

4-H Club/Council/Committee Finance - Best Practices

Purpose

This guide highlights important internal control points that 4-H organizations should consider in their financial operations. The guide is not intended to be all-inclusive – consult the Montana 4-H Treasurer's Handbook (4-H 5242) for additional topics or your MSU Extension agent as needed.

Overarching Principle - Segregation of Duties

4-H organizations often have limited staff available to carry out their numerous fiscal tasks. Organizations should avoid situations where the same person has sole control over all phases of a transaction cycle. Instead, others within the organization should be assigned to perform some of the tasks and monitor accounts.

Example: Cash receipting –the same person should not be able to (1) receive the money from a customer, (2) issue a receipt to the customer, (3) record the cash received in the club's cash journal, (4) prepare and make the deposit, and (5) reconcile the bank statement without other officers or employees being involved in the cycle in some capacity.

Cash Receipting

- Change funds/cash boxes for “pay at the door” events.
 - ✓ Both the starting cash and the ending cash -- including currency and checks -- must be counted by two individuals.
 - ✓ A cash count sheet must be completed and signed by both counters.
 - ✓ Any discrepancies, such as cash shortages or overages not reconcilable with daily sales, must be documented on the sheet and initialed by cashiers.
- Customer receipts books. Use pre-numbered, triplicate copy receipts (top copy to customer, middle copy attached with bank deposit records, and bottom copy remains in the book as the office record). If a receipt is voided, keep it intact and affixed in the receipt book. Only one receipt book should be utilized at a time, and someone other than the Treasurer should purchase additional sequentially numbered books and keep these in their custody until needed by the Treasurer.
- Timely deposits. Cash and checks awaiting deposit should be kept in a secure safe with limited access. To ensure financial accountability and the safety of funds, all 4-H offices, clubs, and committees are expected to make deposits at least on a weekly basis, or more often if cash on hand exceeds \$500.00. Offices should avoid keeping unnecessary cash required for day-to-day operations. At no time should more than \$500.00 be kept in an office. Any funds more than this limit must be deposited on the following business day.
- Other considerations.
 - ✓ Do not take personal loans from the cash on hand.

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- ✓ Avoid using cash on hand to pay for goods and services. Instead, use a 4-H bank card or check. A receipt should be obtained for documentation.
- ✓ Do not deposit cash receipts in your personal bank account.
- ✓ Do not ask for cash back on a deposit slip.

Disbursements

- Expenses should be approved in advance by designated 4-H officers, and approval should be documented in officer meeting minutes or by email. The Treasurer should ask for officer approval via email if an unplanned expense needs to be paid before the next finance meeting.
- Ideally, the Treasurer should prepare the check, and two other signatories sign the check. The Treasurer should never be the sole signatory.
- Checks payable to the Treasurer for business expenses (reimbursements) should be signed by the two other signatories.
- Keep the checkbook in a secure safe with limited access.

4-H bank cards (debit cards)

- Any 4-H bank card should be stored at county offices unless checked out for use. A check-out and in sheet for tracking should be required to be filled out when in use.
- No cash ATM withdrawals or cash-back on a purchase from a merchant.
- Cannot be used for personal expenses or personal loans. No fuel for personal vehicles, no personal meals, no alcohol.
- Any food, beverages, or supplies for group events must be approved in advance. Keep purchases to the minimum quantities needed and have a plan for storing extra items for future use. Do not mix personal groceries/supplies with those purchased with a 4-H card.
- Keep the 4-H card stored away from personal cards to avoid mixing them up when making a purchase.
- All 4-H card purchases must be accompanied by a detailed receipt showing what was purchased. A missing receipt form must be prepared and signed off by club officers.
- Cards should be cancelled or their access denied if there is a pattern of misuse. Report suspected misuse to your MSU Extension agent.

Bank Accounts

- 4-H checking and savings accounts should be opened only in the name of the 4-H organization with the organization's EIN number issued by the IRS. Do not use the name of an officer or other individual and their personal SSN.
- Monthly bank statements should be mailed to, opened, and reviewed by an officer other than the Treasurer before handing off to the Treasurer for reconciliation.
- Keep authorized signatories updated with the bank. MSU Extension Agents should have access to the club bank account but should not sign checks unless in an absolute emergency. Have at least two adult signatories in addition to the Treasurer.
- Reconcile bank statements in a timely manner (monthly).
- Treasurers should prepare a monthly detailed treasurer's report (beginning balance, income, expenses, ending balance) for review and discussion by club officers or finance committee.

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Receiving Gifts/Perks

Officers and employees should not accept gifts from outside parties or receive a personal perk/benefit in exchange for performing their official duties (e.g., free use of facilities, free registration to events, etc.).

Audits

All bank statements, receipts, cancelled checks, checkbooks, savings account books and related treasurer's records will be made available to the county Extension agent or his/her designee for a year-end financial review or at any other time as requested. These documents must also be available for public inspection as per IRS regulation. Extension agents may refer suspected or known fiscal misconduct to MSU Internal Audit and local law enforcement.