

Conducting a Financial Review on 4-H Accounts (Julie A. Chapin, Program Leader MSUE)

All 4-H clubs and groups must conduct a review of their financial records each year, prior to submitting their Summary Annual Financial Report to the MSU Extension office. Groups can use the following checklist to review their financial records. The process will help groups develop an effective system of internal controls for handling their finances.

The review is to be done by a leader, parent, or community member, unrelated to the treasurer or the administrative leader. After completing the review, the reviewer signs the annual financial summary. If the review shows missing information, (ex. No receipts) please attach a written plan to update the group's financial procedures (i.e., use a receipt book). If the records and financial summary don't match or there are any questions, contact the 4-H staff at 810 667-0343 for help. Submit the financial summary and, if needed, the plan to update the group's financial procedures, to the Extension office with the group's reenrollment. Reenrollments cannot be accepted without the annual financial report.

- ___ 1. Add up the receipts from the receipt book to see if that amount matches the bank deposits. Determine reasons for differences, if any, and explain _____

- ___ 2. Were there any events that took in cash? If so, is there evidence of a "witnessed cash count" (signatures by 1 or more people who helped count) by individuals other than the person making the deposit? Does the witnessed cash count equal the amount of the deposit and does the deposit show up on the bank statement? List any missing information or amounts that don't match _____

- ___ 3. Compare the bank deposit amounts to the amounts that show up on the bank statements each month. Determine reasons for differences, if any, and explain _____

- ___ 4. Has the bank statement been reconciled each month? This is usually found on the reverse side of the monthly statement. Can you compare the reconciled bank account balance to a figure in the check registry? It should be apparent that the two are the same amount. If no, please describe _____

- ___ 5. Have there been any cash withdrawals from the bank account? If so, is there documentation as to why this is legitimate? (Le., approval in the minutes/a receipt for the cash spent) Are there any other transactions in the bank account that need further explanation? Please describe _____

- ___ 6. Review the expenditures and how they were approved. Is there an approval process that prevents the Treasurer from approving checks that are written? Are there expenditures that seem out of place? If cancelled checks are returned, review both sides of the checks to make sure the people you have determined to be legitimate recipients of the checks are, in fact, the people who deposited the checks. Describe any differences _____

- ___ 7. Review the annual financial report. Was Michigan Sales Tax paid if the group sold over \$5000 worth of tangible personal property? Does the financial report reflect all of the fund-raising activities that happened during the year? Does it reflect all of the expenditures for the year? Does it reconcile easily at the closing balance of the last bank statement for the year? Describe any no answers _____

- ___ 8. Do the resources of the group (e.g., account balances, income, investments and property) exceed \$25,000? _____ If so, does an IRS Form 990 need to be prepared? Has it been prepared? _____