

Fiscal Policies and Procedures for County Councils

Fiscal management policies established for county outreach and extension councils are based on the Missouri Revised Statutes, University of Missouri policies and procedures, and other accepted accounting and management policies for public entities. Councils may have additional policies and procedures to ensure efficient management of financial operations. These policies and procedures provide for uniform financial record keeping and facilitate reporting between the cooperating partners, University of Missouri Extension, county councils and county commissions, in furtherance of the delivery of outreach and extension programs.

Responsibilities

University of Missouri Extension

- Receive and expend allocations from the University of Missouri, USDA and other sources in accordance with pertinent statutes, agreements, policies and procedures in support of outreach and extension programs.
- Participate with the council to establish a budget to support facility and program costs necessary to deliver programs within the county.
- Provide management assistance to county councils for furtherance of extension work.

County Extension Council: Missouri Revised Statutes, Sections 262.550 to 262.620, adopted in 1961 by the General Assembly, provide the establishment of a University of Missouri Extension Council in each county. Specifically, the council has the responsibility to:

- Arrange for and administer the county share of the cost of extension services and receive by way of gift, purchase or otherwise acquire, in its own name, real or personal property required for the administration of the extension program.
- Provide for the collection of fees for specific services that require special equipment or personnel. Councils may not collect dues for or pay dues to state or national organizations or associations. Supplies or services deemed necessary by the University and the council to the conduct of any education program are not considered private enterprise or commercial activity within the meaning of the statutes.
- Accept financial contributions from private sources to be used for extension purposes. The IRS has ruled gifts and contributions to the council to be tax- deductible.
- In cooperation with the county commission and the University, prepare an annual financial budget covering the county's share of the cost of carrying out the extension programs.

- Prepare a monthly requisition and certified statement of expenses to the county commission as the basis for issuance of a warrant covering the requisition drawn in favor of the treasurer of the council.
- Direct the treasurer to account for all fiscal activities of the council by keeping a record of all monies received and disbursed, specifying the person from whom received and to whom paid, and the purpose for which they were paid out.
- Make an annual report through its secretary to the county commission, covering all receipts and expenditures, a summary of work undertaken and results accomplished. The report is to be filed with the commission no later than Feb. 1, following the completed year.
- Establish procedures for providing a satisfactory audit and management review of funds administered by the council.

Regional Director: As University of Missouri employees, regional directors are responsible for direct-line administration of outreach and extension programs and supervision of off-campus faculty and staff in a designated geographic region. Specifically, the regional directors have the responsibility to:

- Assure that county program directors represent University of Missouri Extension with county councils, county commissions and other funding agencies in planning, securing and managing funds to carry out county programs.
- Assure that CPDs arrange for maintaining the approved accounting system and for annual audits of county monies, and make appropriate financial reports to regional and state offices.
- Plan for and manage resources available for multicounty programs.

County Program Director: As a University employee, the county program director is responsible for:

- Providing management support for council operations
- Supervising council-paid support staff
- Reviewing receipts and disbursements per the council budget, policies and procedures
- Implementing county-level administrative support systems, policies and procedures
- Keeping the council and regional director informed of administrative matters.

Council Treasurer: The council treasurer is responsible for:

- Executing a corporate surety bond of not less than 125 percent of the council funds for which the officer will be accountable at any one time, with the cost of the bond being paid by the council.
- Assuring that all money received is in a bank or trust company designated by the council.

- Assuring that fiscal records are audited annually.
- Assuring the development of a detailed written report, covering the past year's receipts and disbursements, to be filed with the county commission no later than Feb. 1.
- Turning over all receipts, records and council funds to the next treasurer when the term of office is ended.
- Signs checks with another council officer.
- Reviews monthly bank reconciliations.
- Assures that the council is provided with regular financial reports.

Accounting System

County Extension Council Fiscal Record Keeping: The county extension council will maintain the University of Missouri approved accounting system to fulfill its statutory responsibilities for financial record keeping and reporting. The extension council accounting system is a cash, fund accounting system that recognizes receipts and disbursements on cash basis and recognizes selected receivables, payables and liabilities. Receipts and disbursements, receivables, payables, assets and liabilities are maintained by fund as defined in the chart of accounts. The financial records include receivables, payables, revenue, expenses, assets and liabilities.

Chart of Accounts: The chart of accounts for council operations must be maintained for all accounts in the accounting system, including account code, account name, purpose/description. The county program director (CPD) is authorized to approve the establishment and termination of all accounts.

Budgeting

Budget Development: Preparation of an annual operating budget is necessary for the effective management of council resources. As the University of Missouri liaison with the council, the CPD assists the council in preparing the annual operating budget and keeping the budget current during the year.

University of Missouri Extension maintains and provides guidelines for preparation of the annual operating budget. The budget is to be inclusive of all council operations, including all sources and uses of funds. The budget, and any subsequent revisions, is reviewed and approved by the council. The annual budget is submitted to University of Missouri Extension for use in meeting state and national level reporting needs.

"In-kind" contributions, e.g., space value, utilities, services, etc., are noted for the council financial plan but not documented in the accounting system.

Per state statutes, a budget for county commission funding is prepared and submitted annually. This budget will be in a format as prescribed by the commission.

Endowments: If the council has a locally held endowment with specified uses, the budget should reflect a fund for the endowment. Unrestricted use endowment revenue use may be budgeted in the Unrestricted General Operations.

Fee-Based Activities: A budget for each fee-based educational activity should be prepared by the staff responsible for the activity and approved by the CPD and/or regional director per University of Missouri Extension and council policy and procedure.

Grants and Contracts: A budget for each grant or contract is prepared per the terms and conditions of the grant or contract.

Savings and Investments: All savings, money market, certificates of deposit and other investments should be included in the annual budgets.

Purchasing

Bid Procedures: Office furniture, equipment and other materials that are available from more than one vendor must be purchased only after being satisfied the best value in terms of price, quality and service will be received. The recommended dollar amount may be specified, lower or higher, than the \$1,500 noted below by action of the council.

Purchases under \$1,500: Compare materials and prices from local vendors and select the best value in terms of price, quality, and service.

Purchases over \$1,500: Distribute to vendors that are known to be able to supply the material or service, written specifications and a bid closing date.

Purchase Orders: All councils should use a purchase order procedure to assist the CPD in managing the authorized budget. A purchase order system:

- 1) Establishes an approval procedure
- 2) Provides a payables record for expense planning .
- 3) Ensures that vendors will supply and bill the council with an official form with signature approval.

Purchase order forms must be printed with the name and address of the council and sequentially numbered.

Contracts: All documents that constitute a legal commitment of council resources (i.e., leases, service contracts) should be executed only by the council chair upon direction of the council as indicated in council meeting minutes.

Receipts and Earned Income

Segregation of Duties: Council office procedures should provide for the segregation of duties for the receipt and deposit of monies. These procedures are established for the protection of the individuals involved and security of funds. Individuals responsible for receiving funds should account for those funds to another individual who prepares the deposits.

Pre-numbered Receipts: All money received, cash or checks, is recorded on a pre-numbered council receipt, which includes the name of council. A receipt is issued for all transactions in which money is

received in the extension center or by staff at locations other than the extension center. A copy of the receipt is maintained as an official part of the accounting record. Any voided receipts are retained in the receipt book for permanent reference. A log may be prepared for mail-in payments received, with one receipt written for the total. Similarly, if registration fees are collected on site, attendance sheets may be prepared and the total placed on a numbered receipt when turned over to office personnel for deposit. Copies of mail logs and attendance sheets are retained as part of the accounting records. If an office has a significant number of walk-in clients, a cash register produced receipt may be used. The cash register tape must be coded as to revenue type and retained as part of accounting records.

Restrictive Endorsement: The individual responsible for receiving funds should restrictively endorse each check received by stamping "For Deposit Only, (name) County Extension Council" before placing it into a cash box or cash register. A council restrictive endorsement stamp should be located with each receipt book in use.

Bank Deposit: Cash and checks in the cash box at any one time should equal the sum of applicable receipts. Each bank deposit will include a record of each receipt number represented in the deposit. Deposit slips are maintained as an official accounting record of the council. In offices with limited personnel, the county program director should periodically reconcile receipts to deposits. All current receipts, cash or checks should be deposited at least each week and more often during periods of income-generating activities. Some offices will need to make daily deposits, and a staff member will be designated as responsible for deposits during regular office hours. Council procedures should stipulate a maximum amount of cash and/or checks to be allowed to be on hand at any one time.

Credit Card Receipts: All payments made with a credit card should be entered into the credit card processing system. After processing, a receipt listing the transaction confirmation number is issued for each transaction. A copy of the receipt is maintained as an official part of the accounting record. Any additional documents relevant to the credit card transaction should be attached to the receipt and maintained as part of the accounting record. After the confirmation number has been received, any document(s) containing the credit card number should be destroyed, or the credit card number should be marked through so the number is no longer legible.

Credit card online registration system is not available after office hours

If online registration is not possible after office hours or at a remote location, participants may be asked to complete a form to include the credit card number, or may elect to write on the form that they wish to be contacted at a later date by Extension office personnel to obtain the credit card information. As stated in above paragraph, any document containing the credit card information should be destroyed.

Accounts Receivables: When a client incurs a financial obligation to the extension council, a pre-numbered statement or invoice is issued. The original is given or mailed to the client and copies are filed for reporting and follow up.

Savings and Investments: Interest earned or additional funds received or transferred to savings, money markets account, or certificates of deposits are to be posted to the accounting system.

Cash Management

Office Procedures: The council will maintain appropriate office procedures for the proper accounting for cash and checks, security of monies, division of duties of employees, making regular deposits and other procedures necessary to ensure the proper control of monies. The council authorizes the treasurer to keep cash balances invested in interest-bearing accounts to the extent practical.

Handling Cash: the responsibility for cash is to be delegated to only one person at a time. When relief personnel is required, separate cash boxes should be maintained or the amount transferred should be verified each time personnel changes. A locked cash box, drawer or cabinet must be available to personnel when the office is open and a safe or locked cabinet when the office is closed. Council procedures should stipulate the maximum amount of cash, other than a minimal change fund, that can be left in the office over the weekend or holidays.

Change Fund: Depending on the office location and level of cash activity, a change fund may be needed when an exact change policy is not practical. A one-time check is written to cash for the purpose of a change fund. Keep separate from cash receipts and follow the same security procedures as with other cash on hand.

Petty Cash: A petty cash fund should only be established in office locations where required small purchases cannot be charged for subsequent payment by check. The petty cash fund must be kept in a separate, secured location accessible only to the individual authorized to make such purchases. When a cash purchase is made, the employee should complete and sign a petty cash requisition describing what was purchased and the cost. The requisition is placed in the cash box. At any given time, the cash and petty cash requisitions must total the authorized amount. Monthly petty cash requisitions are submitted for approval, and a check is written to reimburse the petty cash fund for the amount of purchases made. Petty cash requisitions are entered in the accounting system per the appropriate account number and expense subcode.

Postage Meters: Postage meters require the same security procedures as cash within the office. During office hours, the meter is to remain locked, and one person is to be responsible for the key. When the office is unattended, the meter is to be locked in a secured safe or cabinet.

Disbursements

Pre-Numbered Checks: All financial obligations are to be paid by pre-numbered check, complete with the date, signature, payee, dollar amount and reason for payment, and any invoice, voucher or other reference number. Any voided checks should be retained for permanent reference. All checks written will reference documentation on file. Recognizing only original statement/invoices will prevent the possibility of duplicate payments. When checks are written, the check number is recorded on the reference document. Documents may include vendor invoices or statements, payroll and travel vouchers, written letters of agreement and contracts. Per state statute, checks require an authorized signature and second, or counter, signature, both on file with the bank. Only council members may be authorized to sign checks.

Payroll Disbursements: Employee time records/payroll vouchers must show the dates and/or hours for which payment is made and be signed/dated by the employee and immediate supervisor. The immediate supervisor should verify vacation and sick leave records at least quarterly.

Non-Payroll Disbursements: All disbursements must have original source documents to support the transaction. Documentation may include vendor invoices, written letters of agreements, contracts, leases, etc.

Travel Expenses: Reimbursements to staff and council members for travel expenses are to be made by approved voucher. The approved University-provided format may be used, or a locally developed format that provides the necessary information: a description of each trip with the date, purpose, miles driven and any other travel expenses listed. Staff travel vouchers must be signed/dated by the staff member requesting reimbursement and the immediate supervisor. Council travel vouchers must be signed/dated by the council member requesting reimbursement and signed by the CPD.

Refunds: The council should establish guidelines for authorizing refunds of fees or service charges.

Financial Operations

Annual Financial Audits: An annual audit of the council's accounting records is required. Auditing options include engaging a CPA firm, using an auditor available to other county government offices or appointing an audit committee. See the Audit Guidelines for County Councils for additional information.

Agency Accounts: Agency accounts are established for related Extension organizations such as Master Gardeners, Master Naturalists, 4-H Council, etc. When the Agency uses the Council's tax ID number, the best practice is for financial activities to flow through the Council's accounting system. If the Agency obtains their own tax ID number, the Council should require fiscal reporting as the extension programming remains under the Council's direction.

Bad Debts: All receivables determined to be uncollectible are to be written off after all appropriate collection efforts have been pursued. A returned check for insufficient funds that was deposited is entered as a bad check, and the reduction in revenue is noted in the appropriate account. The council must approve the write off of uncollectible receivables as recommended by the treasurer at a regular meeting.

Banking: Council banking should be done at one bank and all disbursements through one checking account. Councils may determine for reasons of prudent fiscal management that funds not needed for immediate operations be maintained in accounts than the regular checking account and/or with other recognized financial institutions that offer improved returns while maintaining appropriate security for public funds.

Reconciliation of Bank Statements: The bookkeeper, the County Program Director, or a Council Officer will reconcile the council's accounts with the bank statement each month. The reconciliation will follow the procedures for verifying receipts and disbursements in the accounting system. The reconciled bank statement should be initialed and dated by the bookkeeper and the CPD. The treasurer should review reconciliations regularly. Monthly, the CPD should receive the bank statement (unopened), review cancelled checks and trace recorded receipts to deposits.

Bonding: The council must follow state statutes requiring a corporate surety bond of at least 125 percent of the estimated amount that will be in the treasurer's custody at any one time. In addition, a position corporate surety bond of at least 125 percent of cash on hand is recommended for the council bookkeeper and other council employees. University-employed staff is covered by a University-provided bond.

Corrections: The council may authorize the CPD to approve corrections to accounting transactions containing errors. Corrections are made using the procedure specified in the accounting system, appropriately documented and periodically reported to the treasurer.

Grants and Contracts: The council is authorized per state statutes to administer grants and contracts. Grant or contract proposals require prior approval of the council, CPD, regional director and director of cooperative extension before the proposal is submitted. Copies of all proposals shall be maintained as part of the council and regional director records. Upon grantor approval, the council and regional director will review and approve the acceptance of the terms and conditions of the grant or contract. Grant and contract funds are administered in a separate accounting fund for each grant or contract.

Records Retention and Documentation: All source documentation to accounting transactions are to be retained for five years and then may be destroyed, except for specific documents which have reference value, such as major purchases, long term lease agreements, etc. Annual budget and financial reports

should be made a part of the council minutes and retained permanently. Printed copies of the detailed list of transactions and the detailed ledger reports should be run at the same time as monthly status reports and retained in file for reference for a period of no more than two years. Annual audits should be maintained as a permanent record.

Transfers Between Accounts: All transfers of income and/or expense items between accounts should be made in a timely manner. Transfers must be approved by the CPD on the Request for Transfer form. The purpose of the transfers is to adjust account balances when the activity is completed or to reflect the proper recording of the revenue or expense in the correct account.

Tax Forms: IRS Quarterly Form 941 or annual Form 944 once completed should be signed by a "duly authorized member or officer" of the council.

Void Check: The council may authorize the CPD to approve the voiding of a check when a check writing error has been made. A voided check must be maintained as part of the accounting records.

Year-End Closing: Official accounting records are to be closed at the end of each council fiscal year. To the extent possible, all receipts and disbursements within that fiscal year. Account balances will be either carried forward as beginning balances in the next fiscal year, when an activity represented by the account is to be continued, or transferred to another account, per council policy and procedure, if purpose for the account has ended.

Use of Public Funds: All funds in the custody of the council are, by definition, public funds. All funds must be handled using recognized, best management practices. Payments generally should not be made before receiving materials and/or services. Except where unavoidable, payments for supplies and services should be made directly to vendors and not as reimbursements to staff. Purchases that could be interpreted as benefiting individuals, firms or organizations with which council members or staff are associated should be avoided, including personal use of long distance telephone. Purchases of supplies or materials by staff or councils members from council inventory should be avoided as this inappropriately extends a council's state sales tax exemption to the purchaser. It is recommended that councils establish a written policy regarding the use of long-distance telephone services for personal use. If councils have no such policy, there is no recourse if phone services are abused.

Cost Recovery and Fees

Policy: State statute authorizes councils to set and collect fees for services and educational programs. University of Missouri (UME) provides management advice in establishing fees and determining what costs may be recovered.

Recoverable Costs: Recoverable costs may include, but are not limited to:

- 1) Non-staff instructor's pay, honorarium, travel, meals, lodging, etc.
- 2) Facility Rental
- 3) Communications
- 4) Copy service
- 5) Supplies
- 6) Food/refreshments
- 7) Clerical, labor or technical services
- 8) Involved specialist(s) travel, meals, lodging, etc.

Regional and state specialist staff salaries are paid by UME and are not recoverable by councils.

Recovery of such costs in a council-sponsored program must be approved in advance by the regional director and subsequent reimbursement made to UME.

Source of Funds: Cost may be recovered from one or any combination of:

- 1) Participant fees
- 2) Co-sponsoring organizations
- 3) Sponsoring departments or divisions of the University
- 4) Grants, gifts or contracts

Insurance

Liability: Councils should review their liability risk and take steps to provide adequate insurance coverage. Where councils own office and meeting room space, comprehensive public liability insurance should be considered. Discussions with local county officials should provide assistance in determining risk experience and coverage under existing policies. Where the council does not own space, consideration should be given to purchase of renter's insurance.

Property: Furniture and equipment owned by the council should be insured against loss from theft, fire and other perils. UME provides coverage for all University-owned and - inventoried business personal property.

Worker's Compensation: The University provides worker's compensation coverage for all staff supervised by University-paid employees. This coverage includes council-paid secretaries and any other staff paid by the council but supervised by University-paid staff.

Assets

Assets: Assets are classified as current, long-term investments and fixed. If the council wishes to establish an owner's equity or net worth, then asset balances are required throughout the accounting cycle.

Current Assets: Current assets are those properties that are either cash or can be converted to cash within one year, and are designated for current operations:

- 1) Cash on hand
- 2) Cash in banks, checking accounts, savings or money market accounts
- 3) Certificates of deposit with terms of one year or less
- 4) Receivables

Fixed Assets: Fixed assets are tangible or physical properties owned by the extension council and used in the normal operations of the extension office. It is recommended that the "straight-line" method of amortizing fixed-asset costs be used. To use the straight-line method, divide the purchase cost by the estimated life of the item to calculate the monthly depreciation expense. During the life of the fixed asset, an accumulated depreciation expense and the current book value are calculated and reported on the balance sheet. Examples of fixed-asset categories:

- 1) Office furniture
- 2) Office equipment
- 3) Buildings
- 4) Land

Long-Term Investments: Long-term investments are financial instruments or securities with a term of one year or more that can be converted into cash without interfering with the normal operations of the extension council:

- 1) Certificates of deposits and other such financial instruments with terms of more than 1 year
- 2) Endowments, restricted or designated
- 3) Restricted funds for special purposes
- 4) Other investments such as stocks and bonds held for a term of more than one year

Inventories of Equipment and Furniture: A complete listing of all council-owned non-expendable furniture and equipment as defined by council policy should be maintained and reviewed annually. Information, such as date of purchase, where purchased, purchase cost, serial and inventory numbers, and current location, is used for valuing assets, insurance documentation, damage or loss reports and budgeting for replacement.

Multicounty Accounts: Multicounty accounts may be established when two or more counties are engaged in collaborative programmatic efforts and/or funding staff travel throughout a region and the pooling of funds presents the most effective management and accounting method. 8000-8999 agency accounts are used to account for funds administered by the custodial county.

Financial Reports

As a public body, the council has a responsibility to be informed and to keep its constituencies informed of its financial operations and condition.

Monthly reports: The CPD is responsible for assuring that a monthly financial status report is prepared for the council. State statutes require the submission of a monthly funds requisition be submitted to the county commission.

Annual Financial Report: State statutes require an annual financial report submitted to the county commission and to University of Missouri Extension to assist in fulfilling reporting requirements at the state and national level. Section 262.617 states: "At the close of each calendar year the council, through the secretary, shall make an annual detailed report to the county court, covering all receipts and expenditures, together with a summary of work undertaken and results accomplished. The report shall be filed with the county court not later than February first, following the close of the year or portion of year covered by the report."

A status report of all savings, money market accounts, certificates of deposits and other council-owned investments should be presented to the Council for review.