

Financial Review Committee Responsibilities for 4-H Club/Group and Other Extension Affiliated Accounts

Kansas Extension law as well as federal and state expectations for use of all funds generated in support of Extension programs, require the Director of Extension and Extension Council/District Boards to be accountable for non-appropriated funds generated for Extension programs within their jurisdiction. In other words, the Director of Extension and the Extension Board are accountable for funds raised and/or collected by such groups as 4-H Clubs, 4-H Councils, and Master Gardeners. In order for the local extension unit to ensure compliance with financial requirements for 4-H and other extension affiliated groups, a yearly financial review of those accounts is to be conducted by a Financial Review Committee of the club/group. Approval of the reports should be documented by the local unit board recording in their minutes a motion to approve the reports, including in the minutes the name of each club/group. This review and board approval is required of all clubs/organizations.

Of most importance are the following principles:

- Utilize the 4-H Club Treasurer Job Description (KSU 4-4) in 4-H officer training.
- Each 4-H Club or other Extension affiliated group bank account **should have two signatures for expenditures** (checks and withdrawals).
- An annual financial report (KSU 4-3) must be filed with the Extension Council/District Board. A suggested deadline is November 1st for 4-H Club accounts.
- The local extension board should note in their minutes the receipt and approval of reviews, including the name of the club/group.
- All club/group accounts must have their own employer identification number (EIN) from the Internal Revenue Service. **The Extension Council or 4-H Council number is not to be used.** Personal social security numbers may not be used for these groups.

The financial review process helps teach lessons of accountability, the importance of keeping good records, and assures we are in compliance with state and federal expectations, as well as IRS requirements, for use of funds generated to support Extension programs. The financial review committee should be composed of three or more members with a recommendation of two adults and two youth for 4-H Clubs. Committee members should not be signatories on the account, or have family or financial relationships to the treasurer or anyone else that is signatory on the account.

The financial review committee should be concerned with the following objectives:

- Verification that established policies, procedures and internal controls are being followed in the daily operation of the program.
- Verification that accounting records and financial statements are accurate and complete.
- Verification that "Principles of Managing Non-appropriate Funds Collected by Kansas Extension Councils and District Governing Bodies" are being followed.

The financial review committee should make comments and recommendations regarding the financial records and procedures for the club/group. All areas of non-compliance (no matter how small) should be summarized by the financial review committee and brought to the attention of the club/group and included in the financial report. The financial report is a permanent part of the financial records of the club/group and a copy should be kept with club/group records.

Resources: Principles of Managing Non-Appropriated Funds
Internal Revenue Service Status for 4-H Clubs/Groups/Affiliates
4-H Club/Extension Group Financial Review Checklist
4-H Club/Extension Affiliated Group Annual Financial Report
4-H Club Treasurer Job Description