

Benewah County Policy and Procedures for Handling Finances for 4-H Clubs/Groups

Background/Statement of Need

County volunteer leaders, including the 4-H Council and 4-H club/activity, are an integral part of the education program of the land-grant university and the U.S. Department of Agriculture. In Idaho, volunteer leaders represent the University of Idaho and serve as lay educators of youth and other adults. In their volunteer roles, leaders have the responsibility to follow sound money management practices as required by the University of Idaho and the U.S. Department of Agriculture. Likewise, Extension faculty and staff have the responsibility to oversee the financial soundness of these organizations, and to ensure proper financial management of internal Extension Office accounts.

Throughout the remainder of this document all entities, both internal and external (including but not limited to Master Gardeners, 4-H Leaders Council, 4-H Clubs, teen councils, horse councils, UI Extension faculty and staff, etc.), shall be referred to as “groups”. The procedures outlined are required of all groups and their accounts. The application of sound money management principles also provides an excellent opportunity for additional education and hands-on training for adult volunteers, 4-H members, and adult leaders.

The following procedures will assist all faculty, staff, volunteer leaders and 4-H club members with proper handling and auditing of financial accounts (mainly checking) associated with the University of Idaho Extension. These policies and procedures help reduce the possibility of misuse of funds, and help protect UI Extension and all financial accounts associated with groups from public censure.

This paper outlines a financial management policy and implementation plan to be followed by the Benewah County Extension faculty, volunteer leaders, and 4-H club members.

Program Financial Management Policy

All Idaho state, district, and county programs where money is solicited, collected, reimbursed or raised on behalf of University of Idaho Extension must be audited annually. This includes both UI Extension Office checking accounts and all other group accounts including, but not limited to:

1. Chartered 4-H Clubs
2. All other groups, such as Master Gardener clubs or organizations, 4-H Leader Councils (county, district and/or state), 4-H project committees (e.g. horse, dog, rabbit, etc.), Master Food Preserver/Food Safety Advisors, Afterschool programs, Market Animal Sale Committees (if not a separate 501c3), and professional associations (IACCA, IEAFCS, IAE4-HA, etc.).

For the groups listed above, each group should form a three-person financial audit committee annually that is composed of leaders and where applicable, one or more youth members to review all monies received and spent. Each 4-H club or group should accurately account for all collected funds in individual 4-H club accounts and reconcile all club checking and cash accounts annually. The emphasis at the club level should be on providing basic money management education to members as well as assuring the proper use of the club funds. Money management skills, both personal and organizational, are expected to be of increasing importance in our ever more financially complex world. Early understanding of very basic budgeting and auditing procedures will be of significant educational value to our 4-H youth as they prepare to function in an increasingly complex financial environment. Early understanding of basic budgeting and auditing procedures will be of significant educational value to youth as they prepare for the future.

Each group **must** complete the **Annual Summary Financial Report** (Page 8), the **Financial Audit Committee Certification Form** (Pages 9-11), and the **Annual Club Inventory Form** (Page 12) and submit it to the Benewah County Extension Office no later than November 1st. Each of the documents will reviewed for completeness and the date each form was received documented.

The **Annual Summary Financial Report**, the **Audit Committee Certification Form**, and the **Annual Club Inventory Form** for each club or group will be kept on file in the Benewah County Extension Office for five (5) years. The University of Idaho will conduct random audits of the **Annual Summary Financial Report** and the **Audit Committee Certification Form** each year.

The consequences for a club if that club chooses not to comply with the University of Idaho 4-H Youth Development Financial Management Policies as listed in the 4-H Policies and Procedures and the County Operations Handbook, is they are at risk for losing their status as a 4-H club and may be suspended or terminated as a 4-H club. If their 4-H club does have money and does not comply with the guidelines, then those clubs will be turned over the proper authority to deal with.

Compliance with the University of Idaho 4-H Youth Development Financial Management Policies is critical and the university is very serious about clubs that don't comply. Not only is it the county at risk, but the entire university is at risk if someone doesn't follow the rules. If we have issues, it could jeopardize the entire state 4-H program's tax exempt status. (if a club doesn't comply from county A and we get in trouble with IRS, we could lose the tax exempt status, then counties B-Z and beyond also lose that status).

Financial Management Procedures

Group leaders and club members are encouraged to develop a simple budget of anticipated income and planned expenditures. The budget provides an organized way to plan expenditures according to the priorities set by each council or club and to reflect the collective desires and intentions of the individuals involved.

Below is a simple 4-H budget that can be used by individual 4-H clubs and other small groups in the county to plan for anticipated income and expenditures. 4-H Councils and other large organizations may want to use a more detailed budget (see page 13).

4-H Budget

Estimated Income and Carryover:

Carryover from previous year	\$ 80.00
*Sales	240.00
*Donations	40.00
*Interest	5.00
*Etc.	

Total Income \$365.00

Estimated Expenditures

**Supplies	\$ 40.00
**Advertising	25.00
**Awards	35.00
**Travel	175.00
**Etc.	

Total Expenditures \$275.00

Projected Carryover for Next Year

(Income less Expenditures) **\$90.00**

*Identify income categories as appropriate

**Designate expense categories as appropriate

Inventory Management Procedures

It is important for every club and every organization to know what property it owns, how much it originally cost, or value if donated, where it is located, and how it was finally disposed of, or if it is no longer part of the inventory. Without this information, it is often very difficult to be aware of and manage the inventory. The **Annual Club Inventory Form (Page 12)** is to be used by all groups and clubs in Benewah County and is due to the Extension Office by November 1st.

Managing Financial Receipts and Expenditures

It is important to keep accurate and consistent records of all financial receipts and expenditures in order to assure that all funds received and all funds paid out are completely and accurately accounted for and are handled only by authorized persons.

Financial Disbursements

The following financial procedures must be used to properly account for any funds expended:

1. All disbursements must be made by check.
2. Printed, pre-numbered checks are used and properly controlled.
3. The supply of blank checks is adequately secured.
4. **Checking accounts must have at least two authorized signers; all written checks must have two signatures. The two signatures cannot be from the same family.**
5. The group's officers or county chair (for Extension Office checking accounts) should authorize all bank accounts and designate check all check signers.
6. Provide for immediate bank notification when a check signer leaves the group.
7. Checks are prepared by someone other than those who authorize the payment, when possible.
8. Checks presented for signature (or bills presented for payment) are accompanied by approved invoices and evidence of receipt and acceptance of goods and services.
9. The signers of checks make adequate investigation before affixing their signatures to a check.
10. All supporting documents or invoices are cancelled by marking paid in full along with the check number and date of payment to prevent reuse.
11. The signing of checks in advance is prohibited.
12. No checks are made payable to cash.
13. There is adequate control over postage purchased and used.
14. Voided checks are held for inspection.
15. No counter checks are permitted.
16. Bank statements are delivered unopened directly to the reconciler and bank accounts are reconciled monthly. Banks statements are properly filed in an appropriate storage container (expandable file, file box, etc.).
17. The sequence of check numbers is accounted for when reconciling the bank accounts.
18. Endorsements on cancelled checks are examined carefully, incidental to the reconciliation of the bank account.
19. Paid checks are viewed for irregular features.

In addition, the following financial management practices are strongly recommended:

1. If there is a large checking account balance (i.e. \$5,000 or more) that is not needed for day-to-day working funds:
 - a. This excess working balance should be kept in a savings account, or certificate of deposit, requiring two signatures for withdrawal.
 - b. A competitive rate of interest should be earned on the account.
2. For accounts over \$10,000, signers of checks should be bonded.

The University of Idaho reserves the right to conduct or authorize unannounced independent audits to determine if financial practices and controls are being followed.

Petty Cash Procedures

No petty cash accounts are allowed. Petty cash is defined as small amounts of money kept in an office or other location and used to cover minor everyday expenses. This should not be confused with keeping a cash box for the sole purpose of making change.

Financial Receipts

It is necessary to properly manage all financial receipts in order to assure that all funds received have been properly accounted for and deposited or otherwise secured.

Recommended cash or check receiving procedures include:

1. Cash or check-receiving activities are centralized in as few hands as possible.
2. The receipt of cash or checks can be proved with written receipts or other record.
3. The individual first receiving any money should document the date, source, and amount of money received by using a duplicate receipt book.
4. All checks are made or endorsed payable to county Extension office, county 4-H Council or club, or other appropriate Extension-related group.
5. All cash or checks received are safeguarded and deposited within one week of being received.
6. No advances or IOU's may be made to employees, volunteers, group members, or others under any circumstances.

Lines of Credit

Lines of credit are **not** allowed.

¹Adapted from "A Leader Guide: County 4-H Councils: Committees Concerned About Youth," University of Kentucky, College of Agriculture, Cooperative Extension Service.

²Adapted from University of Idaho County Educator Handbook Section B-3 "Policies and Procedures for Handling Volunteer and County Office Financial Accounts" University of Idaho, College of Agriculture, Cooperative Extension Service

Auditing Group Books

The financial reports of every group will be reviewed and audited on a yearly basis as a sound fiscal management practice. The review and audit should be a careful examination to check for accuracy of how well the treasurer and the group are handling the organizations (public's) money. The president or chair of the organization will appoint a financial audit committee to conduct and report the annual audit. It is recommended that at least three people be involved in the audit process, and that the treasurer be present at the time of the audit. The financial audit team should not include a member who is in the same family as the organization's treasurer. In most instances, the financial audit committee can be comprised of volunteers in the organization who have undergone training n how to conduct an audit.

An audit of the books must be conducted by a financial audit committee when transferring responsibility from one person to another, for the protection of both parties involved. The example audit certification may be helpful as a guideline for completion by the audit committee. Documentation of the transfer of responsibility, including names and transfer date, may be provided in the Comment/Recommendations section of the Financial Audit Certification Form.

The purpose of the audit is to examine procedures for accuracy of the accounts. It is not a check for fraud, however, fraud will be reported if found. The records should be clear and easily understandable. In most cases, a financial audit of an Extension program or organizational club will take less than an hour.

The **Financial Audit Committee Certification Form** (Page 8) is adequate for completion by the committee. A copy of this audit certification form must be filed with treasurer and a copy must be delivered and kept in the Benewah County Extension Office where it will be recorded as received, reviewed for completeness, and maintained for five years. Annual audit certifications are due to the Benewah County Extension Office by November 1st. The Financial Audit Form (Page 9-11) is a checklist that may be useful when conducting an audit; it does need to be submitted to the Extension Office.

The **Annual Summary Financial Report**, the **Audit Committee Certification Form**, and the **Annual Club Inventory Form** for each club or group will be kept on file in the Benewah County Extension Office for five (5) years. The University of Idaho will conduct random audits of the **Annual Summary Financial Report** and the **Audit Committee Certification Form** each year.

Annual Summary Financial Report

Name of 4-H Club/Group _____		
Name of Bank _____		
For the 4-H Year Beginning October 1, _____ and ending September 30, _____		
1. Balance at Beginning of Year		
INCOME (By event or activity)		
2.		
3.		
4.		
5.		
6.		
7. Total Income for Year (Add lines 2 through 6)		
8. Adjusted Balance (Add line 1 and line 7)		
EXPENDITURES (By event or activity)		
9.		
10.		
11.		
12.		
13.		
14.		
15. Total Expenditures for Year (Add lines 9 through 14)		
16. Balance at End of Year (Subtract line 15 from line 8)		
<i>If line 16 doesn't agree with bank statement complete lines 17, 18, and 19</i>		
17. Add checks that haven't cleared the bank		
18. Subtract deposits that haven't cleared the bank		
19. Adjusted Balance (Should agree with bank statement)		
Prepared by (Treasurer) _____	Date _____	
4-H Club or Group Leader _____	Date _____	
County Chair _____	Date _____	

This report is due in the County Extension Office by November 1st.

An example of a completed Annual Financial Summary is located on page 14.

Completing the Annual Summary Financial Report

1. The **Annual Summary Financial Report** provides an overview of your club's financial activities for the 4-H year (October 1 to September 30). At the top of the form, fill in your club name, your bank's name, and the dates covered by the report.
2. Line 1, **The Balance at Beginning of Year**, is the amount on hand on the first day of the new 4-H year, or October 1.
3. Lines 2 through 6 are where you would report your club's **Income** for the year. Each line should report all the income from a particular activity or event. For example, line 2 may be for enrollment income, line 3 for candy sale income, etc. Fundraisers can be reported all together or separately, such as line 3 for a candy sale and line 4 for a car wash, or line 3 for the candy sale and car wash combined.
4. Line 7, **Total Income for Year**, is lines 2 through 6 added together.
5. Line 8, **Adjusted Balance**, is your beginning balance (line 1) added to your total income for the year (line 7). This line shows how much money your club had to work with during the year.
6. Lines 9 through 14 are your club's **Expenditures** for the year, again grouped by a particular activity or event.
7. Line 15, **Total Expenditures for Year**, is lines 9 through 14 added together. This line will show how much money your club spent during the year.
8. Line 16, **Balance at End of Year**, is your total expenditures (line 15) subtracted from your adjusted balance (line 8). This line will show how much money your club has to start the new 4-H year.
9. Compare line 16 with your bank statement. They should be the same. If they are not the same it is probably because some checks and/or deposits have not yet cleared the bank. Use line 17 to add the total of all your checks that haven't cleared the bank yet to your balance (line 16). Next, use line 18 to subtract the total of all your deposits that haven't cleared the bank from your balance (right hand column in line 17). Write your new balance on line 19. The balance should now be the same as your bank statement. If it still doesn't add up, you need to go back and check all your income and expenditure amounts.
10. Finally, sign and date the report where it is indicated for the treasurer's signature. Also, have your adult leader sign the report and submit a copy to your club, a copy to your County Extension Office, and keep a copy for your records.

FINANCIAL AUDIT FORM GUIDE

Please indicate one of the following for each question: Y (Yes), N (No), NK (Not Known) or NA (Not Applicable)
Have one guide available for each auditor.

Auditor

_____ 1. Are the group's funds on deposit at only one bank?
Bank Name _____

Comments:

_____ 2. Have funds been reported and deposited appropriately?

Comments:

_____ 3. Does the bank balance agree with the balance in the treasurer's report?

Comments:

_____ 4. Have amounts received and amounts spent been promptly entered in the treasurer's record with the date and explanation of the transaction?

Comments:

_____ 5. Have all checks been signed by two members, the treasurer, and at least one other member authorized by the organization?

Comments:

_____ 6. Are these two people from different families?

Comments:

_____ 7. Have all disbursements been made by check?

Comments:

_____ 8. Have any checks been made payable to cash?

Comments:

_____ 9. All checks are pre-numbered and preprinted?

Comments:

_____ 10. Have any counter checks been used?

Comments:

_____ 11. All disbursements are properly documented. Supporting documents include evidence of purchase, original receipt, and approval.

Comments:

_____ 12. All such support document are cancelled in a manner that assures they cannot be reused.

Comments:

_____ 13. Those authorized to sign checks are bonded if annual receipts total more than \$10,000.

Comments:

_____ 14. Voided checks are available for inspection.

Comments:

_____ 15. Printed pre-numbered receipt forms are properly used for receipt of cash, and carbon copies kept and maintained.

Comments:

_____ 16. Restrictive endorsement (i.e., using the phrase “For deposit only”) is placed on incoming checks as soon as they are received.

Comments:

_____ 17. Financial overages or shortages are properly recorded on books.

Comments:

_____ 18. Bank deposits are certified by means of a duplicate deposit slip or entry in the checkbook register.

Comments:

_____ 19. Checks returned by the bank for insufficient funds are controlled and a follow-up maintained.

Comments:

_____ 20. Bank deposit bags or lock boxes are used for safeguarding cash and checks. Cash and checks are deposited within a week of being received.

Comments:

_____ 21. Annual financial statements and monthly reports are provided by the treasurer including: account balances; receipts; expenditures and closing balances.

Comments:

Annual 4-H Club Inventory Form

To be submitted to the Extension Office (with the Annual Summary Financial Report)
by November 1st.

Club Name: _____ Date Submitted: _____

Item/Description	Date Purchased	Purchase Price	Where Item is Currently Kept	If disposed (list date)	Amount Received

I certify that the above inventory list is complete and accurate to the best of my knowledge.

Organizational Leader Date

Extension Educator Date

Club Notice:
If a club or committee becomes inactive, all inventory items and funds are required to be turned into the Extension Office. All assets will be placed with UI Extension for up to three years. If the club or group is re-activated within that time period, all assets will be returned. If there is no re-activation within the three year time period, all assets become the property of the UI County Extension Office to be distributed at the discretion of the authorized Extension personnel.

EXAMPLE

FY 2012 PROPOSED BUDGET
Mountain View 4-H Club

	2011	2012
INCOME	ACTUAL	PROJECTED
2010 Carryover	\$1,538.00	\$1,335.35
Club Member Dues	375.00	475.00
United Way	350.00	400.00
Food Booth Profit	827.00	900.00
Raffle Profit	223.00	300.00
Bank Interest	<u>8.25</u>	<u>9.00</u>
TOTAL INCOME:	\$3,321.25	\$3,419.35
 EXPENSES		
Club Member Dues to County	\$375.00	\$475.00
4-H Publications	47.50	50.00
Club T-shirts	250.00	275.00
Camp Scholarships	200.00	250.00
Safeway (for Food Booth)	863.40	875.00
TV for Raffle	<u>250.00</u>	<u>250.00</u>
TOTAL EXPENSES:	\$1,985.90	\$2,175.00
 KEY BANK ACCOUNT		
Savings	\$0	\$0
Checking	<u>\$1,335.35</u>	<u>\$1,244.35</u>
SEPTEMBER 30 CARRYOVER:	\$1,335.35	\$1,244.35

EXAMPLE

FY 2011 FINANCIAL STATEMENT
September 30, 2011
Mountain View 4-H Club

INCOME		2011
2010 Carryover		\$1,538.00
Club Member Dues	\$375.00	
United Way	350.00	
Food Booth Profit	827.00	
Raffle Profit	223.00	
Bank Interest	<u>8.25</u>	
TOTAL INCOME:		\$3,321.25
 EXPENSES		
Club Member Dues to County		\$375.00
4-H Publications		47.50
Club T-shirts		250.00
Camp Scholarships		200.00
Safeway (for Food Booth)		863.40
TV for Raffle		<u>250.00</u>
TOTAL EXPENSES:		\$1,985.90
 KEY BANK ACCOUNT		
Savings		\$0
Checking		1,335.35
SEPTEMBER 30, 2011 CARRYOVER:		<u>\$1,335.35</u>