

FIDUCIARY RESPONSIBILITY & OBLIGATIONS FOR OVERSIGHT OF ROTARY YOUTH PROGRAMS (2021-22)

4 LESSON OUTLINES from SANDY GOODSITE, PDG DISTRICT 5500 2007-08

LESSON I: EXPLORING THE MEANING OF FIDUCIARY RESPONSIBILITY

TASK # 1

Research the meaning of “fiduciary responsibility” using several sources. Write a synopsis of what the meanings are, and how they pertain to your Rotary Club, Rotary District and to Rotary International. If these differ, explain why and how concerned a Rotarian should be in establishing fiduciary guidelines to be adhered to at every level of the Rotary experience.

How does Herbert Taylor’s 4 Way Test, written in 1932 during the Depression, apply to your definition?

TASK #2

Many American corporations have been found to have lied or cheated on giving information to consumers, their stockholders or the government and the IRS about their business practices and corporate success or failures. Some of these companies have been rewarded for poor business practices by receiving huge government bailouts funded by the taxpayers. In China, executives for such companies are jailed or sentenced to death. Beginning with a small piece of America, namely your Rotary Club, discuss how fiduciary responsibility impacts the following scenes, and how they can be addressed with a positive outcome as your goal.

Club’s major fundraiser:

1. After bidding on menu, vendor overcharges for food
2. Ad space sold to merchants not distributed in hard copy at event
3. Donations are used for purchasing items not approved by donor (example a Mormon donor’s money used to stock the bar)

Club’s District Simplified Grant for \$2000 to purchase washers & dryers for local charity who work with homeless and Club required to match the District’s \$2000:

1. Charity uses some money for machines and buys clothes for back to school with the rest.

2. Charity gets a special discount on machines from appliance company, and only needs \$3100.
3. In each example, does Club need to request money back from charity?
4. Does Club need to return money to the District? How much?

Club's RI Matching Grant (with money from clubs, District & the Rotary Foundation) with a South American District that has only 4 clubs:

1. Receiving Club does not respond to your club's request for copies of invoices for final amounts allocated for purchases under the grant agreement
2. Receiving Club does not welcome your Club's designated team of visitors to view the half completed project, even though the date was planned five months in advance
3. Your District Matching Grants Chair is pressing you for details of the grant expenditures that you do not have from the receiving club

What to do???????

TASK #3

Look at the Rotary International Insurance policies and check into whether any activities that your Club is doing with be helped by the coverage. Who will report the activity? Look up the insurance information under Gallagher Insurance using rotary@ajg.com. You can also use my.rotary.org/on/us-rotary-club-and-district-insurance-program

TASK #4

Look up the "Long Term Plan 2020-2022" under the Rotary Foundation Cadre of Technical Advisors. Our own PRID Phil Silvers was the Chair from 2014-2018, and our Dean Gene Medina is a Cadre from 2019-2022. Tell me about ideas that may be enhanced by involving a request for someone in the Cadre group to help. Also, let us know if you would like to become a Cadre Advisor.

LESSON II: EMBEZZLEMENT

In Arizona in the last 15 years, at least 6 Rotary Clubs have had money stolen by their Treasurers; at least one District had more than \$8000. embezzled by a District Committee Chair, and at least one District had funds diverted to cover personal expenses by a District Governor.

At an earlier time, at least one Past District Governor has been jailed for theft. A past President of Rotary International has been accused of padding his expenses to include personal costs such as suits and computers.

Starting at the club level, OUTLINE steps to make sure that embezzlement cannot easily occur. Do the same OUTLINES for District Committees, District Governor and finally RI Committees and Board of Directors. Some examples you might include are:

CLUB LEVEL SAFEGUARDS:

- Club Treasurer must give a written monthly report of starting balance and ending balance for all club accounts at monthly Board meetings
- Club President must review monthly bank statements as well as all checks written and approve payment for any amount over \$50
- 2 signatures required by bank of any amount in excess of \$100.
- Any theft must be reported to the local police, and the thief barred from Rotary membership immediately.

LESSON III: IRS RULES

Several Rotary Clubs have received fines and penalties in excess of \$5000 for failure to file reports with the Internal Revenue Service. The IRS has instituted very specific rules for annual reports for Rotary Clubs and Districts, Rotary Club Foundations and District Foundations, as well as, other service organizations.

- Research what a 990 form looks like, and what information must be reported on it
- Inquire at your club about who has the responsibility for filing it each year, and what the IRS deadline is annually
- Who has been signing it on behalf of your Club?
- Design a warning label to be published in the District newsletter or at PETS to help President Elects know where to find the form at the IRS website, due dates, and who must file
- Rotary Club Raffle Rules: look up reporting requirements and withholding requirements and give a warning for Clubs in your District newsletter.

LESSON IV: YOUTH PROGRAM RESPONSIBILITIES & LIABILITIES

Rotary programs that involve children under the age of 18 are potential targets for predators, and potential harm can occur not only to the students involved, but also the Club and District. Interact, Youth Exchange, Rotaract, RYLA and 4 Way Test Contests as well as community projects in which your Club involves young people, as volunteers, are all at risk. The recent

scandals at Penn State and Syracuse , as well as the Boy Scouts and the Catholic Church, revealed how people ignored unpleasant clues to predatory behavior and are not just leaving minors unprotected, but actually contributed to the acceleration of the number of victims. Rotary International and in the case of Youth Exchange, the US State Department, have put rules in place regarding background checks for all adults who will have one-on-one contact with youth, and prescribed interviews for hosting families and other protective measures. In Arizona, of concern is the fact that Rotarians with criminal histories have boldly applied within Clubs or Districts for positions of responsibility for minors, even when they are aware that their previous record maybe revealed by the background checks.

- Using RI's website "Youth Protection Policies and Resources" by Lindsay Griswold and your District's rules, as well as US Department of State rules, research rules for youth protection both in your District and in the school districts that you work with. Make a summary of what is necessary and a timeline of how the guidelines are completed.
- Using your District's website and RI's as well as the US Department of State, research rules for youth protection initiated by your District, the School District that you work with, and Rotary International. Make a summary of what is necessary, and also a timeline of how the guidelines are completed.
- Find out if your District has a policy for potentially explosive breaking news about a tragedy regarding one of the youth programs. Who is the designated District spokesman, and do most clubs know about the policy. Write a short article for your District newsletter talking about this policy.
- Background check failures are shared only with a limited number of people in the District due to privacy laws. Registered sex offenders from other states who have failed to register in Arizona, however, should be reported to your local police. How can a Rotary Club protect itself and the minors in it's Youth Programs, when someone applies for a position with youth, but fails the background test?

Thank you each for the time, effort and thought that you have invested in this segment of the Academy. I hope that you have enjoyed the challenge, been horrified by some of the issues (which unfortunately are true) and can see how you can have a positive effect on the acceptance of fiduciary responsibility and youth protection by the people in our organization. Knowledge is power!!!! Looking forward to sharing years ahead of leading in Rotary at all levels,

Yours in Rotary Service,

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