

Financial Management of 4-H Clubs and Learning Communities Talking Points

Use these points to guide conversations between extension council members and county volunteers, staff, 4-H members and families to provide background information on the changes in financial management of 4-H club and learning community funds.

Review Fiscal Policy and Procedures

While reviewing the [Fiscal Policy and Procedures](#), see page 3, 2.3 Public Funds.

"...funds owned by a public entity such as a County Extension District. This includes both tax and non-tax monies. All monies generated by users of the district entity are owned by the district, not the user."

"All public funds have the same legal requirements for accounting, reporting, auditing, proper signatures, segregation of duties, publishing, bonding, investing and uniform financial accounting procedures."

The state auditor and legal counsel has determined the external checking accounts are not sound management of funds nor allowed by Iowa Code.

Comparison

Extension districts should be viewed the same as a school district. There are many different groups within the school, but all funds are processed from the school's operating fund. For example, an athletic team can fundraise for new uniforms. The funds are payable to the school and the school purchases the new uniforms with the funds. The coaches/parents do not manage a checking account with the funds. The drama teacher does not hold the department's checkbook, etc.

Steps to transition location of funds

1. 4-H clubs will close their checking accounts once all deposits and checks have cleared.
2. Extension creates an account line for each club in Microsoft GP and deposits club's existing funds into newly created lines within the operating fund.
3. All club funds transferred by fiscal year-end 2019 to begin implementing new practices in the new year. Once completed, all clubs will meet the requirement for *reporting, auditing, proper signatures, segregation of duties, publishing, bonding, investing and uniform financial accounting procedures*.

Benefit services to clubs

- Monthly reports will be included in extension council's financial reports and sent to club officer(s) and leader(s).
- Sales tax exempt services provided to club purchases.
- Documentation of all transactions is maintained.
- District credit card can be used by staff to assist clubs with purchases.
- Documentation can be sent electronically by email and text to the extension office.
- Districts can and may require treasurer's books be submitted by clubs for awards.

Meeting with 4-H Club leaders and 4-H members

1. Use the 4-H Club Partnership Agreement to provide structure to processes and expectations.
2. Focus on service to clubs and learning communities.
3. Address the movement of closing 4-H accounts and individual tracking of funds in extension district operating fund account. (Note documentation, auditing, reporting, signature and securing.)
4. Stress that each club will have a budget line within extension district accounting system and they can continue to use funds to support club needs and activities.
5. Emphasize how easy the transition is:
 - a. Deposits will be brought to the office by members, volunteers and/or parents and processed by county extension staff.
 - b. Clubs fundraise, budget and plan for the use of their funds.
 - c. To purchase/pay a bill, leaders or treasurer will provide extension office with meeting minutes when appropriate or a copy of the receipt. The request for payment of funds may be sent via e-mail, postal mail, or in person plus provide the signed voucher request form.
 - d. Extension office can make purchases on behalf of the club per club request (credit card and sales tax exempt).
 - e. Club treasurers can present and explain monthly statement to club at monthly meetings.
 - f. Clubs no longer need EIN numbers, signature card and enjoy tax-exempt status.
 - g. Limits liability for volunteers, members and parents. For leaders, members and parents this protects them and is a best practice.
6. Volunteers, members, staff and council members in a pilot county have positively embraced this process for a year and a half.

What the county bookkeeper needs to know to implement this practice

1. **Account numbers:** Establish a revenue and expense line for each club; use 800- account numbers.
2. **Monthly reports:** After council has approved the monthly financial reports, send each club their monthly statement via e-mail or mail.
3. **Deposits:** Office staff will deposit funds as outlined in fiscal policy. Bookkeepers will apply the deposited amount to club budget line.
4. **Expending funds:** Bookkeepers/office staff will communicate with 4-H leaders and/or club treasurers regarding expenses. Bookkeepers will need to receive bill, receipt or club minutes for the club to pay/reimburse for purchases. Extension may purchase items with credit card on behalf of clubs.
5. **Signatures and documentation:** Fund request must be accompanied by documentation. Documentation or signatures may include: club minutes, receipts signed by leaders and e-mails with leaders cc'd.
6. **Funds needed last minute:** Bookkeepers have busy schedules. They will get to the last minute fund request when they can. It is the club's responsibility to plan accordingly. Last minute requests also require extension staff to coordinate with council to sign checks.
7. **Checks from clubs to extension district, payments to clubs from extension district:** invoicing clubs for payment will no longer be part of the process. Journal entries, electronic reporting/communication and documentation will be the future.