

“Best Practices Guide”

University of Missouri Extension

Financial Resource Management

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County Council Best Practice for Fiscal Management Statement

As an agency of the State of Missouri supported by public funds, maintaining accountability and integrity is critical. A best management practices guide for county extension councils is 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 best practices provide a 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 extension and engagement programs. It is important we ensure appropriate fiscal procedures are in place for use of funds generated by Extension funding partners and for cost recovery programs.

All employees and volunteers of the University of Missouri Extension have responsibilities for achieving compliance with the provisions and best practices of financial resource management of our program delivery support groups (i.e., Master Gardener, 4-H councils, etc.).

Financial Roles and Responsibilities

The appropriate process for managing financial resources is determined by who controls the funds.

University of Missouri Extension

MU Extension manages MU Extension revenue streams and assists county councils with office fiscal policies and administrative accounting where they:

- 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 extension and engagement programs.
- Participate with the council to establish a budget to support facility and program costs necessary to house MU employees and deliver programs within the county.
- Provide guidance to county councils for furtherance of extension work.

County Extension Council:

University of Missouri Extension is a cooperatively funded venture involving local (county), University (state) and federal (USDA) partners. Generally, the state and federal portions fund all or a portion of salaries and benefits for professional and educational assistant staff; training costs; specific program support, certain equipment purchases, and administrative costs. 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. Belonging to a local organization (city, county, district or region) is not stated nor do we feel it is implied in the statute as being prohibited from paying for and belonging to. We do recommend checking with the commission to see if they have an umbrella county government membership for Chamber membership or if they would consider purchasing an umbrella membership, Supplies or services deemed necessary by the University and the council to conduct 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.
- Ensure the budget submitted to the county commission is submitted accurately, within prescribed deadlines, using the specific processes and guidance provided by the county commission and/or other county officials and units.
- Prepare a monthly requisition (as required by state statute) 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 annual audit and management review of funds administered by the council.
- Establish human resources policies for Extension Council employees around hiring practices, supervisory, and personnel management.
- Extension councils cannot sign contracts and other documents committing the University of Missouri regardless of the nature of the agreement.

Regional Director: As University of Missouri employees, regional directors are responsible for direct-line administration to the County Engagement Specialist (CES) and the local engagement efforts in a designated geographic region. Specifically, the regional directors have the responsibility to:

- Assure that the CES 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.
- Work with the extension councils and CES to adopt and maintain the QuickBooks accounting system provided by MU Extension for the council's use.
- Encourage annual audits of county monies, and assure appropriate financial reports for each county come to the regional and state offices.
- Plan for and manage resources available for multicounty programs.
- Programmatic supervision is provided by the appropriate Education Director based on the Campus of the University of Missouri

County Engagement Specialist (CES): As a University employee, engagement specialist is responsible for:

- Supporting the county council and county administrative support in submitting a budget to the county commission that is accurate and within prescribed deadlines, following specific processes and guidance provided by the county commission and/or other county officials and units.
- Providing guidance to the council for support of county council operations
- Co-supervise with the council, local council-paid support staff
- Review receipts and disbursements per the council budget, policies and procedures with the treasurer and bookkeeper
- Assisting the council in implementing county-level administrative support systems, policies and procedures
- Keeping the council and regional director informed of administrative matters.
- Be a liaison between Council and the community for addressing community needs.
- MU Extension employees cannot establish; be placed on accounts; or have signature authority for local entity funds including County Extension, 4-H councils and affiliated local groups. Specific examples include, but not limited to, Master Gardeners, SWCD boards, foundations with links to MU, economic or tourism councils, etc.
- MU Extension employees cannot sign contracts and other documents committing the University of Missouri or the local county council regardless of the nature of the agreement.

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 (treasurer and any officer with signature authority on council funds) will be accountable at any one time and for anyone handling money or has signature authority to council held money, 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 is 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.
- Signing checks with another council officer, many do this with the secretary.
- Reviewing monthly receipts, disbursements and bank reconciliations with CES and bookkeeper.
- Working with the CES and bookkeeper to assure the council is provided with regular financial reports. Suggestions for consistent reporting include but are not limited to:
 - Budget versus Actual – all classes
 - Balance Sheet Standard
 - Funds Class Balance
 - Check Summary – Monthly
 - Deposit Summary – Monthly

Accounting System

Program Delivery Support Groups (PDSGs): Any program delivery support groups (i.e., Master Gardener, 4-H Councils, etc.) providing Extension programming and/or established under existing Extension programs have required accountability to the Extension Council and MU Extension. State/Federal law requires that funds raised or given in support of all Extension programs should be handled in a manner of public trust. If the Extension Council EIN number is utilized by the program delivery support group, the financial activity must be accounted for in the county QuickBooks.

a. Financial oversight

The County Extension Council exercises financial oversight of all county MU Extension PDSG with annual receipts or expenditures. PDSG include Missouri 4-H clubs* and 4-H councils, Master Gardener and Master Naturalist chapters, and other approved, volunteer-led MU Extension PDSGs. County Extension Council oversight includes, but is not limited to:

- i. Receipt of quarterly financial reports (summary of income and expenditures) from each county PDSG.
- ii. Completed annual, external audit or review (see d.)
- iii. Receipt of (copies of) official bank statements at the end of the MU Extension program year.
- iv. (Optional) Under advisement of the CES and/or Regional Director, request of quarterly or semi-annual official bank statements from select program groups as needed.

(**Note:** county 4-H foundations are accountable to the Missouri 4-H Office of Youth Development).

The County Extension Council and CES will review the financial documents at the first annual Extension Council meeting or as soon as records are available for review. [*4-H clubs: Depending on the number of clubs in the county, the Extension Council may determine that the county 4-H council exercise this oversight and review with each 4-H club in the county, and they (the 4-H Council) provide a summary of 4-H club financials to the Extension Council].

b. **Use of Employer Identification Number (EIN)**

Any PDSG that raises funds in the name of an MU Extension program must maintain a checking account with a financial institution under an EIN. The MU Extension employee responsible for the PDSG should guide the volunteer group through the process. There are two options for opening a checking account with an EIN:

Option 1: It is strongly recommended that all county program groups use the EIN of the County Extension Council. The revision is proposed for the following reasons:

- Due to changes to IRS policy in 2017, online applications require the applicant's SSN. Volunteers are not authorized to provide their SSN as part of the EIN application process. The concern centers upon any personal liability for volunteers as well as the frequent changing of volunteer's leadership and the difficulty at which names can be

changed associated with these EIN numbers. Using the Extension Council's EIN eliminates this concern.

- The County Extension Council is responsible for the MU Extension programming in the county to include 4-H, Master Gardener, Master Naturalists, and other volunteer-led groups, therefore the Extension Council is responsible for the financial oversight of the county's MU Extension groups.
- This arrangement enhances financial management of all county funds, and provides for financial accountability and transparency.

All new MU Extension PDSGs with no pre-existing EIN and those existing groups found not to be practicing sound financial management as deemed by the Regional Director, CES, and/or County Extension Council must use the County Extension Council's EIN. MU Extension groups with existing EINs where no financial management concerns reported are encouraged to use the County Extension Council's EIN, as well.

Option 2: If the program delivery support group has established their own EIN number, they remain accountable and under the direction of Extension Council and MU Extension in order to continue to use any logos, materials, curriculum, etc. A quarterly programmatic report to the Extension Council is required as well as an annual report submitted to the Extension Council to include:

- i. Name(s) of individual(s) authorized to sign on the accounts or authorized to increase or decrease the value of the assets.
- ii. EIN (Employer Identification Number)
- iii. Physical location of assets.
- iv. Name(s) of individual(s) responsible for financial review/auditing the assets.
- v. Board members/committee members, club managers and treasurers must carry out their respective responsibilities as defined in the rules and guidelines for handling finances and assets.
- vi. An annual financial review is required and an audit is recommended
- vii. Programmatic summary of activity.

c. 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. County PDSGs will work with the council and CES to ensure the PDSGs abide by the record-keeping and reporting requirements set by MU Extension and the council.

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 and in a listing of a classing structure. The financial records include receivables, payables, revenue, expenses, assets and liabilities.

d. Audits of PDSG funds

The County Extension Council treasure will conduct an audit of all county PDSG accounts

(agency accounts). The Executive Committee of the Extension Council has the authority and option to designate a third party to conduct the audit of finances of the county's PSDGs.

When the PSDG uses the Council's tax ID number (EIN), financial activity must flow through the Council's accounting system. If the program delivery support group obtains their own tax ID number, the Council should require fiscal reporting as the extension programming remains under the Council's direction. An annual financial review is required and an audit is recommended.

The person conducting the audit should not be related to the program groups officers. The completed, annual audit is considered an open record* [[Missouri Sunshine Law \(PDF\) \(Links to an external site.\)](#)] and will be kept on file at the MU Extension county office. Copies are provided to the County Extension Council. (*See [6.11 Record Retention and Destruction](#) Section G for information regarding Missouri Sunshine Law and responsibilities of MU Extension program groups.

e. 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 CES is authorized to assist the council in approving the establishment and termination of all accounts.

f. Class Listing

The class list for council operations must be maintained for all classes in the accounting system, including class code, class name, purpose/description. The CES is authorized to assist the council in approving the establishment and termination of all classes. Unless restricted by the source of funding, classes should include a broad scope of funding for programming to avoid instances where minute reporting becomes cumbersome.

g. Budgeting

Preparation of an annual operating budget is necessary for the effective management of council resources. As defined in the first paragraph, the funds raised by PSDGs are resources of the County Extension Council. As such, PSDGs should prepare and submit an annual budget to the County Extension Council for review and record keeping. The PSDG coordinator (the MU Extension faculty or staff responsible for the county program) may assist the PSDG 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 Fiscal office QuickBooks Administrator for use in meeting state and national level reporting needs.

Per state statutes, a budget for county commission funding is prepared and submitted annually to the commission. This budget will be in a format as prescribed by the commission. Once an allocation has been committed by the commission, a budget is entered into QuickBooks and is submitted to the QuickBooks Administrator prior to March 1.

h. Transparency

PDSGs with bank accounts will grant the Extension Council treasurer “View Only” status on all of the program group’s bank/investment accounts. The primary account holder has the ability to grant “view only” status. The process and the terminology may vary from bank to bank.

i. Financial Accounts and Authorized Signers

There must be two signatures on all checking accounts – two adults unrelated by blood or union (married, related by marriage including step-relations, dating, etc.). The important thing to remember, whether there is a checking account or not, is that there is more than one pair of eyes overseeing the treasury. (In 4-H, a minor may serve as the treasurer of the 4-H club or 4-H council, however, this is in addition to the two-adult policy.)

It is the policy of MU Extension that no employees, either faculty or employee, be active signers on any County Extension Council, 4-H Council, or 4-H club bank accounts, savings accounts, or CD’s. However, one exception would be for a bonded County Extension office secretary to be listed on the account for informational purposes only to aid in information retrieval when necessary and bank account signers are unavailable.

j. Accounting Methods

It is recommended that all MU Extension program groups utilize QuickBooks through the County Extension Council’s account. While the use or other accounting processes may be approved, additional records and reports may be requested by the Extension Council and/or the county program coordinator.

k. Authorization to Raise Funds

i. Missouri 4-H Groups (Club and Councils)

All 4-H groups must be **chartered** before engaging in fundraising activities. Chartering and re-chartering is an annual process which grants authorization to the 4-H group to use the 4-H Name and Emblem for the purpose of raising funds. A 4-H group is chartered once it meets certain requirements, one of which is the submission of annual financial reports and external audit. The Missouri 4-H Office of Youth Development has authority to grant or revoke charters.

ii. Missouri Master Gardener Chapters

Chapters are established through an MOU between the chapter and University of Missouri Extension. MU Extension has the authority to revoke an MOU. It is proposed financial mismanagement (including misuse of funds and/or lack of transparency) be grounds to consider revoking an MOU.

iii. Missouri Master Naturalist Chapters

The Missouri Master Naturalist program is sponsored and jointly administered through a partnership established by a Memorandum of Understanding (MOU) between University of Missouri Extension (*MU Extension*) and the *Missouri Department of Conservation (MDC)*. Oversight of the Master Naturalist program is shared between MU Extension and MDC. This includes financial oversight of chapter funds if applicable.

iv. Other Program Groups

Other program groups (existing and future) that maintain financial accounts and use a

MU Extension program logo must follow equivalent policies – either establish an MOU with MU Extension, or be chartered/authorized to do so.

Proposals, Grants, Contracts, Contributions, and Gifts

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

Endowments: If the council has a locally held endowment with specified uses, the budget should reflect a fund for the endowment. The principal or corpus remains intact. Unrestricted use endowment revenue (interest income from the endowment corpus) may be budgeted in the Unrestricted General Operations, otherwise, the revenue must be spent only on the specified uses. Funds for endowments are shown in QuickBooks class 6000 - 6999

Fee-Based Activities: A budget for each fee-based educational activity should be prepared by the faculty/staff responsible for the activity and approved by the CES and/or regional director/educational director per University of Missouri Extension best practices and council policy and procedure. Funds for educational activities are shown in QuickBooks class 3000.

Gifts: If the gift is being handled through the county council, the gift should be directed to the council. Gifts are accounted for in the income side of accounts under account code 0400-0499. There is no special designation for a class because it is a gift and so class 2000 is perfectly fine.

Grants: Both the University and county extension councils have legal authority to submit grant proposals. Grants received are listed in QuickBooks class 5000 - 5999. In determining the appropriate administrative entity, there are several factors to consider:

Project Magnitude

Consider a county council's capacity to administer projects that require employing additional staff, providing governmentally required assurances, submitting financial reports and audits, and securing legal advice.

Matching

Matching requirements can be onerous. If we commit match or cost share, it must be documented. Many times, that is done by documenting a person's time on a project. However, legally, councils cannot commit the time of regional extension specialists. They are University employees, not council employees.

Rules and Regulations

The rules and regulations of some entities, such as governmental agencies, are substantial. The University has the resources and processes to meet those requirements, while councils may find this accountability time consuming.

Funding Source Preferences

Some funding sources only fund locally based organizations, such as a county council, while others work only with larger institutions, such as the University.

Although the University and county extension councils do not have 501(c)(3) status, they are treated as not-for-profit organizations under IRS regulations, as described in Section 170 of the federal income tax statutes. The IRS has provided an [advisory letter \(opens in new window\)](#) stipulating this status for both the University and councils. This letter generally is sufficient when submitting proposals to organizations requiring 501(c)(3) documentation.

If University resources are being committed, such as University employee's specific effort levels within the budget, or if the management requirements of the award surpass what the county office is comfortable and capable of administering, then the grant proposal/contract must run through the University of Missouri. If it is being run through the county council, the county extension office is responsible for the review, processing, and submission of proposals.

Pre-Award Process/ Post Award Procedures when submitted on behalf of the University of Missouri

Pre-Award

1. Applying for a grant/contract

- a. Provide the MU Extension Fiscal Pre-Award staff at muextpre-awardadm1@missouri.edu with all required materials, based on sponsor requirements; detailed and complete budget, budget narrative, scope of work, etc at least ten working days prior to the sponsor's due date.
 - i. All planned applications should be reported to the PIs supervisor, RD, program ED and/or Senior Program Director as appropriate early in the process to insure he/she is aware and supportive of the application.
 - ii. Be sure to use the most current University information, most of which can be found on the Grant Fact Sheet: <https://research.missouri.edu/ogwp/files/grantfactsheet.pdf>
 - iii. Work with the Extension Fiscal staff through the proposal process to ensure agency regulations and policies are followed. This responsibility is not complete until the proposal has been fully submitted to the sponsor by the Office of Sponsored Programs Administration (OSPA). PIs should not submit to the sponsor; it must be reviewed and submitted by OSPA.

Post-Award

1. At time of new award

- a. Contact support staff or Extension fiscal office to have funding changes initiated.
 - i. Names of those to be paid from project, directly paid and those to be cost shared (if applicable).
 - ii. The rate at which each person should be paid (percentage of effort).
 - iii. Start date for funding changes.
- b. Contact support staff to have phones, data ports, etc. charged to project (if applicable).

2. During award period of performance

- a. Coordinate activities of all individuals involved with project.
- b. Ensure appropriate progress is being made toward objectives of project, especially for those funded, directly or as cost share, from the project.
- c. Keep track of sponsor reporting requirements, financial and programmatic, and meet deadlines.
- d. Review and approve Travel / OneCard Expense Reports, Vouchers, Requisitions, etc. or assign a Delegate for these approvals. (There is a formal process to assign a Delegate. Contact Extension fiscal office for assistance).
- e. Review and approve monthly Managerial Review Reports.
- f. Adjust funding for those working on the project; add, remove, adjust level of funding (if appropriate).

3. At end of award

- a. Contact support staff or Extension fiscal office to have all funding from the project, direct pay and cost share, removed. This may involve changing funding to a new project that continues the work under a new project number or removing funding altogether if the project has come to an end.
- b. Contact support staff to remove funding from phone lines, data ports, etc. charged to the project
- c. Ensure project is not over-spent. Work with Extension fiscal office to remove excess expenses if necessary.
- d. Respond to OSPA PI Cost Certification request. This is a requirement in order for a project to be officially closed. Managerial Review Reports will continue until the PI Cost Certification is completed.

Subcontract Monitoring

Subrecipients are the legal entity to which a subaward is made and which is accountable to the University for the use of the funds provided in carrying out a portion of the University's programmatic effort under a sponsored project. The University's financial and programmatic responsibilities for the monitoring of these funds awarded to the University are subcontracted to another institution or organization (Subrecipient). The policy is to provide the monitoring required by federal regulations and to ensure proper maintenance of sponsored funds. The University may use reporting, site visits, regular contact, or other means to provide reasonable assurance that the Subrecipient administers awards in compliance with laws, regulations, and the provisions of contracts or grant agreements. The same responsibilities and accountability would apply if the county council accepted a grant award and issues subcontracts.

Contracts

These are legally binding documents in which the parties make promises to deliver a product or service in exchange for consideration (money, partnerships, etc.). With PI approval, grant funds may be utilized.

Contracts must be fully executed (all parties sign the agreement) prior to the event or onset of the agreement.

If the document does not pertain to University resources and Council is responsible for payment, insurance, etc., the Council should execute the agreement in accordance with their policies. In addition, the Council should maintain a tracking system for contracts (i.e., lease, service contract, etc.) in order to track renewal periods, payments, requiring reports, etc.,

If University resources are involved, the document must be submitted through the University contract process. University templates must be utilized for speaker/consultant contracts. Fiscal Office can provide advice on the templates and requirements for an MOU.

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

Purchasing

Bid Procedures: Office furniture, equipment and other materials that are available from more than one vendor should be purchased only after being satisfied with the best value in terms of price, quality and service that 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 CES and treasurer 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. Individual extension councils may have stricter policies to follow in regards to purchasing.

Extension Council/MU Extension Annual MOUs: Annually, based on a calendar year, MOUs are established between the Extension Councils and MU Extension to define the partnership and any funding arrangements such as mileage and youth program assistants.

Receipts and Deposits of Money

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.

Bank Deposit:

Each bank deposit will equal the sum of receipt slips represented in the deposit. All monies, should be deposited weekly and more often during periods of high activity. In offices with limited personnel, the CES should periodically reconcile receipts in the receipt book to deposits at the bank

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.

Pre-numbered Receipts:

All money received, cash or checks, shall be recorded on a pre-numbered council receipt. Voided receipts are retained in the receipt book for permanent reference. These receipts are then referenced on the bank deposit slip. 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 to deposit.

Receipts: Receipts may include interest earned or monies received. They are to be posted to the accounting system using appropriate income account and class code. Transfers of monies from one bank account to another are also recorded in the accounting system as deposits but do not run through the receipt book. The use of transfer sheets as documentation and the income account 1600 are used in the transaction.

Records Management: 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 registertape must be coded as to revenue type and retained as part of accounting records.

Credit Card Receipts: If your county processes credit card payments, a receipt listing the confirmation number is issued for each transaction. After the confirmation number has been received, any document containing the credit card number should be destroyed (cross shredded if possible). Any and all personnel that handle credit card transactions should be trained in Payment Card Industry data security standards (PCI) compliance and follow all guidelines. The credit card machine and transactions should be maintained in a locked cabinet or drawer. The use of Square to process credit card payments is not recommended. This device is not PCI compliant unless additional hardware is purchased and/or a dedicated phone/table for credit card payments is utilized in accordance with Payment Card Industry Data Security Standards (PCI DSS)

Credit card online registration system is not available after office hours: If online registration is not assessable, participants may be asked to complete a registration form to include contacted information to pay by credit card at a later date by Extension office personnel. 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 market accounts, or certificates of deposits are to be posted to the accounting system.

Cash & Check 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 generally delegated to only one person at a time. A locked cash box, drawer or cabinet must be available to personnel when the office is open and placed in 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.

Where county support staff collect and receive cash, there should be a signed transmittal form for the collected funds upon the receipt of the funds with the following information included:

- Agency leaving the funds
- Receiving entry
- Dollar amount
- Signature of both entities
- Date
- A short description of the purpose to determine appropriate QBs entry.

The duplicate receipt from the receipt book should be stapled to the transmittal form and given the individual remitting the cash and the county office keeping a photo copy of form and receipt.

Petty Cash: A petty cash fund should only be established in office locations where 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. Receipts from purchases are placed in the cash box. At any given time, the cash and receipts must total the authorized amount in the box. 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 expense account number and class code.

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.

Council Credit Cards/Debit Cards

Extension Councils may choose to have a council credit/debit card rather than manage petty cash. A merchant charge account is another option. MU Extension employees may be issued a credit/debit card to use for only local, council approved purchases. Purchasing items that ultimately are the responsibility of MU Extension to purchase is strictly prohibited. Cash access must be turned off on employee issued cards as University of Missouri policy restricts access to cash and signature authority on financial accounts for employees and should be turned off for council employees as well.

Payments and Expenses

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. This record should be attached to proof of payment as documentation. Counties have the option of tracking hours, vacation, and sick leave with the QuickBooks program.

EFT Expenses: Electronic Funds Transfers are very common with paying quarterly taxes. When this is done, methods should be taken to secure print outs or screen shots of the physical transaction so that extension councils can sign those documents which serve as the intended check. The printout/receipt should be signed by the Council, just like a check would be. The signed document should be included in the fiscal records.

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 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 reimbursement is generally established by Extension Council/MU Extension MOU utilizing the University established reimbursement system and the MU Extension mileage tracking system.

Refunds: The council should establish guidelines for authorizing refunds of fees or service charges. Record the refunds for the expenses actually incurred verses recording them as reimbursements. Be sure to use the correct account code on refunds.

Financial Operations

Annual Financial Audits: An annual audit or financial review 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 program delivery support groups such as Master Gardeners, Master Naturalists, 4-H Council, etc. When the Agency uses the Council's tax ID number, financial activity must flow through the Council's accounting system. If the program delivery support group obtains their own tax ID number, the Council should require fiscal reporting as the extension programming remains under the Council's direction. An annual financial review is required and an audit is recommended.

- 4H clubs and or councils that have \$50.00 or more in a checking account should have their own EIN (Employer Identification Number) and must report annually to the county Extension Council or 4H council, if a club, their audit review and findings. They are not required to file any federal forms to the IRS.

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 other 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: Two of the following three, the bookkeeper, CES, or a Council Officer will reconcile the council's accounts with the bank statement each month. Together, the reconciliation will follow the procedures for verifying receipts and disbursements in the accounting system. Together, they will initial and date the reconciled bank statement. The treasurer should review reconciliations regularly. Monthly, the CES or treasurer 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 or those with signature authority 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 with signature authority on bank account. University-employed staff is covered by a University-provided bond but should not have signature authority for council funds. A surety bond may be purchased from your local insurance agency. Council members may seek various bids from local representative insurance agencies.

Corrections: The council may authorize the CES 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. The treasurer should initial the supporting documentation.

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. A suggested guide to records retention for Councils is being development and the link will be posted once it is finalized.

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 five 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 treasurer or CES 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 who is covered under the insurance bond. Form MO 941 and MoDES wage transmittals should be completed and signed by the council and sent to the appropriate agency quarterly. Federal W-2 forms are printed and mailed to appropriate agencies and individuals prior to January 31st. 1099's are required for vendors over \$500 in monies earned for services provided. A social security number must be on file before funds can be dispersed to these vendors.

Void Check: The council may authorize the CES to approve the voiding of a check when a check writing error has been made. The treasurer should initial all voided checks approved by the CES. 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 for all fund accounts. 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 class is to be continued, or transferred to another class, per council policy and procedure, if purpose for the class 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 council 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, Fees, and Sales Tax

Policy: MU Extension provides guidance in establishing program fees and cost recovery. Generally, there is a sharing of the fees between MU Extension and Extension Councils. Program Directors, Regional Directors, and Educational Directors work with Extension faculty who in turn work with Extension Councils to establish and determine sharing of recovered funds.

Generally, all programs are established through My Extension and are entered into Cvent or 4-H Online for registration and credit card processing. Participants can also register at the local Extension office and utilize the reconciliation process to ensure a complete roster and financial aspects are handled appropriately.

Source of Funds: Program fees and cost recovery may be received from one or any combination of:

1. Participant fees:
2. Co-sponsoring organizations
 - a. MU Extension and other affiliated groups, including Master Gardener, must collect sales tax on items sold at fund-raising events if yearly revenue exceeds \$3000 (unless group/chapter has established a 501(c)(3) status).
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 council's own office and meeting room space, comprehensive public liability insurance should be considered. Discussions with local county officials should aid 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.

As with any public, private board or council, Extension Council members could face *claims* that they have breached fiduciary or other duties in execution of their Council member roles. While historically, this risk has not resulted in a significant number of claims, the question of whether a Council chooses to mitigate that risk through acquisition of liability insurance is one for the Council to determine.

Councils exist as independent statutory entities and cooperative with the University under the provisions of applicable state statutes and are not covered by University insurance. The unique risk exposure and budget situation of each Council are among the factors Councils need to think about when considering board member liability and/or directors and officers liability insurance coverage.

Property: Furniture and equipment owned by the council should be insured against loss from theft, fire and other perils. The University provides coverage for all University-owned and -inventoried business personal property. MU Extension owned property will remain the property of MU Extension and cannot be donated or transferred.

Workers' Compensation: Councils are responsible for obtaining Workers' Compensation insurance for council-paid staff – individuals hired and paid by the Council, regardless of any shared supervision. The University will continue to provide workers' compensation coverage for all University-paid employees. This includes individuals hired and paid by the University with a cost share agreement with the Council (i.e., Youth Program Associate).

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 Classes: Multicounty classes may be established when two or more counties are engaged in collaborative programmatic efforts and the pooling of funds presents the most effective management and accounting method. 8000-8999 agency classes are used to class 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 treasurer and bookkeeper, assisted by the CES 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.