

LCIF Grant Compliance in Project Management



Lions Clubs International
FOUNDATION

What is Grant Compliance?

Compliance in grant management refers to adhering to the terms, conditions, and legal requirements set by Lions Clubs International Foundation for approved grants. It is important to ensure that grant funds are used appropriately, project goals are met, and accountability is maintained. While grantees strive to comply, unintentional issues can arise from a lack of understanding of what constitutes non-compliance.

This document will highlight the importance of grant compliance, common compliance missteps and guidance on how to prevent these situations. By recognizing these risks and taking proactive measures, grantees can ensure that grant project management and oversight adheres to LCIF's requirements and follows best practices to ensure transparency.

Why is grant compliance important to LCIF and Lions?

It is important to educate Lions on grant compliance and the value of engaging in best practices.

There are many benefits to strengthening LCIF's compliance framework, as the goals are to:

- Ensure that all grants are utilized effectively and ethically
- Enhance transparency and trust with donors and partners
- Reduce the risk of financial mismanagement and legal issues
- Foster a culture of accountability with grantees
- Educate and train Lions grantees on best practices and the steps to take to avoid a grant compliance issue

What are some of the common grant compliance issues for grantees?

From time to time, LCIF approved grants may encounter challenges that impact the grant's successful implementation according to the LCIF grant agreement and/or agreed upon guidelines. The most frequently encountered problems in the implementation of grant projects, include, but are not limited to:

- Allegations and acts of funds misuse
- Conflicts of interest
- Questionable and/or lack of financial reporting
- Financial mismanagement
- Misrepresentation of project performance
- Project management issues with Lions and implementing partners
- Issues with the timeliness of a project's completion
- Lack of progress being made within approved project timeline
- Failure to comply with LCIF directives, conditions, or decisions

Financial Management

Refers to oversight and financial practices that will ensure transparency and accountability.

AVOID THE FOLLOWING:

- Using grant funds for unapproved activities; personal use of grant funds
- Failure to maintain proper financial records
- Co-mingling grant funds and using them in a discretionary way
- Using grant funds awarded for one project to pay expenses for a different project
- Using non-approved methods or practices to seek more advantageous or preferable exchange rates (This includes moving funds through non-bank associations or persons to avoid exchange rates or bank fees or endorsing grant checks over to persons or entities not associated with the project).
- Altering financial documents (i.e., pro forma invoices, paid invoices, bank statements) for any reason with the intent to misrepresent the finances
- Making local agreements or promises contingent on LCIF grant funds
- Keeping unused grant funds instead of returning them to LCIF
- Making cash payments to cover project expenses

BEST PRACTICES:

- Seek prior approval for budget modifications.
- Establish and maintain a separate account for grant funds. Never use LCIF grant funds in a discretionary manner.
- Keep detailed receipts and documentation for all purchases.
- Do not engage in activities that undermine or occur outside the banking requirements for the grant funds.
- Submit financial documentation in its original form as received from the original source.
- Do not make financial promises and commitments outside the terms and conditions of the grant agreement. LCIF is not a party to those agreements and will not be obligated to the arrangement.
- Document and return all unused grant funds, including any interest earned; these funds are not for discretionary use.
- Cash payments are strictly prohibited unless authorized in advance by LCIF.

Reporting & Documentation

Refers to reporting practices, key document requirements, and the importance of keeping good records.

AVOID THE FOLLOWING:

- Not submitting a final report to verify grant funds utilization, including local matching funding
- Incomplete or inaccurate reports; lack of supporting documentation; missing receipts
- Misrepresentation of project performance; intentional reporting of false progress or outcomes
- Modifying documents prior to submission to LCIF (i.e., bank statements, pro forma invoices, paid receipts, agreements, etc.); falsifying documents and submitting them to LCIF

BEST PRACTICES:

- Understand the deadlines for reporting and make sure a final report is submitted.
- Understand what documentation is required for the final report. Grantees will be asked to refund any undocumented expenditures.
- Document project progress and organize required documents.
- Report genuine activities and share true accounts of accomplishments and challenges.
- Submit documentation in its original form as received from the original source, as questionable submissions will not be accepted.
- Double-check reports before submission and obtain required endorsements.

Conflict of Interest

Refers to relationships and the non-disclosure engagement with persons and entities involved with the project's implementation. This includes actual conflicts as well as anything that would cause the appearance of impropriety or perceived conflict.

AVOID THE FOLLOWING:

- Engaging with certain vendors, businesses, partners, or other entities that have a personal or professional relationship to anyone on the project committee
- Failure to disclose relationships or awarding contracts and/or business to personal or professional connections
- Committee members receiving payment for their role in the project
- Using the grant funds as leverage for other motives, whether personal or professional
- Allowing a family member, relative, or spouse to serve in the roles of grant administrator and/or project chairperson where funds can be easily manipulated

BEST PRACTICES:

- Ensure that no member of the project management committee has a direct or indirect personal or professional relationship with the vendors, businesses, or partners chosen for the project .
- The above notation also includes LCIF Technical Advisors who are assigned to work with Lions during various stages of the grant process, including application development through project monitoring and evaluation for approved grants.
- Always disclose potential conflicts to LCIF in writing.
- Follow fair procurement practices when selecting project vendors, contractors, businesses, and partners.
- Avoid engaging in relationships that create the appearance of impropriety or a perceived conflict of interest within grant project management.

Project Implementation

Refers to the implementation of the project including oversight, and accountability.

AVOID THE FOLLOWING:

- Deviating from approved project activities and/or budget without approval from LCIF
- Little or no progress within approved project timelines
- Lack of oversight by project committee
- Not understanding the roles and responsibilities of the project committee, especially those of the grant administrator and project chairperson
- Lions at the local level and/or partners are not clear on their roles and responsibilities

BEST PRACTICES:

- Stick to the approved project plan. Contact LCIF for approval to make changes before any change is made.
- Ensure that the project timeline is closely monitored and adjusted as necessary. Notify LCIF promptly of any timeline delays and the reasons why. All grant projects are expected to be completed within a reasonable time.
- The grant administrator and project committee are responsible for closely monitoring the project implementation, including the financial activities. Hold regular meetings to communicate on how things are progressing and contact LCIF for guidance as needed.
- Develop an MOU with the partner or beneficiary organization to ensure that both parties clearly understand their role and responsibilities.
- Share the grant agreement and final reporting guidelines with local Lions and the partner or beneficiary organization so they are aware of the data and information that LCIF requires in submitting the final report.

Ethical & Legal Practices

Refers to activities and practices related to legal and/or moral principles such as honesty, integrity, fairness, and accountability with the project implementation.

AVOID THE FOLLOWING:

- Discriminatory practices in project implementation
- Lack of confidentiality with beneficiaries
- Not obtaining proper authorization or permissions from beneficiaries
- Misuse of beneficiary data, including images
- Political or personal favoritism related to services provided by the project

BEST PRACTICES:

- Train Lions on ethical and legal practices related to the project implementation.
- Ensure that all beneficiaries are treated in a fair manner.
- Only collect beneficiary information that is necessary to implement the project. Take appropriate measures to guard and protect personal and sensitive information gathered from beneficiaries.
- Follow all privacy and confidentiality agreements.
- Understand and abide by all government policies, country-specific regulations, local laws, and ordinances. This may include seeking out and working with local legal counsel who is aware and familiar with these local laws. Research these in advance of developing the project and submitting the application to LCIF.
- The core values of the Ethical Standards of Lions Clubs International, along with the policies of the International Board of Directors, provide a guide and framework to help you understand what is expected from you and to help you make good decisions. As they are not all inclusive, your good and best judgment is essential in doing the “right” and ethical thing. See the association’s Code of Ethics, located in the Board Policy Manual, Chapter VI.

Consequences and Outcomes

While most projects are successfully completed without issue, some may face challenges that require further evaluation by LCIF. Grant compliance matters are reviewed by the LCIF Board of Trustees, who provide guidance on how the matter will be addressed. Lions Clubs International Legal Division is consulted on situations as appropriate.

In reviewing these situations, the LCIF Board of Trustees may take several actions when it comes to addressing these infractions, including but not limited to:

- The grantee is required to return a portion or all the grant funds; including any unspent grant funds.
- Installment and future disbursements may be suspended while the situation is under review.
- A moratorium on grants may be implemented meaning that no grant requests of any kind may be considered by LCIF for a definite or indefinite period. This could be at the district, multiple district, or country level.
- Grant activities may be suspended or terminated.
- Modification of grant leadership where changes are made to the grant administrator, project chairperson, or both roles if necessary and beneficial to the project's progress.
- Require an audit of the grant's financial records and transactions by a reputable auditing firm, possibly at the expense of the grantee.
- Legal action may be taken if determined appropriate by the Lions Clubs International Legal Division.
- Any combination of the above-mentioned actions may be taken by the LCIF Board of Trustees, as appropriate.

Education and awareness of grant compliance ensures that Lions are aware of best practices in grants management. This information should be shared with all parties that play a significant role in the implementation of the project. Questions should be directed to the LCIF Global Grants Division at LCIFGlobalGrants@lionsclubs.org.

