

**Fiscal Policy<sup>1</sup> and Procedures for  
Washington County Agricultural Extension District  
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<sup>1</sup> Based on legal requirements and/or GAAP and developed in cooperation with the State of Iowa Auditor's office. Document located at [www.extension.iastate.edu/countyservices/fiscal-policy-and-procedures-template](http://www.extension.iastate.edu/countyservices/fiscal-policy-and-procedures-template)

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**INTRODUCTION**

The Cooperative Extension of USDA, The 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 twenty-eight authorization decisions for each Extension Council to fit their needs and situations. All authorizations are located together in section IX. Items throughout the document that require an authorization and/or a dollar amount decision are specified in the appropriate section within the document with a (**Authorization Decision**) notation. This allows all unique Extension District/Council decisions to be managed in one place, Section IX, rather than scattered throughout the document.

**SECTION I: MISSION**

Our decisions, structure, behavior, and priorities in ISU Extension and Outreach are guided by three fundamental principles:

1. Our core purpose is to engage citizens through research-based educational programs. We extend the resources of Iowa State University across the state.
2. We accomplish our goals by developing diverse and meaningful partnerships.
3. Through our purpose and partnerships, we increase the ability of Iowans to make informed decisions by applying relevant, needs-driven resources, to create significant impact in our state.

**SECTION II: 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.

## 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 Chapter 176A.8 (13) of the Code of Iowa. It is used to record and report transactions, including the county levied tax dollars, grants/contracts, program fees and donor restricted 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 Chapter 12C.1 of the Code of Iowa, are those funds owned by a public entity such as a County Extension District. This includes both tax and non-tax monies. All monies generated by users of the district entity are owned by the district, not the user, and are under the control of the local 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 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. FDIC uses the specified maximum amount entered in the minutes in the case of a bank failure.

### A. **County Agricultural Extension Education Fund (Iowa Code Reference)**

The Code of Iowa, 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 & Disabled Credit, Disabled Veterans Homestead Credit, AgLand Credit, Business Property Tax Credit, Family Farm Credit, Native Prairie Tax Credit), and Utility, Commercial & 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)*

## **The County Agricultural Extension Education Fund is made up of five 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, and 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).

### **2. Grants/Contracts Sub-Fund**

The Grants and 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.

### **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 which 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.

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.

- 1) Several of the benefits of this process include:
- 2) Allows for uniform, consistent and efficient accountability
- 3) Individual 4-H clubs will not need separate bank accounts
- 4) Provides for annual audit
- 5) EIN's are no longer needed for clubs
- 6) Sales tax exemption
- 7) Provides consistent record keeping, reporting, and auditing of public funds
- 8) Allows for 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 expected transition date of all 4-H club accounts to the extension district's EIN will be **no later than July 1, 2019**. Resources are found at [www.extension.iastate.edu/countyservices/4-h-club-financial-management](http://www.extension.iastate.edu/countyservices/4-h-club-financial-management).

### **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:

- a. It has a specific purpose, and

- b. Is not part of the county's normal annual operations, and
- c. Has written and signed documentation by the donor as to their donation intent

## 5. Other Sub-Fund

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 as an in and out.

## B. Unemployment Compensation Fund

Section 96.31 of the Code of Iowa 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 Fund**; however, **the Unemployment Compensation levy is only allowed when the regular levy for the County Agricultural Extension Fund is at its maximum limitation imposed by statute.** These limitations for the Extension Districts are noted in Extension Law, Section 176A.10 and also in the Iowa Department of Management (IDOM) Budget Instructions. Once the maximum levy limitation is reached in the County Agricultural Extension Education Fund, the Extension District has the choice to:

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

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

- (1) To pay unemployment insurance premiums as a part of the group insurance plan
- (2) To pay unemployment claims to Iowa Workforce Development.

## C. 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 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**) NOT AUTHORIZED

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.

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:

- 1) 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.
- 2) 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 Education Fund?

## 2.5 Internal Control Definition

Internal control consists of procedures established to provide reasonable assurance County Extension District funds are efficiently and properly used and risk of fraud is minimized. 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

Cash used to purchase budgeted small items less than the amount established under Section 3.2C, such as stamps for the County Extension District office. Petty Cash is an optional procedure used for 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

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 for 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 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 Iowa State Extension and Outreach. The County Extension Council must approve and authorize all volunteers before they begin serving as a volunteer. All approved volunteers must successfully pass a background check, 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 (On Line Banking) Definitions

Electronic Funds Transfer or EFT is the electronic transfer of money from one account to another. Types of EFT's 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 III: INTERNAL CONTROL POLICY & PROCEDURES**

**Policy:** It is the policy of this 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.

#### **Procedures:**

##### 3.1 Income and Revenue Procedures

###### A. Endorsement

All checks received must immediately be stamped with a restricted endorsement (For Deposit Only – Acct: # XXXXXXXXX).

###### B. Documentation of Monies Collected Onsite (**Authorization Decision**)

Cash, check and/or credit card receipts received in the County 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 \$10.00 transaction, a log of similar items may be kept if authorized, (**Authorization Decision**) the log totaled at least weekly and attached to a pre-numbered receipt. (LOG NOT AUTHORIZED)

###### C. Documentation of Monies Collected Off-site (**Authorization Decision**)

Cash, check and/or credit card receipts received outside the County Extension District office (i.e. county fair, etc.) should be recorded in a pre-numbered duplicate copy receipt book (example: livestock weigh-in). The duplicate copy of the receipt is for the customer. An alternative, if approved by Extension Council, (**Authorization Decision**) is a preprinted sign-in sheet may be used as documentation of 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 attaching a pre-numbered receipt to the sign-in sheet(s).

#### D. 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.

#### E. Deposit of Funds (**Authorization Decision**)

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 \$1000. (**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.

#### F. 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. Person conducting the reconciliation is to sign and date the bank statement on the day reconciliation is completed.

#### G. Returned Checks (**Authorization Decision**)

The County 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 \$25 (**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.

**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, 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 log will be reviewed and initialed by the Council treasurer, or their council member designee.

### 3.2 Expenditure Procedures

#### A. Appropriate Expenditures (**Authorization Decision**)



Expenditures paid with money collected and disbursed from the County Agricultural Extension Education Fund should be used to deliver quality research-based information in 1) Agriculture and Natural Resources, 2) Community and Economic Development 3) Human Sciences and 4) 4-H Youth Development for the benefit of all Iowans.

- (1) All non-payroll expenditures are to be paid by check, credit card and/or electronic fund transfer (EFT). All EFTs must be preauthorized by the Extension Council, unless specifically permitted within Section 3.2A.
- (2) Employees or others requesting reimbursement for purchases 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.
- (3) 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.
- (4) Direct Deposit Payroll Payments NOT AUTHORIZED
  - Direct deposit for employee payroll is permissible only for individuals who have formally requested an automatic deposit to their bank account.
  - County Bookkeeper prepares Electronic Funds Transfer payroll instructions.
  - Treasurer approves the payroll EFT by signing instructions (similar to signing an employee payroll check).
  - Electronic Funds Transfer payroll instructions are delivered to bank.
  - Bank follows instructions and transfers funds to employee's account.
- (5) EFT payment of payroll withholding and employer liabilities AUTHORIZED
  - May be made by Electronic Funds Transfer, as required. This includes Federal and State payroll tax payments and withholding, IPERS, and SUTA (if applicable).
  - 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.
- (6) EFT payment of non-payroll expenditures – Automatic or On-Line Bill Pay NOT AUTHORIZED AT THIS TIME
  - 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 council.
  - This payment type shall not be used for paying credit card statements or other vendors.
- (7) 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 and IPERS contributions made. Bonuses may be given for outstanding effort, additional program/grant work, in lieu of pay raises, and/or increased leadership and performance.
- (8) All non-exempt county employees shall use the on-line software, TimeClock Plus, to track hours worked, holiday pay, PTO or sick/vacation leave used/accrued. TimeClock Plus will also be used for requests and approvals of time away from work.

B. Extension Council plan for expenditures of public funds within the approved budget.

**(Authorization Decision)** Examples include, but not limited to:

- Allow public funds to be utilized to support the components of the County Extension volunteer system including identification, background screening, selection, orientation, training, utilization, recognition, and evaluation.
- Recognition expenditures are a component of all 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 are documented.
- A maximum limit of expenditures for any single purchase requires prior approval. **(Authorization Decision)**
- Capital expenditures over a maximum amount, prior council approval is required. **(Authorization Decision)**

C. Petty Cash **(Authorization of Use Decision)** NOT AUTHORIZED

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

- 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 Group Crime Bond Insurance policy, and these personnel are the only ones authorized to dispense petty cash.
- 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 drawer are **not** permissible; it is an unacceptable accounting of public funds.

D. Signature Stamp

The use of a signature stamp is **not** allowed.

3.3 Credit Card Use for Expenses **(Authorization Decisions-Seven)**

A. Authorizations

- The Extension Council must authorize the application for a credit card for expenses.
- The Extension Council must establish which individuals may have a card, that individual’s name must be printed on the card, and the card can only be used by that person named on the card.
- The sharing of cards is prohibited.
- The Extension Council HAS approved the single purchase limit of \$2500 and a maximum credit limit for the statement period (30 days) \$5000.
- Only equipment valued at **or below** \$2500 may be purchased with the credit card.
- Cardholder’s supervisor shall monthly review the cardholder’s statement, including attached itemized receipts, and initial and date the statement indicating their review and approval of the charges.

B. Responsibility for Credit Card Usage

- i. The purchase of personal items is absolutely prohibited.
- ii. The employee cardholder has full responsibility for any improper charges.
- iii. The following items will NOT be purchased with this card:
  - a. Computers
  - b. Equipment purchases involving the trade-in of county property
  - c. Construction Services
  - d. Professional Services
  - e. Moving Services
  - f. Alcoholic beverages
  - g. Controlled substances
  - h. Firearms, weapons & ammunition except for program support
  - i. Items for personal use
  - j. Gifts benefiting an individual employee
  - k. Donations
- iv. 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.
- v. The cardholder shall submit itemized receipts 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.

- C. County Credit Card (Responsibility) Agreement form for staff and Council Treasurer signature is on the Extension Finance website, in the Policies/Procedures section, at:
 

[https://www.extension.iastate.edu/countyservices/files/page/files/County%20Credit%20Card%20Policy\\_1.pdf](https://www.extension.iastate.edu/countyservices/files/page/files/County%20Credit%20Card%20Policy_1.pdf) (policy resides in County Services website)

### 3.4 Fiscal Oversight by Extension Council

- A. All Vouchers, also known as checks, to be remitted for expenses shall be signed by the Treasurer or other authorized officers as determined at the Organizational meeting. All vouchers over \$10,000 shall be signed by the treasurer and/or any 2 of the 9 members of the Extension Council.
- B. The payment stub, bottom 1/3 of the voucher set, shall be 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:
  - i. A Voucher Report which lists the voucher/check number, name of vendor, amount of check, total amount of expenditures.
  - ii. A Balance Sheet, provides bank account balances, payroll liabilities and fund/sub-fund balances.
  - iii. A Summary Revenue & Expense Report which shows the actual income and expense compared to the budget.
  - iv. Reconciliation Posting Journal and Outstanding Transaction Report
  - v. Copy of the bank statement
- D. The minutes of the Extension Council meeting shall record the approval of the following:

- i. Voucher Report (with a consecutive range of voucher/check numbers)  
Include explanation of nonconsecutive items, as well as list any voucher numbers which have been voided.
- ii. Balance Sheet
- iii. Summary Revenue & Expense Report.

E. The approved Voucher Report shall be attached to the minutes of the Extension Council meeting.

**COUNCIL MONITORING**: At least quarterly, a Council Member that does not have check signing authority, 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 (EFT's). The appointed person must be bonded.

### 3.5 Bonding

- A. The Treasurer and/or Chair of the Extension Council must be bonded consistent with Extension law (Chapter 176A.14 (5) of the Code of Iowa) 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 all 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 District to cover the district in case of any type of criminal financial transactions.

### 3.6 Reporting of Impropriety

Fiscal irregularities shall be reported immediately to:

- the County Extension Council Chair
- the County Extension Council Treasurer
- the Regional Director
- and the Assistant Vice President for Extension and Outreach

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

## ***SECTION IV: 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 and 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.” (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**)

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.

##### Bonding Requirement for Public Projects

Iowa Code 573.2 provides that public improvement projects in excess of \$25,000 must be accompanied by a surety bond. The bond provides security to the public owner that the project will be completed, subcontractors and material suppliers will get 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 it 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 is 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 \$10,000 and/or whenever requested by the Extension Council. (**Authorization Decision**)

Competitive bids may be obtained at lower dollar levels, when the Extension Council determines it is in the best interest of the County Extension District, and 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 program, found at: <http://www.purchasing.iastate.edu/vendors/diversity.html>

#### 4.4 Sales Tax Exemption Notation

All purchases for the County Extension District should be exempt from sales tax.

Iowa Code, Section 423.3 entitled “Exemptions” indicate that the Board of Regents Institutions, which includes 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 which was established in 1914 by the Federal Congress through passage of the Smith-Lever Act.

**Pursuant to Iowa Code Section 422.45(5), a County 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 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.**

#### 4.5 Medical Spending Plan Policy (**Authorization Decision**)

Extension Council must approve a **qualified** Cafeteria Plan as defined in the Iowa Code, Section 125 (a), 125 (f), 105, 106, 129 and 137 before a medical spending plan can be offered to employees.

Procedure: Council financial reports **must 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).

#### 4.6 Budgeting Procedures

The 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 Department of management in the spring.

#### 4.7 Delegations of Authority (**Authorization Decision**)

The council will determine and authorize the staff role of Bookkeeper, Assistant Bookkeeper (if different than Bookkeeper), and the other staff member 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.

#### 4.8 Credit or Debit Cards for Income Considerations (**Authorization Decision**)

County Extension and Outreach offices are regularly asked to accept credit/debit cards for registrations or cash transactions. If the council chooses to take income in this matter, (**Authorization Decision**), it is critical that great care be taken when choosing a system to safeguard information, be knowledgeable about laws, and implement appropriately. For up-to-date information, go to:

<http://www.extension.iastate.edu/extensionfinance/files/page/files/Credit-Debit%20Card%20Considerations%2009132013.pdf>

#### 4.9 Incentives, Rebates, Gifts, Discounts, Points, Etc.

Compensation from any source or related sources which is earned as a consequence of official business travel or in the act of any business related activity belongs to the Extension District and **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.

## **SECTION V: 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:*

- a. As used in this section, "operating funds" means those funds which are reasonably expected to be expended during a current budget year or within fifteen months of receipt.*
- b. Operating funds must be identified and distinguished from all other funds available for investment.*
- c. Operating funds may only be invested in investments which mature within three hundred ninety-seven days or less and which 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 County 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 County 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).

### **District Investment Options as per Iowa Code:**

The District's deposit in banks or credit unions must be covered by federal depository insurance, the national credit union administration, respectively, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. 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. 12C.1(2.c) "Depository" means a bank or a credit union in which public funds are deposited under this chapter. 12C.1(2.d) "Financial institutions" mean a bank or a credit union.

#### **D. Investment Maturity Limitations**

All investments must mature within three hundred ninety-seven (397) days or less per Code of Iowa 12B.10A.

#### **E. Safekeeping and Custody**

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

## **SECTION VI: ROLES/RESPONSIBILITIES**

### 6.1 Role of Extension Council

#### A. Responsibility

- The County Agricultural Extension Council is legally responsible for all money handled within and through the County Extension office. Responsibility includes, but is not limited to, budget development, signing vouchers, signing checks and reviewing financial reports for the County Extension program.
- The Extension Council may authorize a separate checking account to handle income and expenses held in custodial capacity. If authorized, this account is called the “Agency Account.” Delegation of responsibility shall be limited to the payment of expenses for which the 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 notation of all voided checks.

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

- The Extension Council has the fiscal oversight responsibility of all business transactions. The County Bookkeeper/Assistant Bookkeeper facilitates the actual transactions as directed by the County Extension Council Treasurer or designee.
- The Extension Council delegates the responsibility for the day-to-day operation of the Fiscal Policy to the County Extension Council Treasurer. The Extension Council Treasurer may delegate to appropriate support staff the implementation of predetermined procedures, i.e.: bookkeeping, ordering, preparation of invoices and checks.
- At the annual January organizational meeting, the Extension Council may authorize (**Authorization Decision**) the Extension Council Treasurer and/or any 2 of the 9 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 Extension Council Treasurer or designee to sign checks from the Agency Account prior to the regular Extension Council meeting to pay for the items for which the money was collected.
- 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 minutes of the Council meetings. 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.

#### C. Public Accounting of Funds

Annually, the Extension Council shall publish in two district newspapers before August 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 (Chapter 176A.8(14) of the Code of Iowa).

#### D. Audit

The Operating accounts are audited yearly as part of the County audit. The County chooses between the State of Iowa audit team or a private accounting/auditing firm. If a written audit report is received, a copy shall be included in the Extension Council minutes and forwarded to the Assistant Vice President for Extension and Outreach.

### 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 Agricultural Extension Education Fund, Unemployment Compensation Fund, and Tort Liability Fund in accordance to Chapter 24, of the Code of Iowa. 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 15th.

### **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 the 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.

#### 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 to Chapter 24.9, of the Code of Iowa. 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 & Assistant Bookkeeper

## **Bookkeeping Role:**

1. Responsible for maintaining on-line 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. Responsible for preparing payroll, annual W-2's and payroll reports; handles tax and benefit paperwork for new county-funded employees; and prepares and timely files required federal, state and IPERS periodic reports.
3. Reconciles monthly bank statements against all on-line accounts; prepares monthly account reconciliations process leading to monthly and annual financial reports as well as transaction reports for prioritized projects and grants. Prepares and balances reports for projects and grants. Monitors those reports for key statistics such as legal budget, bank cash management, and accounts receivable collections. The monthly balancing spreadsheet will be completed and emailed to the ISU County Services Accountant and Regional Director by the 8<sup>th</sup> working day of the month.
4. May assist in budget preparations and completion of Iowa Department of Management report. Enters approved budget into accounting system. Ensures systems are ready for audit.
5. Maintains excellent periodic communication with county and state staff, council treasurer and council members. Reports are ready in a timely fashion in accordance with county council meeting cycle.
6. Ensures all documentation for accounting transactions are filed appropriately on the S drive.
7. Must be bonded through the Group Crime Bond Policy.

## **Assistant Bookkeeping Role:**

- \* **If on-site bookkeeper approach used, these Assistant roles are also part of bookkeeping job.**
- \* **If an off-site bookkeeper is utilized, the following roles are done by an on-site bonded District employee(s).**

7. Initiates all accounting transactions. Write receipts in appropriate receipt book for money received. Make change for clients. Prepare documentation and deposit funds received. Receive and process payables/expenditures; and ensure checks mailed. Prepares invoices, monitors, collects and reconciles accounts receivables. Handles tax and benefit paperwork for new county-funded employees.
8. Ensures all documentation for accounting transactions and financial records are filed appropriately on the S drive. 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 permanent manual folders/files archived differentially according to records retention policy. Ensures employee related records are maintained correctly and confidentially controls are in place for employee permanent files.
9. Maintains official financial hard copy yearly financial summary book from budget to final published report for permanent safekeeping. Prepares hard copy files for audit. Ensures county fiscal policy is implemented and followed in the county office. Implements internal control procedures for segregation of duties.
10. Prepares, files and sends records for Program Specialist revenue generation/expense recovery to campus.
11. Manages obtaining signatures by Treasurer/designee; ensures checks and all financial documents are timely

#### 6.4 Role of the Regional Director

The Regional Director provides leadership to each county Extension Council within the region to meet their legal obligations as an elected body and to 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 VII: AMENDING FISCAL POLICY and PROCEDURES***

Amendments to the fiscal policy and procedures shall be approved by the Extension Council at a regular, scheduled meeting.

#### ***SECTION VIII: 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.

## ***PAGE BREAK TO ALLOW FOR SECTION IX To STAND-A-LONE***

#### ***SECTION IX: AUTHORIZATIONS***

Refer to appropriate section in this Fiscal Policy and Procedures document for more details of any of these authorizations. 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, parenthesis, and other 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 NOT** authorize the use of an Agency account.
- 3.1.B The Extension Council **DOES NOT** authorize use of an alternative receipt log for similar items of less than a \$10.00 transaction.
- 3.1.C The Extension Council **DOES** 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.E Deposits shall be made anytime the total cash (currency and coin) is in excess of \$1000.
- 3.1.G Returned check fee for non-sufficient funds will be \$25.

- 3.2.A.1 All non-payroll expenditures are to be paid by check, credit card or EFT.
- 3.2.A.(4) and (6) The Extension Council shall authorize automatic EFT's for Federal/State/IPERS withholding and **DOES NOT** authorize EFT's for payroll direct deposit and **DOES NOT** authorize other online bill paying.
- 3.2.B The Extension Council requires prior approval for any single purchase in excess of **\$2500** or any expenditures not included in the approved budget.
- 3.2.B The Extension Council **DOES** require the Washington Extension Council to evaluate capital expenditures over \$2500. Extension Council approval is required before committing public funds for capital expenditures.
- 3.2.C The Extension Council **DOES NOT** authorize the use of Petty Cash.
- 3.3.A The Extension Council **DOES** authorize the use of a Credit Card.  
 The name of the person who is responsible for credit card management for the office is Nancy Adrian.  
 The following staff members are authorized to use a county extension credit card: County Director, County Youth Coordinator, Office Assistant plus program staff and approved volunteer group.  
 The limit of any one purchase via credit card is \$2500.  
 The maximum total credit limit for each individual's credit card account may not exceed \$5000.  
 Only equipment valued at **or below** \$2500 may be purchased with the credit card.
- 4.3. Written competitive bids are required for purchases which are expected to exceed **\$10,000 and/or whenever requested** (Extension Council determines amount, subject minimum set by Iowa Code 26.14).
- 4.5 The Extension Council **DOES NOT** authorize the use of a Qualified Cafeteria Plan, also known as a Medical spending plan.
- 4.7 The Extension Council delegates authority as described in this section to:  
 Nancy Adrian for Role of Bookkeeper  
 Karen Bates-Chabal for Role of Assistant Bookkeeper  
 Nancy Adrian to review, authorize, approve and direct preparation of expenditures, including the timesheets and payroll
- 4.8 **DOES NOT** authorize use of taking income via Credit and Debit cards.
- 6.1.B The Extension Council **DOES** authorize the County Extension Council Treasurer and/or any 2 of the 9 designated bonded Extension Council member to sign checks for payments from the Operating Account prior to the regular Extension Council meeting.

## ***SECTION X: COUNCIL MONITORING***

**COUNCIL MONITORING (Page 8, Section 3.1):** 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 document review completion.

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.

**COUNCIL MONITORING (Page 10-11, Section 3.4):** Prior to the council approving payment, a council member who did not sign the check for remittance shall check off each voucher against the Voucher report printed out from the accounting system.

- G. The County Extension Council Treasurer or designee shall present to the Extension Council the following monthly financial reports for approval:
- i. A Voucher Report which lists the voucher/check number, name of vendor, amount of check, total amount of expenditures.
  - ii. A Balance Sheet, which provides bank account balances, payroll liabilities and fund/sub-fund balances.
  - iii. A Summary Revenue & Expense Report which shows the actual income and expense compared to the budget.
  - iv. Reconciliation Posting Journal and Outstanding Transaction Report
  - v. Copy of the bank statement

**COUNCIL MONITORING (Page 11, Section 3.4):** At least quarterly, a Council Member that does not have check signing authority, 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 and unauthorized expenditures, and discrepancies in deposits to what is reported on the monthly Revenue and Expense Reports.

**COUNCIL MONITORING (Page 16, Section 6.2):**

- 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 the 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.

***FISCAL POLICY and PROCEDURE APPROVAL***

Approved on 1/15/2018 by the Washington County Agricultural Extension Council

Signed: \_\_\_\_\_, Secretary

Signed: \_\_\_\_\_, Chair

**Appendix ONE: Internal Procedures Training Document**

All staff members are expected to know and follow the procedures for handling finances within the Washington County Extension 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 moneys. All moneys 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 the 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 Washington County Agricultural Extension District**

**1. Authorization and Responsibility**

- a. The council has authorized the REED and County Director to manage the funds within the budget determined by the council.
- b. The Extension Council 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 Extension Council 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 risk 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. All fee categories carrying a positive balance of unencumbered funds, the excess will be reviewed by the REED/County Director and/or council and account manager for recovering direct and indirect costs owed to the general revenue of the district’s operation account.
- c. Deficits in program fee categories will be carried forward as a negative balance at the end of the fiscal year. The category 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 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 REED/County 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 REED/County Director prior to doing 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 Washington 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, communicated to all employees, volunteer groups and cooperating entities, giving them guidance and direction in accepting and spending public funds that meets 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 Washington County Extension 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 when necessary. Special circumstances need to be addressed individually with the County 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 REED/County 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 point of purchase such as laminating at Heartland AEA, ask the person for something written on paper and signed by the seller.

- 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 REED 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 time order is placed.
- i. All expenses are to be documented on the Finance Claim form and 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 and postage will be *charged quarterly (postage monthly)* based on the printout from the copier and the charge slips.
- l. 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.
- m. Petty cash *reimbursement requests of \$50 or less will be processed through the Petty Cash drawer by the \_\_\_\_\_*. Payment will be paid on presentation of signed finance claims with proper receipts and approved by the account manager. **PETTY CASH NOT AUTHORIZED.**

## **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 County Director for approval.*
- c. *Travel Reimbursement forms should be submitted to the County Director for approval. Travel expenses should be completed at least as often as every three months. Expenses exceeding three months will not be processed.*

## **3. Billing**

- a. Anytime 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 because some agencies occasionally forget that promise, and when the check arrives, the Finance Manager knows where to deposit the funds.
- 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 County Director should still sign and have responsibility for ensuring correct information.

## **4. Deposits**

- a. Anytime *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 to the Finance Manager as soon as you know the money is coming, so that when the funds arrive, the Finance Manager knows 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 report file. The receipt and money needs 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 County 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 (15<sup>th</sup>) day of the month.
- b. *Account* managers need to check their reports and make inquiry about their categories within the month and definitely within two months so corrections can be made on a timely basis.
- c. Please work with the REED 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