

August 27, 2018

To: 4-H/Youth Development Program Specialists and CYCs
Regional Directors, County Program Leaders and County Councils,
Terry Maloy

From: John D. Lawrence, Vice President

Re: 4-H Club Financial Management

I am asking County Extension Councils and County Staff to begin discussions with the 4-H Clubs and Learning Communities about the management of 4-H funds. Currently and historically, clubs have maintained individual checking accounts, but I ask you to begin local discussions about managing club funds within the County Extension District financial management system. Each club's account is managed separately within this system for tracking purposes, and clubs will still determine how their funds are used.

I am asking for this change for two reasons. First, the State Auditor of Iowa, referencing 12C.1¹ and 176A of the Code of Iowa², has determined that 4-H club funds are the responsibility of County Extension Councils. Second, National 4-H has recommended practices about how funds raised by clubs and learning communities are managed. Managing the funds through the County Extension District will address both of these concerns. Councils will be in compliance with state code and clubs will be following sound fiduciary practices. I recognize that such a transition will take time, but we need to begin.

Advantages to moving club funds to the Extension District:

- The funds will be in a state audited system that lessens risks to counties and administrative burden to clubs and club leaders.
- Clubs no longer have to change signatory authority on their checking account each time the treasurer changes.
- An adult volunteer unrelated to the treasurer does not have to be a signatory on the checking account.
- No Employer Identification Number (EIN) is required from the Internal Revenue Service (IRS) for each club or learning community.
- Documentation of all transactions is maintained by Extension staff and monthly reports will be sent to club officer(s) and leader(s). The club treasurer still will present his or her report to the club.
- Documentation of bills to pay may be sent electronically to the Extension office, which will pay the bills and adjust the account balance.
- The Extension District provides sales tax exempt services to club purchases.

¹ <https://www.legis.iowa.gov/docs/code/12C.1.pdf>

² <https://www.legis.iowa.gov/law/iowaCode/sections?codeChapter=176A&year=2015>

- The Extension District credit card may be used by staff to assist clubs with purchases.
- This system provides better segregation of duties and overall internal control, thus resulting in proper Extension Council oversight of public funds.

Some 4-H clubs and Extension Districts have already successfully piloted this method of managing club funds in recent months. This method also relieves volunteers from being responsible for the funds. Extension Districts have the responsibility for the funds now (12C.1³ and 176A of the Code of Iowa⁴), but do not have the oversight until this move is complete. Districts are audited annually by the State Auditor and this move will help bring districts into compliance and give clubs confidence in the management of their funds. Auditors are already asking counties about their plan to manage club accounts.

This [website](#) contains links to a Partnership Agreement template between the county and each club, guidance from the State Auditor, forms to be used in making deposits, requesting payment, inventories, etc. and frequently asked questions about the proposed changes.

Each club/learning community will have their funds available in separately managed accounts as 4-H youth program fee sub-funds. The County Extension Council and staff will support the club/learning community in their efforts related to budgeting, recording, and maintaining their financials to achieve the desired learning outcomes and impacts, just as the 4-H'ers would if they were managing their own financial account at a bank. 4-H is updating educational materials for club treasurers. ISU Extension and Outreach is developing a series of brief videos about the role of the treasure, leader, county staff and county councils that will be available this fall.

This is a discussion and a transition that needs to occur locally. I have asked the Iowa Extension Council Association to initiate this transition. I hope County Councils and their Extension staff soon will begin discussing this transition with 4-H Clubs/Learning Communities. Councils will also have to account for the additional workload for Extension staff during the transition. I would like to have a large number transitioning by June 30, 2019.

This is a significant change in the way that 4-H Clubs/Learning Communities handle funds and it is important to assure that these public funds are handled properly. It will be a lengthy process and require good communication and collaboration. In that spirit, if you would like to provide feedback, please contact me. I look forward to working with you on this process.

Thank you for your cooperation.



³ <https://www.legis.iowa.gov/docs/code/12C.1.pdf>

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