

Fiscal Policy and Procedures

Keokuk County Agricultural Extension District

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Introduction

The Cooperative Extension System in partnership with the United States Department of Agriculture-National Institute of Food and Agriculture, Iowa State University Extension and Outreach, and the County Agricultural Extension Districts are public agencies created by federal and state law. These agencies are supported by tax dollars and therefore are subject to the open records law for public funds.

County agricultural extension council members, here after referred to as extension council, are elected at large during the general election and as elected officials are held accountable for the use of public funds. Extension council members may have to answer questions from auditors regarding the accountability of the public funds held within the county extension account(s).

Extension council has the responsibility to administer a sound and efficient financial management system, which best utilizes available resources and provides an acceptable service level to the citizens of the extension district. Furthermore, it has a responsibility to minimize financial and legal risk related to public funds. One method of risk prevention is to develop, implement, and maintain sound fiscal policies and procedures for the operation of county extension programs. To be effective these policies and procedures must include all money held or passing through the county extension office and be:

- Based on the Iowa Code 176A and Generally Accepted Accounting Principles (GAAP).
- Adopted by the extension council.
- Communicated to all employees, volunteer groups, and cooperating entities to provide guidance and direction in accepting and spending public funds.
- Implemented in a consistent and effective manner.

Authorization Decisions by Extension Council

There are several authorization decisions each extension council needs to make to fit their needs and situations. Items throughout the document that require an authorization are signified with an **(Authorization Decision)** notation. Some sections require an extension council to decide if they will or will not allow a particular practice, set a maximum allowable dollar amount or name an appropriate staff position or extension council officer access to financial records. For your convenience, a checklist of authorization decisions is referenced in Appendix 1. The checklist will ensure extension councils review those decisions annually. For clarity to readers, the authorization decision should be made in the body of the finance policy.

Section 1: Vision, Mission, Core Values

MISSION: ISU Extension and Outreach builds a strong Iowa by engaging all Iowans in research, education, and extension experiences to address current and emerging real-life challenges.

VISION: ISU Extension and Outreach will advance land-grant values by engaging all Iowans in solving today's problems and preparing for a thriving future.

Section 2: Definitions

2.1 Generally Accepted Accounting Principles (GAAP)

GAAP is the standard framework of guidelines for financial accounting used in the United States. For local and state governments, GAAP is determined by the Governmental Accounting Standards Board (GASB). It includes the standards, conventions, and rules that accountants follow in recording and summarizing transactions, and in the preparation of financial statements. As outlined in the Memorandum of Understanding (article 15), Extension districts will use the statewide financial accounting system to comply with GAAP. Currently the statewide system is Microsoft Dynamics Great Plains (GP).

2.2 Accounts

A. Operating Account

The operating account is made up of three funds. The first fund is the County Agricultural Extension Education Fund established by Iowa Code, Chapter 176A.8.13. It is used to record and report transactions, including the county levied tax dollars, grants/contracts, program fees, and donor restricted sub-fund on both the income and expense side. The other two funds making up the operating account are the unemployment compensation fund and the tort liability fund.

B. Agency Account

The optional agency account is used to record and report transactions as well as hold monies in custody for an entity whose mission aligns with that of the County Agricultural Extension District. The Agency Account is for non-extension monies only owned by separate legal entities from the extension council. Refer to section 2.4 for further requirements to use the agency account.

2.3 Public Funds

Public Funds, as defined in Iowa Code Chapter 12C.1, are those funds owned by a public entity such as an 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, and are under the control of the extension council.

All public funds are the legal responsibility of the extension council. Legal responsibility assigned by law cannot be transferred by extension council action.

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.

Iowa Code 12C.2 states that the approval of a financial institution as a depository of public funds for a public body shall be by written resolution or order that shall be entered of record in the minutes of the approving board, and that shall distinctly name each depository approved, and specify the maximum amount that may be kept on deposit in each depository.

Extension districts will follow Office of Auditor of State guidelines on management of public funds and maintain financial records consistent with Iowa Code 12C, 176A.8.

Iowa Code, Chapters 176A.8.11 and 176A.12, require the County Agricultural Extension Education Fund be used to record income received from a tax levy (property tax, delinquent property tax, mobile home tax, utility replacement excise tax, military service/mobile home replacement tax, grain handled tax, mobile home elderly replacement/credit) and to record credits against levied taxes as a deduction from the total property tax due (homestead credit, elderly and disabled credit, disabled veterans homestead credit, Ag land credit, business property tax credit, family farm credit, native prairie tax credit), and utility, commercial, and industrial rollback replacements.

The County Agricultural Extension Education Funds may be expended “for salaries and travel, expense of personnel, rental, office supplies, equipment, communications, office facilities and services, and in payment of such other items as shall be necessary to carry out the extension district program; provided, however, it shall be unlawful for the county agricultural extension council to lease any office space which is occupied or used by any other farm organization or farm cooperative, and provided further, that it shall be lawful for the county agricultural extension council to lease space in a building owned or occupied by a farm organization or farm cooperative.” (Chapter 176A.8.12)

County Agricultural Extension Education Sub-funds

1. Tax Sub-Fund

The Tax Sub-Fund is used to record income received from a tax levy, other than for the Tort Liability or Unemployment Compensation funds, to record credits against levied taxes as a deduction from the total property tax due, and to expend from this sub-fund those expenditures that are stated in the Iowa Code 176A.8.13. Every effort should be taken to prevent a negative fiscal year-end tax sub-fund balance unless a strategy is developed to correct the balance in the following year. The plan must be in writing and included with audit materials.

2. Grants/Contracts Sub-Fund

The Grants/Contracts Sub-Fund receives funds from private and public sources for specially funded extension programs that require a separate accountability for the funds as designated by the grant and/or the contract. Grant and contract funds are restricted-use monies that may only be used for the agreed upon purposes and/or to support the intended program as directed in the agreement. Grant/contract revenue may only be used for indirect costs and to the extent identified if stipulated in the grant/contract documentation. Indirect costs may include wages, facilities, utilities, travel, benefits, telecommunications, postage, etc. Please note that

reimbursable grant/contract account balances will/may run at a deficit until the extension district submits documentation and the sponsoring agency provides the reimbursement.

3. Program Fee Sub-Fund

The Program Fee Sub-Fund is used to record all transactions related to a fee-based program (i.e., funds that come to the county in the form of registration and/or user fees). Fees for service will be used to offset direct expenses and to support the specific extension programs.

County programs that collect a registration fee with monies routed through a local county extension district should include the following statement on accompanying county program marketing and registration materials:

"The fees for service will be used to offset direct expenses and to support the (insert program area - Human Sciences, 4-H Youth Development, Community and Economic Development, Agriculture and Natural Resources*) County Extension Program."

These funds must be used to offset direct expenses related to the fee-program area in which the funds were generated. Indirect expenses paid from the tax sub-fund (which could include expenses such as wages, benefits, travel, postage, resale, telecommunications, insurance, and so on) shall not be paid from fee-program revenue unless the extension council takes specific actions to the contrary. This action must appear in the council minutes. Program fee accounts may operate with a negative balance due to the timing of revenues; however, every effort should be taken to minimize this occurrence.

In 2009 the Office of the Attorney General provided an [opinion regarding the program fee carryover](#). In that opinion, Diane Stahle states that "...the amount of the fee is determined by the cost to operate the specific program for which the fee is collected. Furthermore, the fee will be used only for the program and related services at issue. ISU Extension has agreed that it will make uniform its current practice of notifying program participants that their fees will be used for purposes associated with the program for which the fees are paid."

Accounts holding fee program funds generated by ISU Extension and Outreach state employees held within a county extension education fund are the property of the extension district unless a written agreement exists prior to revenue generation. The funds are restricted for use for program development and to off-set direct expenses in the county or service area associated with the program area (Human Sciences, 4-H Youth Development, Community and Economic Development, Agriculture and Natural Resources). Revenue generation by state employees is an expectation within each department and a portion of the funds may be sent to ISU Extension and Outreach for that purpose as well, per the agreement.

The Auditor of the State of Iowa issued a letter in 2018 citing reasons that the county extension council should maintain records and serve as the depository for 4-H club funds in the program fee sub-fund. The letter provided various Iowa Code sections, including chapters 176A, 24, and 12C.1, that define 4-H club funds as public funds under Iowa Code and maintained within the operating fund of the extension district. 4-H club funds are restricted for use by each 4-H club within the county youth program area. Use of funds by the club(s) must be consistent with extension district policy and public purpose.

This process offers several benefits, including:

1. Uniform, consistent, and efficient accountability
2. Individual 4-H clubs not needing separate bank accounts
3. Provisions for an annual audit
4. Clubs no longer needing EINs
5. Sales tax exemption
6. Consistent record keeping, reporting, and auditing of public funds
7. Better segregation of duties and overall internal control

The Iowa Extension Council Association and ISU Extension and Outreach have developed a policy, talking points, and other resources to help with the process. Essentially, all funds will be under purview of the extension council. Each club account will use the extension district's Employer Identification Number (EIN) and will be tracked separately using the county accounting system. The transition date for all 4-H club accounts to the extension district's education fund and classified under the EIN was July 1, 2019. Counties with club funds not managed within the education fund are not in compliance per auditor's letter in the link below. www.extension.iastate.edu/countyservices/4-h-club-financial-management.

Per Iowa Code 176A.9.4., the extension council may collect reasonable fees and may seek and receive grants, donations, gifts, bequests, or other moneys from public and private sources to be used for the purposes set forth in this section and may enter into contracts to provide educational services. Therefore, extension districts, when receiving gifts, donations, memorials, bequests, or fundraising revenues for investment may receive and pass those funds on for deposit into a foundation designating the funds for future use in the district to provide program support for direct expenses of clients (e.g., camp/trip fees, state 4-H conference fees, scholarships for youth, program development fees, exhibitor t-shirts).

Insurance claims/payments for property loss, liability, bonding, and so on shall be deposited in the education fund and credited to a program fee line for management of the revenue and tracking of expenditure. The insurance payment and expenses shall not be used in carryover calculations.

4. Donor Restricted Sub-Fund

The Donor Restricted Sub-Fund is used when a donor has designated a purpose for the use of the funds outside of the "normal" annual county operations. A donation is considered "donor restricted" only if all three conditions are met:

1. It has a specific purpose.
2. It is not part of the county's normal annual operations.
3. It has written and signed documentation by the donor as to their donation intent.

5. Other Sub-Funds

The Other Sub-fund is used when a transaction does not fit in any other category. Generally, it is to be used minimally, and typically for small amounts.

Other Operational Sub-Funds

1. Unemployment Compensation Fund

Iowa Code, Section 96.31 permits the extension district to levy a separate tax for the cost of unemployment benefits. This levy is in addition to the regular levy for the County Agricultural Extension District Education Fund; however, the Unemployment Compensation levy is only allowed when the regular levy for the County Agricultural Extension District Education Fund is at its maximum limitation imposed by statute. These limitations for the extension districts are noted in extension law, section 176A.10 and in the Iowa Department of Management budget instructions. Once the maximum levy limitation is reached in the County Agricultural Extension District Education Fund, the extension district has the choice to:

- Levy taxes for Unemployment Compensation in addition to the regular levy for the County Agricultural Extension District Education Fund; or
- Record unemployment claims as an expense in the County Agricultural Extension District Education Fund.

Funds received from a separate additional levy must be used for the following purposes:

- To pay unemployment insurance premiums as a part of the group insurance plan
- To pay unemployment claims to Iowa Workforce Development

2. Tort Liability Fund

Iowa Code, Section 670.10 permits the extension district to levy a separate tax for the cost of tort liability benefits. This levy is in addition to the regular levy for the County Agricultural Extension District Education Fund; however, the Tort Liability levy is only allowed when the regular levy for the County Agricultural Extension District Education Fund is at its maximum limitation imposed by statute. These limitations for the extension districts are noted in extension law, section 176A.10 and in the Iowa Department of Management budget instructions. Once the maximum levy limitation is reached in the County Agricultural Extension District Education Fund, the extension district has the choice to:

- Levy taxes for Tort Liability in addition to the regular County Agricultural Extension District Education Fund levy; or
- Record tort liability expenses as a regular expense in the County Agricultural Extension Education Fund.

Monies received from a separate additional levy must be used for the following purposes:

- Only for liability expense purposes
- District liability insurance premium costs such as general liability, drone, excess auto, professional, employee dishonesty, umbrella excess liability
- Public officials/errors and omissions insurance premium costs
- For payment of a liability claim authorized by the extension council
- Accident medical insurance premium
- Background screening fees for authorized volunteers

2.4 Agency Account (Authorization Decision)

The extension council (does / does not) authorize the use of an Agency Account.

The Agency Account may be established to hold monies in custody for an entity cooperating with extension programs. The Agency Account is for non-extension monies only. The Agency

Account typically involves the receipt, temporary investment, and remittance of assets to their rightful owners. Agency accounts shall never operate with a negative account balance.

Extension must not have the ultimate decision-making authority about the use of the monies. To determine who has the ultimate decision-making authority about the use of the monies, consider these criteria:

- Is the non-extension entity legally separate? If so, the legal entity has a separate tax I.D. and sole decision-making authority for the money held in the account.
- If any of the following apply, the extension council has the ultimate decision-making authority:
 - Is the entity appointed by the extension council?
 - Does the entity carry out any part of the extension program?
 - Is the extension council able to, if so desired, impart its will on the entity?
 - Does the extension council support the entity with other funding through the County Agricultural Extension District Education Fund?

2.5 Internal Control Definition

Internal control consists of procedures established to provide reasonable assurance that extension district funds are efficiently and properly used and risk of fraud is minimized. A daily internal log is reviewed and initialed by the council treasurer or their council member designee. The concept of reasonable assurance recognizes that the cost of the internal control must not exceed the anticipated benefits.

2.6 Petty Cash (Expenditures Only) Definition

Petty cash refers to cash used to purchase budgeted small items less than the amount established under Section 3.2C, such as stamps for the extension district office. Petty cash is an optional procedure used for extension district expenditures only – cash, check, IOU slips and/or credit receipts are not to be placed in petty cash.

2.7 Cash Box (Income Only) Definition

The cash box is used for receiving cash, check, and/or credit receipts as income. The cash box is not to be used for expenditures. The cash box is used for making change in collection of income.

2.8 Bank Reconciliation Definition

The process of matching and comparing figures from accounting records against those presented on a bank statement each month. The cash balance of the accounting ledger should reconcile (match) the balance of the bank statement less any items which are outstanding. All reconciling items should be documented and retained with the bank reconciliation.

2.9 Monthly Balancing Definition

The process of matching and comparing figures among the financial reports including the Balance Sheet, the Revenue and Expense Report, Voucher Report, and the Reconciliation Posting Journal.

2.10 Volunteers Definition

An authorized volunteer is an individual who performs services in furtherance of the humanitarian, educational, or service mission of ISU Extension and Outreach. The extension council must approve and authorize all volunteers before they begin serving as a volunteer. All approved volunteers must successfully pass a background check, as required in the Memorandum of Understanding (article 11), have received training for the responsibilities required of the volunteer position and have demonstrated the abilities necessary to successfully meet the duties of the volunteer position. By doing so, approved volunteers will be covered by the county's liability insurance coverage through LMC Insurance and Risk Management and secondary medical insurance.

An authorized volunteer performs services without promise, expectation, or receipt of compensation, benefits, or consideration for the services provided. Although compensation for authorized volunteer services is not allowed, county authorized volunteers who have received prior council approval may be reimbursed for actual and reasonable expenses following county fiscal policy reimbursement guidelines.

2.11 Electronic Funds Transfer Definitions

Electronic Funds Transfer (EFT) is the electronic transfer of money from one account to another. Types of EFTs are:

- Direct deposit payroll payments
- Federal withholding payment
- Online bill pay (i.e., bank makes authorized payments to vendors)
- Transfer funds between bank accounts
- Automatic deposits (establish with the bank a process to receive vendor deposit stipulating withdrawals not allowed)

See Section 3.2 regarding allow ability.

Section 3: Internal Control Policy and Procedures

It is the policy of this extension district that internal controls are adhered to at all times for the safeguarding of funds. All staff members are expected to know and follow procedures for handling funds.

3.1 Income and Revenue

A. Endorsement

All checks received must immediately be stamped with a restricted endorsement

(For Deposit Only – Acct: # XXXXXXXX).

B. Initial Mail Listing (part of Internal Control Log) (Authorization Decision)

The extension council (does / does not) authorize use of an alternative receipt log for similar items of less than \$10.00 per transaction.

An initial mail listing log is included with the Internal Control Log to track all cash and a random listing of checks received by mail. This log will be prepared by the mail opener and reviewed and signed by a council member at the following council meeting.

C. Documentation of Monies Collected Onsite (Authorization Decision)

The extension council (does / does not) authorize use of preprinted sign-in sheets to be used as documentation of number of paid attendees, such as the Pesticide Applicator Training state form.

Cash, check, and/or credit card receipts received in the extension district office should be recorded in a pre-numbered, duplicate copy receipt book. The duplicate copy of the receipt is for the customer. For income received less than a \$10 transaction, a log of similar items may be kept if authorized the log totaled at least weekly and attached to a pre-numbered receipt.

D. Documentation of Monies Collected Off-site (Authorization Decision)

The extension council (does / does not) authorize use of preprinted sign-in sheets to be used as documentation of number of paid attendees, such as weigh-ins, Private Pesticide, etc.

Cash, check, and/or credit card receipts received outside the extension district office (e.g., county fair, livestock weigh-in) should be recorded in a pre-numbered duplicate copy receipt book. The duplicate copy of the receipt is for the customer. As an alternative, if approved by extension council (**Authorization Decision**), a preprinted sign-in sheet may be used as documentation of the number of paid attendees (example: Pesticide Applicator Training – state form).

After the event, the receipts received should be counted by two employees or designated volunteers, recorded and signed by both, and locked in the cash box/bag. The locked cash box/bag should remain with the employee or designated volunteer at all times until it is returned to the county extension office (preferably within 24 hours).

Upon return of the receipts to the county extension office, an employee who did not receive the funds at the event should count the cash, checks, and/or credit cards; reconcile to the pre-numbered receipt book or preprinted sign-in sheets; and attach a pre-numbered receipt to the sign-in sheet(s).

E. Cash box

The cash (change) box/bag for income shall be kept in a locked and fireproof safe or file cabinet in a secure location within the office and accessible only to identified personnel who are bonded through the Group Crime Bond Insurance policy. Cash held in the county extension office cannot be used as a source for cashing personal checks of employees or the public.

Personal "IOU" slips in cash (change) box are not permissible; it is an unacceptable accounting of public funds. Expenses of any kind are not paid out of the cash box.

F. Deposit of Funds (Authorization Decision)

Deposits shall be made at a minimum of once per week or anytime the total cash, coin, or check is in excess of \$1,000.

(Extension council choice. \$500 in currency and coin combined is suggested.)

Cash, coin, and checks shall be deposited into the appropriate bank account at a minimum of once a week or at any point in time that the total is in excess of \$500. **(Authorization Decision)**

Segregation of duties: As often as possible, the person opening the mail, preparing deposit information, and delivering to the bank will not be the same person entering the data into the accounting software. All bank deposits will list which staff member took the cash and checks to the bank.

G. Voided Receipts

Staff will document voided receipts to indicate date, receipt number, check number or cash, and why receipt was voided. The report will be reviewed and initialed by a council member at the following council meeting.

H. Reconciling Income

Monthly reconciliation must be conducted of all deposits recorded on the county accounting system to the bank statement, as well as the receipt book to the bank deposits. The person (extension staff) conducting the reconciliation is to sign and date the bank statement on the day reconciliation is completed.

I. Returned Checks (Authorization Decision)

The returned check fee for non-sufficient funds will be \$25.00

(Extension council choice, \$25.00 fee suggested.)

The extension district, including any programs that it may sponsor, accepts payment by personal check and reserves the right to withdraw that privilege at any time to anyone. Customers whose checks are returned because of non-sufficient funds will be charged **(Authorization Decision)** for handling plus any financial institution fees, in addition to the

amount of the check. If it becomes necessary to use an attorney or collection agency, the check owner will be responsible for all collection fees.

J. Outstanding Checks

The extension district will occasionally have outstanding checks which have not cleared through the account. The recommended procedures to be followed include:

1. Contacting the individual/entity to which the check(s) were issued to determine if the check has been lost, and to inquire about having it deposited/cashed. Per Iowa Code Chapter 556.11.5 the extension district shall exercise due diligence to ascertain the whereabouts of the owner of the check that has an aggregate value of more than fifty dollars.
2. If the check was lost, void the original check and reissue a new check. If the individual/entity is not interested in having the check reissued, they may donate the funds back to the extension district. Proper documentation (written documentation from the owner) is required if the individual/entity would like to donate the funds back to the extension district.
3. If the extension district cannot locate the owner of the check, the extension district must follow Iowa Code Chapter 556 to dispose of the unclaimed property through the Great Iowa Treasure Hunt. County extension districts should review the Great Iowa Treasure Hunt website for specific deadlines and details regarding the disposition of unclaimed property.

COUNCIL MONITORING: The council treasurer, or their council member designee, shall monitor this internal control segregation of duties procedures by reviewing the log file, referenced below, at each regular council meeting, and document review completion.

At least bi-monthly, at random, and unannounced, another staff or council member other than the office assistant and bookkeeper will open all the mail upon delivery, stamp checks, and write appropriate receipts. The reviewing staff or council member shall document this action, date and sign this internal control log. This daily internal log will be reviewed and initialed by the council treasurer, or their council member designee.

3.2 Expenditures

A. Appropriate Expenditures (Authorization Decisions)

Expenditures paid with money collected and disbursed from the County Agricultural Extension District Education Fund should be used to deliver quality research-based information in agriculture and natural resources, community and economic development, human sciences, and 4-H youth development for the benefit of all Iowans.

1. All non-payroll expenditures greater than \$50 are to be paid by check, credit card, and/or EFT. The extension council must preauthorize all EFTs, unless specifically permitted within Section 3.2A.

**All non-payroll expenditures are to be paid by check, credit card, or EFT.
(Extension council choice, \$50.00 suggested.)**

2. County Extension Districts must monitor bank account balances to avoid late fees and additional bank service charges.
3. County Extension Districts must monitor credit card statements, utility bills, Iowa State University U-Bills, IPERS, etc., to avoid late fees.
4. All district expenditures must be verified with an appropriate receipt or other supporting documentation. Invoices that have been paid must be marked as 'paid' to prevent reuse.
5. Councils must ensure that checks outstanding for more than two years be submitted to the Office of the Treasurer of State *annually*.
6. Requests from employees, extension council members, authorized volunteers, or others for reimbursement for purchases or travel expenses should be minimal and an original itemized receipt must accompany the request. The receipt may also be a photo, copy, or scan of the original receipt sent by text, email, postal mail, or shared in person. These items should be attached or included with the request for reimbursement.
 - a. Travel and Meal Expenses **(Authorization Decision)**

Employees will be reimbursed for the operation of their personal vehicle while on council business at the IRS mileage rate or (OR other rate \$.67/mile) as approved by the council.

This policy recognizes that the IRS periodically changes its mileage rate. Approval of using the IRS mileage rate shall also match the IRS timeframe.

The employee assumes liability and must have liability insurance for his/her vehicle in work related travel. Travel expenses between the employee's home and assigned work location within the greater distance of the County or the employee's regular commuting distance to the County Extension office, are not reimbursable. A request for reimbursement of anticipated business-related travel must be submitted to the employee's supervisor or council designee for approval on the standard travel form prior to travel incurring. A final travel form must be submitted to the supervisor no later than 30 days after the expense has been incurred, or by no later than the end of the fiscal year. An employee's failure to comply with travel and meal reimbursement policies may result in the council's refusal to reimburse the employee for those costs. Staff members should carpool whenever possible.

- b. Meals and Lodging Expenses **(Authorization Decision)**

When employee meals and lodging are part of a business trip, they will be reimbursed conditioned on submittal of proper receipts. Travel that will result in such expenses must have prior authorization by the employee's supervisor or council designee. The council will evaluate and set reimbursement rates.

The extension council will reimburse for meals when they are part of a business trip at these limits:

Breakfast at \$8_____ (\$8.00 recommended)

Lunch at \$12_____ (\$12.00 recommended)

Dinner at \$20_____ (\$20.00 recommended)

With guidance from the General Services Administration (GSA), tips are allowable for up to 15% for meals.

*A receipt is required for all parking except short term meters.

Per Iowa Code 80.45A, as of January 1, 2022, all public funds procured for lodging, conferences, meetings, and banquets at an Iowa lodging provider may only take place if the provider and their staff have completed human trafficking prevention training. County staff must ensure, prior to expending or committing any funds managed by the county agricultural extension council, that the lodging provider has obtained the certification by confirming the certification status on the department of public safety managed website: <https://stophiowa.org/certified-locations>. If a county staff member procures conference space, meeting space, banquet services, or lodging where the lodging provider has not completed the required training, the county staff member will be personally liable for the cost.

c. Council mileage reimbursement (**Authorization Decision**)

According to Iowa Code Chapter 70A.9, the extension council is authorized to determine the mileage reimbursement rate for council members conducting business on behalf of the district, which may be the maximum allowable under federal IRS rules per mile.

The extension council will set the travel reimbursement rate for council members conducting official business at \$.67/per mile. (Max: Federal IRS rate)

d. Volunteer or other outside reimbursement

Reimbursement request and appropriate documentation must be submitted to the Extension Office no later than 4 months of the itemized receipt date.

When being submitted by 4-H funds, receipts must also be supported with club minutes.

7. Checks shall be signed and distributed only after the service has been rendered or item has been ordered and received. Exceptions: rent payment or health insurance premium.

8. Direct Deposit Payroll Payments (**Authorization Decision**)

The extension council (does / does not) authorize EFTs for payroll direct deposits.

- Direct deposit for employee payroll is permissible only for individuals who have formally requested an automatic deposit to their bank account.
- County bookkeeper prepares EFT payroll instructions (direct deposit earning statement).
- Treasurer approves the payroll EFT by signing instructions (direct deposit earning statement).
- EFT payroll instructions/ACH file are delivered to bank.

- Bank follows instructions and transfers funds to employee's account.

9. EFT Payment of Payroll Withholding and Employer Liabilities **(Authorization Decision)**

The extension council (does / does not) authorize automatic EFTs for federal withholding.

Federal and State payroll tax payments and withholding, IPERS and SUTA (if applicable), may be made by EFT as required.

- A report detailing the amount being paid, broken down by individual, must be maintained as supporting documentation for each transaction and saved in the county's records.

10. EFT Payment of Non-Payroll Expenditures – Automatic or On-Line Bill Pay **(Authorization Decision)**

The extension council (does / does not) authorize other online bill paying.

- This type of payment is limited to monthly bills that remain the same amount throughout the fiscal year (example: rent).
- An exception is granted to pay the utility bills for county extension facilities.
- All contracts or agreements for EFT payments shall be approved by the extension council.
- This payment type shall not be used for paying credit card statements or other vendors.

11. Bonuses are permissible and at the council's discretion. All bonuses MUST be issued through payroll and appear on the Employee's W-2 with the appropriate payroll taxes withheld and the employer's FICA contributions made. Bonuses must include a public purpose and be tied to performance. Examples may include a purpose tied to outstanding effort, additional program/grant work, in lieu of pay raises, and/or increased leadership and responsibilities.

12. All non-exempt county employees shall use the online software TimeClock Plus to track hours worked, holiday pay, and PTO or sick/vacation leave used/accrued. All exempt and non-exempt employees will utilize TimeClock Plus for requests and approvals of time away from work.

B. Extension Council Plan for Expenditures of Public Funds within the Approved Budget (Authorization Decision)

The extension council requires prior approval for any single purchase in excess of \$2,500 (extension council choice, \$1,000 recommended) or any expenditures not included in the approved budget.

Examples include, but are not limited to the following:

- Allow public funds to be used to support the components of the extension volunteer system including identification, background screening, selection, orientation, training, utilization, recognition, and evaluation.
- Recognize that expenditures are a component of all ISU Extension and Outreach programs.
- Allow the purchase of food in the support of educational programs/meetings at the discretion of the extension council, if the public purpose of such purchases is documented.

C. Capital Expenditures (Authorization Decision)

The extension council (does / does not) require the finance extension council committee to evaluate capital expenditures over \$2,500 _____ (extension council determines, \$500 recommended). Extension council approval is required before committing public funds for capital expenditures.

D. Petty Cash (Authorization Decision)

Petty cash may be established for budgeted expenses (e.g., stamps). The maximum single expense should not exceed \$50. Receipts must be retained for all expenditures.

The extension council (does / does not) authorize the use of petty cash. If authorized, the maximum amount of petty cash is \$ _____. (Extension council choice, recommend no more than \$100).

- The petty cash fund shall be replenished to the established balance on a monthly basis, as needed, or by the end of the fiscal year. A check should be written equal to the total petty cash receipts. Receipts should be attached to a claim for reimbursement. A log shall be kept of all expenditures and reconciled against receipts and cash counts.
- Petty cash shall be kept in a locked and fireproof safe or file cabinet in a secure location within the office and accessible only to identified personnel who are bonded through the Crime Bond Insurance policy, and these personnel are the only ones authorized to dispense petty cash.
- Cash held in the extension office cannot be used as a source for cashing personal checks of employees or the public.
- Personal "IOU" slips in cash/change drawer are not permissible; it is an unacceptable accounting of public funds.

E. Signature Stamp - The use of a signature stamp is not allowed.

F. Purchase of Apparel (Authorization Decision)

The extension council (does / does not) authorize purchase of apparel with public funds. Apparel purchases cannot exceed \$150 _____ per employee per fiscal year (\$50 suggested).

As representatives of ISU Extension and Outreach, staff and council members are encouraged, but not required, to wear properly branded clothing and name badges when

working with the public in an official capacity. Public funds cannot be used to purchase apparel unless the apparel expenditure is approved by the extension council and supports a public purpose. Apparel is owned by the employer and returned upon employee separation.

3.3 Payroll

The extension council must authorize and document staff members' hourly wage or salary wage rates and increases in council minutes. These rates, increases, and date effective must be specific per employee, and not only listed as a percentage increase.

Non-exempt employees will track their hours and leave through TimeClock Plus, Iowa State University Extension and Outreach's timekeeping system.

Exempt employees are not required to track hours worked in TimeClock Plus. However, they must request leave through TimeClock Plus to include sick, vacation, and/or PTO. Months without leave requests may result in no timesheets for exempt employees.

Timesheets need to be reviewed and approved by a supervisor in TimeClock Plus before payroll is processed. Supervisors must sign or initial and date timesheets when they are approved.

3.4 Gift Card (Authorization Decisions)

The extension council (does/does not) authorize the purchase of gift cards for appropriate public purposes.

The extension council must set a maximum gift card amount. Gift card amounts cannot exceed \$100.

- The extension council must follow Iowa 4-H policies regarding appropriate use of gift cards by 4-H clubs. Those policies can be found in 4HP 3030 Appropriate Use of Funds, located at www.extension.iastate.edu/countyservices/4-h-club-financial-management.
- An extension district approved volunteer may purchase gift cards for the extension program purpose for which they are volunteering.

Responsibility for Gift Card Purchasing

1. The extension council must approve the use of a gift card prior to purchase.
2. The gift card purchaser must provide a detailed receipt of the purchase and complete a finance claim form that details.
 - Store gift card(s) were purchased from.
 - Amounts on each card.
 - Public/Business purpose of each gift card.
3. Person(s) receiving gift card(s) must sign that they received the gift card(s) using a gift card reconciliation document. Forms can be found on MyExtension (staff only; login first at <https://my.extension.iastate.edu/county-bookkeeper-information-and-forms>).
4. The completed gift card reconciliation document must be attached to the finance claim form and detailed receipt.
5. Gift cards must be purchased as needed and cannot be kept on hand.

3.5 Credit Card Use for Expenses (Authorization Decisions)

1. **The extension council (does / does not) authorize the use of a credit card.**
The extension council must authorize the application for a credit card for expenses. It is recommended the account be set up as a business credit card. Only county extension district paid staff are eligible to have an extension district credit card issued to them. The sharing of district credit cards is prohibited.
2. **The name of the person who is responsible for credit card management for the office is Katharina Bain, Regional Director.**
The cardholder's supervisor (person responsible for credit card management), shall review the cardholder's statement monthly, including attached itemized receipts, and initial and date the statement indicating their review and approval of the charges.
3. **The following staff members are authorized to use a county extension credit card: Kelly Walker, Emily Belvel, (CYC's name)**

Extension council must establish which individuals may have a card.

- a. The individual's name must be printed on the card.
 - b. Only the individual named on the card may use the card.
4. **The limit of any one purchase via credit card is \$ 10,000.**
 5. **The maximum total credit limit for each individual's credit card account may not exceed \$10,000.**
 6. **Only equipment valued at or below \$2,500 may be purchased with the credit card.**
 7. **The council (does / does not) allow an approved volunteer the use of a store charge account to be used for extension program purposes and activities.**

An extension district approved volunteer may use a store charge account set up by the district to purchase items for the extension program purpose for which they are volunteering. The volunteer must notify the extension office prior to using any extension charge accounts. The volunteer is responsible for providing the original itemized receipt and appropriate request forms. The receipt may be a photo, copy, or scan of the original receipt sent by text, email, or postal mail, or shared in person.

Responsibility for Credit Card Usage

- The purchase of personal items is absolutely prohibited.
- The employee cardholder has full responsibility for any improper charges.
- The following items will NOT be purchased with this card:
 - Computers
 - Equipment purchases involving the trade-in of county property.
 - Construction services
 - Professional services
 - Moving services

- Alcoholic beverages
- Controlled substances
- Firearms, weapons, and ammunition (exception, 4-H shooting sports)
- Items for personal use
- Gifts benefiting an individual employee
- Donations
- The business card or individual card numbers are not allowed to be stored within the system. There should be no ongoing, reoccurring expenditures or subscriptions with the use of this card.
- Office shall retain copies of signed credit card agreement and user's acceptance of responsibility form for each staff authorized to have a credit card.
- The cardholder shall submit itemized receipts and packing slips to support all credit card charges, including noting the business purpose for the purchase. This documentation must be submitted to the office no less frequently than monthly, to coincide with the charges appearing on the credit card statement.

A. Signature and form required: County Credit Card Guidelines and Agreement for staff and council treasurer signature can be found on MyExtension (staff only; login first at <https://my.extension.iastate.edu/content/county-credit-card-guidelines-agreement>).

Fiscal Oversight by Extension Council

- A. All vouchers - also known as checks, Electronic Fund Transfers (EFTs) and Direct Deposits - to be remitted for expenses shall be signed by the treasurer or other authorized officers as determined at the organizational meeting. The treasurer and an authorized officer of the extension council shall sign all vouchers over \$10,000.
- B. The payment stub, bottom 1/3 of the voucher set, shall also be signed by the chairperson and secretary, with this stub attached to the payment documentation record.

COUNCIL MONITORING: Prior to the council approving payment, a council member who did not sign the check for remittance shall review and check off each voucher against the Voucher Report printed out from the accounting system.

- C. The county extension council treasurer or designee shall present to the extension council the following monthly financial reports for approval:
 - A Voucher Report, which lists the voucher/check number, name of vendor, amount of check, total amount of expenditures
 - A Balance Sheet, which provides bank account balances, payroll liabilities, and fund/sub-fund balances
 - A Summary Revenue and Expense Report, which shows the actual income and expense compared to the budget
 - Reconciliation Posting Journal and Outstanding Transaction Report
 - Copy of the bank statement
 - Reports for agency account (if applicable) which should include:
 - A Voucher Report, which lists the voucher/check number, name of vendor, amount of check, total amount of expenditures
 - A Summary Revenue and Expense Report, which shows the actual income and expense
 - Reconciliation Posting Journal and Outstanding Transaction Report

- Copy of the bank statement
- D. The minutes of the extension council meeting shall record the approval of the following:
- Voucher Report (with a consecutive range of voucher/check numbers); include explanation of nonconsecutive items, as well as listing any voucher numbers which have been voided
 - Balance Sheet
 - Summary Revenue and Expense Report
- E. The approved Voucher Report shall be attached to the minutes of the extension council meeting.

COUNCIL MONITORING: At least monthly, a council member who does not have any other fiscal responsibility will be considered the independent reviewer and will sign and date the bank statements and reconciliation posting journal after reviewing for timely deposit, reasonable account balance, large or inappropriate expenditures, cash withdrawals, unauthorized expenditures, and discrepancies in deposits to what is reported on the monthly Revenue and Expense Reports.

- F. The extension council will appoint the person(s) who can legally transfer money by phone or online between extension bank accounts (EFTs). The appointed person must be bonded.

3.6 Fiscal Oversight by Extension Council

The minutes of the extension council shall record the approval of finances:

- Council meeting minutes shall be signed by the secretary each month.
- Council meeting minutes shall include how each council member voted on each motion.
- Council meeting minutes will include a listing of all disbursements approved by the council.
- Voided checks need to be noted in council minutes.

3.7 Bonding

- A. The treasurer and/or chair of the extension council must be bonded consistent with extension law (Iowa Code, Chapter 176A.14.5) at a minimum. A record of that bonding is sent to the county auditor's office. A copy of the completed auditor's certification is sent to the regional director.
- B. Any staff member or extension council member who has access to or responsibility for extension district funds shall be bonded.
- C. It is recommended that all extension council members and staff members participate in the group bond coverage offered.
- D. Definition of bonding or bonded in this section also means insurance that is purchased by the extension district to cover the district in case of any type of criminal financial transactions.

3.8 Reporting of Impropriety

Fiscal irregularities shall be reported immediately to:

- County extension council chair
- County extension council treasurer
- Regional director
- Assistant vice president for County Services

Iowa Code, Chapter 11.6 (7) requires the extension council to notify immediately the state auditor regarding any suspected embezzlement, theft, or other significant financial irregularities.

Section 4: Related Policies, Procedures and Notations

4.1 Ethics and Conflict of Interest Policy

The treasurer, members of the extension council, and employees of the extension council shall refrain from any activity that would present a conflict of interest or the appearance of a conflict of interest with respect to the conduct of extension council business.

4.2 Debit Card May Not Be Used for Expenditures

Use of a debit card for paying expenditures is not allowed under Iowa Code Section 176A.8.11, which requires district funds to be disbursed by the treasurer on vouchers signed by its chairperson and secretary, approved by the extension council, and recorded in its minutes.

“The treasurer shall receive, deposit and have charge of all of the funds of the extension council and pay and disburse the same as in this chapter required, and as may be from time to time required by the extension council. The treasurer shall keep an accurate record of receipts and disbursements and submit a report thereof at such times as may be required by the extension council.” Iowa Code, Chapter 176A.14.4

A debit card transaction is a final transaction in which the treasurer does not “have charge of all of the funds of the extension council.” Therefore, a debit card may not be used to pay any district expenses.

4.3 Public Bid Policy (Authorization Decision)

Written competitive bids are required for purchases expected to exceed \$10,000 (extension council determines amount, subject to minimum set by Iowa Code 26.14).

The State of Iowa and the federal government both require fair and open competition based on functional and generic specifications. Careful development of bid specifications helps assure that the goods and services offered by vendors meet your needs.

Public Improvements

Iowa Code 26.3 provides that “public improvements” with an estimated total cost of \$135,000 or more must be advertised for sealed bids by publishing a notice to potential bidders.

Property Tax Exemption

Extension districts that purchase real estate (buildings, land) or construct their own facility upon purchased/rented land will need to file a property tax exemption form with the county assessor's office at the time of purchase/construction to avoid the payment of property taxes. The form, Certain Nonprofit and Charitable Organizations Property Tax Exemption 54-269, can be found on <https://tax.iowa.gov>.

Bonding Requirement for Public Projects

Iowa Code 573.2 provides that a surety bond must accompany public improvement projects in excess of \$25,000. The bond provides security to the public owner that the project will be completed, subcontractors and material suppliers will be paid, and (potentially) the contractor will warrant his/her work after the project is completed. However, Iowa Code 12.44 may provide a basis to waive bonding requirements if the project meets certain conditions, to be determined by the council.

Competitive Quotations (Authorization Decision)

Iowa Code 26.14 provides that purchases above a statutory threshold of \$100,000 are subject to a competitive quotation. However, it is in the council's best interest to obtain written competitive bids when the anticipated purchase is to exceed

_____.

The extension council may seek competitive bids at lower dollar levels when they determine it is in the best interest of the extension district. That decision shall be placed in the council minutes before a purchase is made.

Vendor Diversity

A consideration when soliciting bids for vendors and contractors is to review the university's Vendor Diversity Initiative, found at:

www.procurement.iastate.edu/forms/Vendor%20How-To%20Guide.pdf

4.5 Sales Tax Exemption Notation

All purchases for the extension district should be exempt from sales tax.

Iowa Code Section 423.3, titled "Exemptions," indicates that Board of Regents institutions, including Iowa State University, are exempt from sales tax. The County Agricultural Extension District operates in partnership with Iowa State University, Iowa's land grant institution, and the Cooperative Extension Service, established in 1914 by the U.S. Congress through passage of the Smith-Lever Act.

Pursuant to Iowa Code Section 422.45.5, an extension district, as a "tax-certifying or tax-levying body of the state of Iowa," is exempt from sales and use taxes. The tax-exempt status of the extension district when purchasing from out-of-state vendors is determined by the selling state and may vary from state to state.

Tax exemption certificates are NOT issued as evidence of tax-exempt status.

4.6 Medical Spending Plan Policy (Authorization Decisions)

Extension councils must approve a qualified cafeteria plan as defined in Iowa Code, Section 505, before a medical spending plan can be offered to employees.

The extension council (does / does not) authorize the use of a qualified cafeteria plan, also known as a medical spending plan.

The extension council (does / does not) authorize the use of a qualified flexible spending account for medical expenses.

The extension council (does / does not) authorize the use of a qualified flexible spending account for dependent care expenses.

Procedure: Extension council financial reports **shall not** include detailed information on the medical spending account as the employees' privacy is protected under the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

4.7 Budgeting Procedures

The extension district budgeting procedures shall follow the instructions, rules, deadlines and guidelines as provided by the Iowa Department of Management. The budgeting process begins in the fall of the year and concludes with the certification of the budget by the IDOM in the spring.

4.8 Delegations of Authority (Authorization Decision)

The extension council delegates authority as described in this section to:

Brittnee Schneider and Kelly Walker for role of bookkeeper

Emily Belvel for role of assistant bookkeeper

Katharina Bain-Regional Director to review, authorize, approve, and direct preparation of expenditures, including timesheets and payroll.

The extension council will determine and authorize the staff roles of bookkeeper, assistant bookkeeper (if different from bookkeeper), and other staff members authorized to review, approve and direct preparation of expenditures for payment, subject to council final signature. This expenditure review authorization includes reviewing time sheets prior to submission for payment.

4.9 Credit or Debit Cards for Income Considerations (Authorization Decision)

The extension council (does / does not) authorize use of taking income via credit and debit cards.

County offices are regularly asked to accept credit/debit cards for registrations or cash transactions. If the council chooses to take income in this matter, it is critical that great care be taken to choose an appropriate system to safeguard information, be knowledgeable about laws, and implement appropriately. Find up-to-date information on

MyExtension (staff only; login first) at <https://my.extension.iastate.edu/content/county-credit-card-guidelines-agreement>.

4.10 Incentives, Rebates, Gifts, Discounts, Points, etc.

Compensation from any source or related sources that is earned as a consequence of official business travel or in the act of any business-related activity belongs to the extension district. This MAY NOT be put to personal use by the employee or claimed for reimbursement when used during the course of official business. This includes but is not limited to lodging, free meals/tickets, frequent flier miles, discounts, rebates, incentives, points, gifts, etc.

4.11 Iowa Gift Law

In 1992, the legislature passed the Iowa Public Officials Act, which amended the gift law in Iowa Code Chapter 68B. The gift law was further amended in 1993. The Iowa Public Officials Act, as amended, contains provisions of law restricting the activities of public officials and employees. Outlined in Iowa Code Chapter 68B, county extension council members, employees, and their immediate family members fall under Iowa Gift Law regulations.

Council members, employees, and their immediate family members shall not directly or indirectly solicit, accept, or receive from any one donor in any one calendar day a gift as defined below. In addition, council members, employees, and their immediate family members shall not directly or indirectly offer or make a gift as defined below to an official, employee, local official, local employee, member of the Iowa General Assembly, candidate, or legislative employee in any one calendar day.

A gift is a rendering of money, property, services, discount, loan forgiveness, payment of indebtedness, or anything else of value in return for which legal consideration of equal or greater value is not given and received.

The ISU Policy Library contains a further explanation of the Iowa Gift Law as it relates to Iowa State employees and officials: www.policy.iastate.edu/policy/gifts/.

4.12 Charitable Contribution to Government Offices

Government entities are frequently asked to provide a tax-exempt number or determination letter to prove their status as a tax-exempt or charitable entity. For example, applications for grant funding generally require this information and donors frequently ask for it as substantiation that their contribution is tax deductible.

Government entities are unique from nonprofit organizations. While a nonprofit requires a determination letter from the IRS to secure tax-exempt status, a government entity does not.

When a charitable donation is received for government offices (county extension districts are technically government offices), a Government Information Letter is needed for documentation and can be requested by contacting the IRS.

Instructions for providing the correct documentation to contributors can be found on the County Services website: www.extension.iastate.edu/countyservices/charitable-contribution-government-offices.

4.13 Business/Fiscal Records and Retention

Business/fiscal records, investment instruments/records of investments, cash boxes, and unused checks shall be secured in a locked fireproof safe or locked file at the extension office or may be retained in a bank safety deposit box (e.g., deed, abstract, mortgage contract) with copies retained in a secured location at the extension office. This policy is to ensure the integrity and retention of documents for audit. The retention policy is located at MyExtension at County Extension Document Retention Table (for staff only): <https://my.extension.iastate.edu/county-document-retention-table>.

Electronic files will be retained in an Iowa State supported system (county shared drive or CyBox) with access granted to the regional director. Electronic files are subject to the County Document Retention Table.

4.14 Borrowing Power of Extension Districts – Securing Lines of Credit

Extension districts are required to be good stewards of the tax levying authority and use of public funds as required by law. A variety of circumstances may require an Extension District to borrow funds from a financial institution. Based on previous opinions of the Office of the Attorney General (referenced in Section 5.F) an extension district is able "...to enable a county agricultural extension council to obligate future councils to make payments from the county agricultural extension tax to purchase office facilities within means of that agency and its other financial obligations." In order to secure a line of credit from a financial institution, a council must approve the terms of the borrowing agreement by resolution of a majority of the extension council members when presented at the council meeting.

Section 5: Investment Policy

Iowa Code 12B.10A Public Investment Maturity and Procedural Limitations

The investment of public funds, which are operating funds by a political subdivision, shall be subject to the following:

1. As used in this section, "operating funds" means those funds which are reasonably expected to be expended during a current budget year or within 15 months of receipt.
2. Operating funds must be identified and distinguished from all other funds available for investment.
3. Operating funds may only be invested in investments which mature within 397 days or less and are authorized by law for the investing public entity.

A. Objectives

- To preserve the safety of the invested funds
- To maintain the liquidity of the funds consistent with cash flow demands

- To obtain a reasonable return on the invested funds

B. Prudence

The extension council treasurer shall exercise the care, skill, prudence, and diligence that a responsible person would normally use when making similar investments.

C. Eligible Investment

The extension council treasurer shall invest funds in an interest-bearing checking account, an interest-bearing savings account, and/or certificates of deposit at the extension council's designated depository bank(s).

Extension District Investment Options as per Iowa Code:

The extension district's deposit in banks or credit unions must be covered by the Federal Depository Insurance Corporation (FDIC), the National Credit Union Administration, respectively, or by the state sinking fund in accordance with Iowa Code Chapter 12C. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. Per Iowa Code 12C.1 (2.b), credit unions are a cooperative, nonprofit association incorporated under chapter 533 or the Federal Credit Union Act, 12 U.S.C. 1752 et seq., and are insured by the National Credit Union Administration. In Iowa Code Chapter 12C.1 (2.c), "Depository" means a bank or a credit union in which public funds are deposited under this chapter. The Chapter 12C.1 (2.d) reference to "Financial institutions" means a bank or a credit union.

The extension district is authorized by Iowa Code Chapter 12B.10 (5a) "to invest public funds in obligations of the United States government, its agencies and instrumentalities, certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the extension council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district."

D. Investment Maturity Limitations

All investments must mature within 397 days or less per Iowa Code 12B.10A.

E. Safekeeping and Custody

All investment instruments and records of investments shall be secured in a fireproof safe or file at the extension office or may be retained in a bank safety deposit box with copies retained in a secured location at the extension office.

F. Powers of Districts to Purchase and Own Facilities for Extension Business (Attorney General Opinion, March 30, 2021; Opinion No. 21-3-1)

This opinion defines the statutory powers for districts that do include the power to purchase, as well as rent, office facilities to conduct their business. Districts are empowered to obligate future district boards to make payments towards the purchase of office facilities.

Section 6: Roles and Responsibilities

6.1 Role of Extension Council

A. Responsibility

- The extension council is legally responsible for all money handled within and through the extension office. This responsibility includes, but is not limited to, budget development, signing vouchers, signing checks, and reviewing financial reports for the extension program.
- The extension council may authorize a separate checking account to handle income and expenses held in custodial capacity. This account, if authorized, is called the “Agency Account.” Delegation of responsibility shall be limited to the payment of expenses for which dollars were collected and at the request of the entity owning the money.
- The Voucher Report listing expenditures incurred since the last extension council meeting shall be submitted to the extension council for review and approval. Subsequent extension council minutes should reflect “a consecutive range (#XXX to #XXX) of voucher/check numbers was approved.” Voucher Report and council minutes must also include a notation of all voided checks.

B. Delegation of Responsibility (**Authorization Decision**)

The extension council (does / does not) authorize the extension council treasurer and/or another designated bonded extension council member to sign checks for payments from the Operating Account prior to the regular extension council meeting.

- The extension council has the fiscal oversight responsibility of all business transactions. The bookkeeper/assistant bookkeeper facilitates the actual transactions as directed by the extension council treasurer or designee.
- The executive/county director (or other council authorized individual) may sign contracts/grants on behalf of the extension council after the council has approved the grant or contract and documented the approval in the council meeting minutes. Contracts/grants which may be signed by the executive/county director (or other council authorized individual) include, but are not limited to, agreements with the phone company, copier agreements, internet service agreements, insurance, snow removal, custodial care, and grant applications for funding, etc.
- The extension council delegates the responsibility for the day-to-day operation of the fiscal policy to the council treasurer. The council treasurer may delegate to appropriate support staff the implementation of predetermined procedures, e.g., bookkeeping, ordering, and preparation of invoices and checks.
- At the annual January organizational meeting, the extension council may authorize the treasurer and/or other designated bonded extension council member to sign checks for the Operating Account prior to the regular extension council meeting for:
 1. Employee payroll, if the compensation has been previously budgeted or approved by the extension council

2. Budgeted expenditures including, but not limited to: rent, utilities, program and office supplies, contractual services
- At the January organizational meeting, the extension council may authorize the treasurer or a designee to sign checks from the Agency Account prior to the regular extension council meeting to pay for items for which money was collected.

C. Public Accounting of Funds

Annually, the extension council shall publish in two district newspapers prior to September 1, a full and detailed report of all receipts and expenditures in the Operating Account and Summary of Agency Account for the last fiscal year consistent with extension law, Iowa Code Chapter 176A.8.14.

D. Audit

The operating accounts are audited yearly by the office of the Iowa Auditor of State. If a written audit report is received, a copy shall be included and filed in the fiscal year records, and a final audit exit letter shall be reviewed by the council and noted in extension council minutes. At the conclusion of the yearly audits conducted by the auditor's team, a statewide summary will be delivered to the assistant vice president for Extension and Outreach and shared throughout the state by ISU Extension and Outreach administration.

6.2 Role of the Extension Council Finance Committee

The finance committee may also be known as the fiscal, fiscal/legal, and/or budget committee. The committee shall oversee implementation and review of this fiscal policy and procedure document, monitor all procedures of county financial management, (adjustments to the budget, carry-over, investments, cash flow, effect of grants, underspending or overspending), and make change recommendations to the extension council budget.

The county finance committee, at the direction of the extension council, shall annually prepare a budget for the fiscal year beginning July 1 and ending the following June 30, for the County Agricultural Extension District Education Fund, Unemployment Compensation Fund, and Tort Liability Fund in accordance with Iowa Code Chapter 24. A Notice of Public Hearing and Proposed Budget Summary must be published not less than 10 nor more than 20 days before the hearing. Budgets must be certified with the Iowa Department of Management and delivered to the county auditor by March 15.

COUNCIL MONITORING: The extension council treasurer shall review the minimum monthly standard reports with the bookkeeper prior to the extension council meeting. (Balance Sheet, Detailed Revenue and Expense Report, Summary Revenue and Expense Report, Voucher Report, Reconciliation Posting Journal, Outstanding Transactions Report, other reporting specific to county (i.e., Agency Account), and bank statement(s).

On a non-scheduled, regular basis, the extension council treasurer or a designee shall conduct an internal review of the procedures established for the accounting system.

Budget Amendment

If, during the year, expenditures are expected to exceed the amounts for any fund in the adopted budget, the budget must be amended in accordance with Iowa Code 24.9. The amendment must be approved by the extension council before expenditure amounts are exceeded. Budget amendments require the same notice and hearing procedures as required for the adoption of the original budget.

6.3 Role of County Bookkeeper and Assistant Bookkeeper

The Bookkeeping Role (Authorization Decisions):

The monthly balancing spreadsheet will be completed and emailed to the ISU county services accountant and regional director by the __15th__ day of the month. (Recommended: 15th day of the month)

Council (does / does not) authorize the bookkeeper to secure electronic/online permissions for viewing and/or printing access of bank account statements and information that aids in the reconciliation process.

1. Is responsible for maintaining an online accounting system; properly entering and categorizing all transactions; and monitoring all accounts, systems, and reports according to the county's approved chart of accounts.
2. Is responsible for preparing payroll and annual W-2s and payroll reports, handles tax and benefit paperwork for new county-funded employees, and prepares and files in a timely manner required federal, state and IPERS periodic reports.
3. Reconciles monthly bank statements against all online accounts; prepares the monthly account reconciliations process, leading to monthly and annual financial reports; and prepares transaction reports for prioritized projects and grants. The bookkeeper also prepares and balances reports for projects and grants, monitoring those reports for key statistics such as legal budget, bank cash management, and accounts receivable collections.
4. May assist in budget preparations and completion of Iowa Department of Management report. The bookkeeper enters approved budget into accounting system and ensures systems are ready for audit.
5. Maintains excellent periodic communication with county and state staff, council treasurer, and council members. The bookkeeper ensures reports are ready in a timely fashion in accordance with county council meeting cycle.
6. Secures electronic/online permissions for viewing and/or printing access of bank account statements and information that aids in the reconciliation process, with council approval.
7. Ensures all documentation for accounting transactions are filed appropriately on the S drive.
8. Must be bonded through the Crime Bond policy.

Assistant Bookkeeping Role:

If an **on-site** bookkeeper approach is used, these assistant roles are also part of bookkeeping function.

If an **off-site** bookkeeper is used, the following roles are handled by an on-site bonded extension district employee(s). This role:

1. Initiates all accounting transactions, writes receipts in an appropriate receipt book for money received, makes change for clients, prepares documentation and deposits funds received, receives and processes payables/expenditures, and ensures checks are mailed. This role also prepares invoices; monitors, collects and reconciles accounts receivables; and handles tax and benefit paperwork for new county-funded employees.
2. Ensures all documentation for accounting transactions and financial records are filed appropriately on the S drive. The assistant bookkeeper maintains all hard copies for grant monies, income, expenditures, receivables, and required reports; maintains hard copy files of voucher and receipt documentation for archives as well as permanent manual folders/files archived differentially according to records retention policy. They ensure employee-related records are maintained correctly and confidentiality controls are in place for employee permanent files.
3. Maintains the official financial hard copy yearly financial summary book from budget to final published report for permanent safekeeping. The role prepares hard copy files for audit, ensures county fiscal policy is implemented and followed in the county office, and implements internal control procedures for segregation of duties.
4. Prepares, files, and sends records for program specialist revenue generation/expense recovery to campus.
5. Manages obtaining signatures by treasurer/designee and ensures checks and all financial documents are timely.

6.4 Role of the Regional Director – Reference the MOU and Addendums

The regional director provides leadership to each extension council within the region to meet their legal obligations as an elected body and carry out the roles and responsibilities of an extension district. This includes initiating strategies for the extension council's implementation of fiscal management, including grant and contract management.

Section 7: Amending Fiscal Policy and Procedures

The extension council at a regular, scheduled meeting shall approve amendments to the fiscal policy and procedures.

Section 8: Distribution

Following adoption by the extension council, copies of the Fiscal Policy and Procedures shall be delivered to:

- Extension council members
- Regional director
- County employees
- County bookkeeper

- Extension council's files for auditor upon request

Appendix 1: Authorizations Checklist

This checklist will help you make sure you have updated all the council authorizations in the policy. The extension council is to review these authorizations yearly.

Procedural Suggestion Help: As the council votes and decides upon these items, **strike through** or delete the item that is NOT chosen, in parenthesis or in additional instructions. Keep the choice in **RED INK** to easily designate the decision made for future council member review of document and choices made.

- 2.4 The extension council (**does / does not**) authorize the use of an Agency Account.
- 3.1 B The extension council (**does / does not**) authorize use of an alternative receipt log for similar items of less than \$10.00 per transaction.
- 3.1 C The extension council (**does / does not**) authorize use of preprinted sign-in sheets to be used as documentation of number of paid attendees, such as the Pesticide Applicator Training state form.
- 3.1 F Deposits shall be made at a minimum of once per week or anytime the total cash, coin, or check is in excess of \$ _____. (Extension council choice. \$500 in currency and coin combined is suggested.)
- 3.1 I The returned check fee for non-sufficient funds will be \$ _____. (Extension council choice, \$25.00 fee suggested.)
- 3.2 A.1 All non-payroll expenditures greater than \$ _____ are to be paid by check, credit card, or EFT. (Extension council choice, \$50.00 suggested.)
- 3.2 A.6a Employees will be reimbursed for the operation of their personal vehicle while on council business at the IRS mileage rate or (OR other rate \$ _____/mile) as approved by the council.
- 3.2 A.6b The extension council will set the travel reimbursement rate for council members conducting official business at \$ _____ per mile. (Max: Federal IRS rate)
- 3.2 A.6c The extension council will reimburse for meals when they are part of a business trip at these limits:
 - Breakfast at _____ (\$8.00 recommended)
 - Lunch at _____ (\$12.00 recommended)
 - Dinner at _____ (\$20.00 recommended)
- 3.2 A 8 The extension council (**does / does not**) authorize EFTs for payroll direct deposits.
- 3.2 A 9 The extension council (**does / does not**) authorize automatic EFTs for federal withholding.
- 3.2.A 10 The extension council (**does / does not**) authorize other online bill paying.
- 3.2.B The extension council requires prior approval for any single purchase in excess of \$ _____ (extension council choice, \$1,000 recommended) or any expenditures not included in the approved budget.

3.2.C The extension council (does / does not) require the _____ standing extension council committee to evaluate capital expenditures over \$_____ (extension council determines, \$500 recommended). Extension council approval is required before committing public funds for capital expenditures.

3.2.D The extension council (does / does not) authorize the use of petty cash. If authorized, the maximum amount of petty cash is \$_____. (Extension council choice, recommend no more than \$100).

3.2.F The extension council (does / does not) authorize purchase of apparel with public funds. Apparel purchases cannot exceed \$_____ per employee per fiscal year (\$50 suggested).

3.4 The extension council (does / does not) authorize the purchase of gift cards.

If authorized, the maximum limit of any one single gift card purchased is \$_____.

The extension council (does / does not) allow an approved volunteer the ability to purchase gift card(s) for extension program purposes and activities and be included as part of a reimbursement.

3.5 1. The extension council (does / does not) authorize the use of a credit card.

2. The name of the person who is responsible for credit card management for the office is _____.

3. The following staff members are authorized to use a county extension credit card:

4. The limit of any one purchase via credit card is \$_____.

5. The maximum total credit limit for each individual's credit card account may not exceed \$_____.

6. Only equipment valued at or below \$_____ may be purchased with the credit card.

7. The council (does / does not) allow an approved volunteer the use of a store charge account to be used for extension program purposes and activities.

4.3. Written competitive bids are required for purchases which are expected to exceed \$_____ (extension council determines amount, subject to minimum set by Iowa Code 26.14).

4.6 The extension council (does / does not) authorize the use of a qualified cafeteria plan, also known as a medical spending plan.

The extension council (does / does not) authorize the use of a qualified flexible spending account for medical expenses.

The extension council (does / does not) authorize the use of a qualified flexible spending account for dependent care expenses.

- 4.8 The extension council delegates authority as described in this section to:
 _____ for role of bookkeeper
 _____ for role of assistant bookkeeper
 _____ to review, authorize, approve, and direct preparation of expenditures, including timesheets and payroll
- 4.9 The extension council (does / does not) authorize use of taking income via credit and debit cards.
- 6.1.B The extension council (does / does not) authorize the extension council treasurer and/or another designated bonded extension council member to sign checks for payments from the Operating Account prior to the regular extension council meeting.
- 6.3.3 The monthly balancing spreadsheet will be completed and emailed to the ISU county services accountant and regional director by the _____ day of the month.
(Recommended: 15th day of the month)
- 6.3.6 Council (does / does not) authorize the bookkeeper to secure electronic/online permissions for viewing and/or printing access of bank account statements and information that aids in the reconciliation process.

Approved by Extension Council on (month/day/year) _____

Appendix 2: Council Monitoring

Section 3.1 COUNCIL MONITORING: The council treasurer, or their council member designee, shall monitor this internal control segregation of duties procedures by reviewing the log file at each regular council meeting, and through document review completion. **Staff should complete the internal control log daily.**

Periodically and unannounced, another staff member other than the office assistant and bookkeeper will open all the mail upon delivery, stamp checks, and write appropriate receipts. The reviewing staff member shall document this action, date, and sign this internal control log. This log will be reviewed and initialed by the council treasurer, or their council member designee.

Section 3.4 COUNCIL MONITORING: Prior to the council approving payment, a council member who did not sign the check for remittance shall check each voucher against the Voucher Report, printed from the accounting system.

A. The county extension council treasurer or designee shall present to the extension council the following monthly financial reports for approval:

- Voucher Report, which lists the voucher/check number, name of vendor, amount of check, and total amount of expenditures
- Balance Sheet, which provides bank account balances, payroll liabilities and fund/sub-fund balances
- Summary Revenue and Expense Report, which shows actual income and expense compared to the budget
- Reconciliation Posting Journal and Outstanding Transaction Report
- Copy of the bank statement

Section 3.4 COUNCIL MONITORING: At least monthly, a council member who does not have any other fiscal responsibility will be considered the independent reviewer. This person will sign and date the bank statements and reconciliation posting journal after reviewing these for timely deposit, reasonable account balance, large or inappropriate expenditures, cash withdrawals and unauthorized expenditures, and discrepancies in deposits compared to the monthly Revenue and Expense Reports.

Section 6.2 COUNCIL MONITORING:

- The extension council treasurer or designee shall review the minimum monthly standard reports with the bookkeeper prior to the extension council meeting: Balance Sheet, Detailed Revenue and Expense Report, Summary Revenue and Expense Report, Voucher Report, Reconciliation Posting Journal, Outstanding Transactions Report, other reporting specific to county (i.e.: Agency Account), and bank statement(s).
- On a non-scheduled regular basis, the extension council treasurer or designee shall conduct an internal review of the procedures established for the accounting system.

Appendix 3: Fiscal Policy and Procedure Approval

Approved on (Date) _____ by ISU Extension and Outreach Keokuk County Council

Signed: _____, Secretary

Signed: _____, Chair

Reviewed on (Date) _____ by ISU Extension and Outreach Keokuk County Council

Signed: _____, Secretary

Signed: _____, Chair

Reviewed on (Date) _____ by ISU Extension and Outreach Keokuk County Council

Signed: _____, Secretary

Signed: _____, Chair

Reviewed on (Date) _____ by ISU Extension and Outreach Keokuk County Council

Signed: _____, Secretary

Signed: _____, Chair

Reviewed on (Date) _____ by ISU Extension and Outreach Keokuk County Council

Signed: _____, Secretary

Signed: _____, Chair

Appendix 4: Internal Procedures Training Document

All staff members are expected to know and follow the procedures for handling finances within the ISU Extension and Outreach Keokuk County office. Staff members are granted the privilege to spend money after they have received training on these policies and procedures

Concept: Staff members do not “own” funds.

Fiscal Policy:

1. “Public Funds” are those funds owned by a public entity such as a school or extension district. This includes both tax and non-tax monies. All monies raised by users of the district entity are owned by the district, not the user, and are under the control of the local council.
2. All public funds are the legal responsibility of the council and the individuals elected to serve as the council secretary and council treasurer. As a practical matter, the board will assign financial duties to other individuals in the district. However, legal responsibility assigned by law cannot be transferred by council action.
3. All public funds have the same legal requirements for accounting, reporting, auditing, and allowing for proper signatures, segregation of duties, publishing, bonding, investing, and uniform financial accounting procedures.

Procedures of Implementing Policy: In the Keokuk County Agricultural Extension District

1. Authorization and responsibility

- a. The council has authorized the (staff role) Regional Director and/or County Director to manage the funds within the budget determined by the council.
- b. The council or designee has authorized specified staff to be account managers with the privilege of managing the funds within their program area budgets as determined by the council. These funds consist of money raised by taxes, fee programming, and grants or contracts.
- c. An account manager is responsible for staying within the budgeted amount and authorizing expenditures and deposits to their categories. Failure to do so may result in having the privilege revoked.
- d. The council or designee has authorized staff members to spend budgeted funds as long as an account manager approves the expenses. Failure to do so may result in having the privilege revoked.
- e. The account manager or his/her designee is responsible for providing proper documentation for all deposits. Failure to do so may result in having the responsibility revoked.
- f. The account manager is responsible for making sure the staff member provides proper documentation for all expenses. Failure to do so may result in having the privilege revoked or undocumented expenses not paid.
- g. Every employee who has been granted the privilege of spending money is responsible for following all procedures or risks having to pay the expense with personal funds or having the privilege of spending revoked.

2. Category Funds

- a. Excess funds in tax categories revert to the carry over balance for the next fiscal year.
- b. Excess funds in program fee categories will be carried over as a balance within that category at the end of the fiscal year. For all fee categories carrying a positive balance of unencumbered funds, the excess will be reviewed by the Regional Director and/or council and account manager for recovering direct and indirect costs owed to the general revenue of the district's operating account.
- c. Deficits in program fee categories will be carried forward as a negative balance at the end of the fiscal year. The account manager is responsible for making sure the fee programs balance. Failure to balance a fee program category over a year's time might result in a temporary or permanent loss of spending authority by the account manager.
- d. Grant funds are encumbered funds. Direct and indirect costs are covered in grants and as much as possible should be paid. Money in grant categories will be carried over as a balance within that category at the end of the fiscal year. At the end of the grant contract, any excess funds will either be transferred to a category that best meets the objectives of that grant or contract or returned to the contracting agency.
- e. All grants or contracts must have Regional Director and council approval prior to submitting the proposal. Any new staff that might be hired as part of the grant must be discussed and approved by the executive director before the proposal is submitted.
- f. Fee-based and grant programs are to be planned so all direct costs and as many indirect costs as possible are covered in the fee or grant. The Revenue Generation form will be used to document the costs and the revenue generated from the programs. Please work with the Regional Director prior to offering a fee-based program to go over the Revenue Generation form.

3. Use of Funds

- a. All expenses will be used to benefit clients of the Keokuk County Agricultural Extension District and not individual staff members.
- b. Refer to grant procedures for roles and responsibilities for dealing with grant dollars.

Concept: Staff will use procedures developed for accountability of funds.

Policy: To be effective, policies and procedures must include all money held or passing through the county extension office and be:

1. Based on the Iowa Code and Generally Accepted Accounting Principles (GAAP).
2. Adopted by the County Agricultural Extension District council and communicated to all employees, volunteer groups and cooperating entities, giving them guidance and direction in accepting and spending public funds that meet with public scrutiny. To enhance the internal control environment, employee job descriptions and computer systems documentation are used to clearly define authority and responsibility.
3. Implemented in a consistent and accountable manner.

Procedures for Implementing Policy:

1. Expenditures

- a. Absolutely no individual shall be paid for work done for a program or the district without being approved by the ISU Extension and Outreach Keokuk County Council as an employee or contractor prior to the work being done. This procedure will be strictly enforced. Use the Letter of Intent form for county hires and the PSA contract for independent contractors. See S:\Forms\Personnel\Letter of Intent.doc or S:\Forms\Personnel\County PSA.doc.
- b. Items should be purchased at businesses with prearranged charge accounts. The County Director has a list of those businesses and will also issue a tax-exempt identification sheet if necessary. Special circumstances need to be addressed individually with the Regional Director prior to the expense being made. Failure to do so may result in the employee paying the expense or having the privilege of spending revoked.
- c. People who spend money from the volunteer group categories will follow the same procedures. The staff member assigned to the volunteer group serves as the manager for that category. The staff manager is responsible for informing the volunteer group of these policies and procedures.
- d. The Regional Director or account manager will authorize all expenses.
- e. All expenses must be documented using a finance claim for the current year. Some kind of documentation received at time of purchase or ordering must be attached to the Finance Claim form. Failure to do so over a period of time might result in revocation of the privilege to spend money.
- f. If a receipt is not given at the point of purchase such as laminating at Heartland AEA, ask the seller for something written on paper and signed by them.
- g. When vendor statements include charges signed by a staff person who has not completed a finance claim with receipt, the staff member, their supervisor, and the Regional Director will be notified. Proper documentation is expected within one week from date of notification.
- h. Phone, fax, computer, or mail orders should be attached to the finance claim and submitted to the County Director at the time the order is placed.
- i. All expenses are to be documented on the Finance Claim form, given to the appropriate account manager for authorization, and submitted to the bookkeeper within two weeks of when the expenditure was made.
- j. Direct costs of copies, transparencies, notebooks, folders, and other supplies for fee- or grant-based programs will be billed to those accounts.
- k. Copies will be charged quarterly and postage monthly based on the printout from the copier and charge slips.

Expense accounts and reimbursements for expenditures must be received within three months of purchase. Finance claims will not be processed for any expenditure after the three-month period.

Petty cash reimbursement requests of \$50 or less will be processed through the petty cash drawer by the _____NA_____. Payment will be paid on presentation of signed finance claims with proper receipts and approved by the account manager.

2. Payroll and Travel Reimbursement

- a. Every employee is responsible for turning in travel and wage/hour forms at the appropriate times or risk not getting paid until the next pay period.
- b. Timesheets should be submitted to the Regional Director for approval.
- c. Travel reimbursement forms should be submitted to the Regional Director for approval. Travel expenses should be completed at least every three months. Expenses exceeding three months will not be processed.

3. Billing

- a. Any time money needs to be recouped from a business or agency for any reason, the Bill To: portion of the Finance Claim form needs to be completed and given to the finance manager. An invoice will be generated. Please follow these procedures even if the agency has already agreed to send the money, as some agencies occasionally forget the agreement, and the paperwork helps the finance manager know where to deposit funds when the check arrives.
- b. Expenses in grant categories will automatically be billed from the expense portion of the claim.
- c. Billing for services is the responsibility of the County Director. Although billings may be completed by another staff member, the Regional Director should still sign and have responsibility for ensuring correct information.

4. Deposits

- a. Any time a staff member anticipates money to be sent into the office without a billing, such as up-front grant funds or donations, complete the deposit portion of the finance claim and give it to the finance manager as soon as you know the money is coming. When the funds arrive, the finance manager will know where to post it.
- b. A receipt book or a summary receipt form must be used whenever staff or volunteers receive money outside the office on behalf of an extension program. A copy of the summary receipt form will be retained in the monthly voucher file. The receipt and money need to be given to the Finance Manager as soon as possible and no later than one week after collection.
- c. The cash drawer/box at the customer service desk will be used only to accept payments (cash/checks) from staff or the public who are purchasing items sold by extension or paying registration fees. It will not be used as a petty cash box and staff and volunteers cannot write checks for cash. It will be maintained by the Program Coordinator who will reconcile and submit to the Regional Director.
- d. All money is to be kept in a locked and secure area overnight.

5. Reports and Accountability

- a. Each account manager will receive a report of income and expenses for the year –to date no later than the fifteenth (15th) day of the month.
- b. Account managers need to check their reports and inquire about their categories within the month and no later than two months so corrections can be made on a timely basis.
- c. Please work with the Regional Director before doing anything out of the ordinary so he/she can work with you on any special procedures.

Discussed at staff meeting on _____

For Staff:

Personal discussion with _____ on _____

Signature of administrative staff

Date

I understand and accept responsibility to comply with the above procedures.

Staff Signature

Date