highest attention to the prevention of even the appearance that funds are being used in an improper manner. Please note that TRF expects a high level of diligence and transparency in the handling of the grant funds.

Conflict of Interest

It was noted that equipments like printer and copier were supplied by Past Governor Rajadurai Michael, who was a member of the project committee at the time of procurement. As per the Global Grant terms and conditions, a Rotarian who has professional responsibilities in relation to a vendor involved with a Global Grant cannot serve on the project committee.

TRF was, however, pleased to note that the quotation submitted by Past Governor Michael was competitive to those submitted by other suppliers and there appeared to be no financial gains from the conflict of interest. For future grants, all possible conflicts of interest must be disclosed to TRF prior to approval and documentation of a fair, open and thorough request for proposals must be submitted with the application. This will prevent any real or perceived conflict of interest.

The above mentioned issues were communicated to the district leaders and the project committee members during the exit interview. Please understand that the Trustees, acting in their capacity as stewards of grant funds, stress the importance of proper fiscal management in any activities associated with the programs of TRF. The recipients of the grants and all others associated with the project are expected to ensure that the grant funds are used effectively for the purpose for which they were approved by the Trustees. Any violation of the Future Vision Global Grant terms and conditions may result in suspension of the district from participation in TRF programs and may also require the full return of grant funds. Therefore, the Foundation asks the District 3000 to take immediate action to address the above concerns.

In order to close this audit, please comply with the following requirements:

- 1) Please provide a list of concrete examples of how District 3000 will take more active role in the day to day project implementation and control of the project records and finances for the future projects. This must include a financial management plan District 3000 will implement to ensure that all financial transactions will be conducted at the level of standard business practices as specified in the Global Grant Terms and Conditions and TRF Code of Policies.
- 2) Please provide written confirmation from Maharishi Vidhya Mandir school that the van provided to transport autistic children to and from school is being used for that purpose and further clarification for any additional uses.

- 3) Please provide a timeline for training the school authorities and students on the use the incinerators installed in the school premises. Upon completion, a letter of undertaking and confirmation of future maintenance must be provided by each school.
- 4) Given the difficulties associated with implementation of this project, detailed reporting on all grant activities will be required in order for this grant to be closed. Please record all activities associated with grant implementation in detail.

The requested documentation must be received by TRF no later than 31 March 2013. Until the above requests are fulfilled, this grant will be considered overdue on the reporting requirement and will count against the district's reporting percentage.

Your cooperation in these matters is appreciated and we are confident that these matters can be successfully resolved. Please feel free to contact my colleague Meredith Burlew, Stewardship -Department Manager (meredith.burlew@rotary.org) or me (rajesh.anand@rotary.org) if you have any questions.

Sincerely,



Rajesh Anand
Senior Stewardship Coordinator

cc: Yash Pal Das, Director, Rotary International
Ashok Mahajan, Trustee, The Rotary Foundation
P.T. Prabhakar, Director-elect, Rotary International
Yagappan Kumanan , District Governor, District 3000, RI
Richard B. Stevens, District Governor, District 5340, RI
S.R. Yogananda, Regional Rotary Foundation Coordinator, Zone 5 , RI
Arthur Harrington, Regional Rotary Foundation Coordinator, Zone 26, RI
Palanisamy Gopalakrishnan, District Rotary Foundation Committee Chair, District 3000, RI
Pamela Sue Russell, District Rotary Foundation Committee Chair, District 5340, RI
Er. K. Jambulingam, District Grants Subcommittee Chair, District 3000, RI
Philippe Lamoise , District Grants Subcommittee Chair, District 5340, RI
Sundararajan Gopal , District Governor-elect, District 3000 RI
Carl R. Kruse , District Governor-elect, District 5340, RI
Vikram Sanghani, The Rotary Foundation Cadre, Rotary Club of Rajkot Midtown, District 3060, RI
Sheeba Mathuram, Club President, Rotary Club of Tiruchirapalli Shakthi, District 3000, RI
Maureen Ninneman, Deputy General Counsel, Rotary International
Sanjay Parmar, The Rotary Foundation Manager, South Asia Office, Rotary International
Meredith Burlew, Manager, Stewardship Department, Rotary International
Jennifer Kordell, Regional Grant Manager, The Rotary Foundation
Erin Woodard, Future Vision Pilot Operations Manager, Humanitarian Programs, The Rotary Foundation
Prasanta Sahu, Supervisor, Legal Services, South Asia Office, Rotary International
Tania Dubon, Auditing and Monitoring Specialist, Stewardship Department, Rotary International
Laura Bradley, Grant Coordinator, Humanitarian Programs, The Rotary Foundation