

4-H Club/Affiliate Audit Procedures

Because 4-H clubs are nonprofit and held to the standards of the Internal Revenue Service 501c3 determination, it is important that the finances for each club and group go through an audit. This practice of auditing protects the club or affiliate and the treasurer themselves.

Key Definitions

1. **4-H Club:** a group of 4-H members with an approved volunteer, EIN, checking account, etc. This group may use internal or external audits (or emergency audit when needed). It is recommended to have an external audit conducted at least once every three years and an internal audit annually.
2. **Affiliate:** a non-4-H club that is affiliated with Ohio 4-H such as a 4-H council, county wide committee, etc. This group should only use an external audit (or emergency audit when needed), which should be conducted annually.
3. **Internal Audit:** Audits should be conducted by a minimum of five individuals. It is suggested to have two unrelated volunteers, two non-volunteer parents and the club treasurer. Other individuals to involve may include the president or other officer, a 4-H volunteer from another club, or someone recommended by the county 4-H professional).
4. **External Audit:** External audits should be conducted by a minimum of five individuals identified by the 4-H professional to serve as an audit standing committee. Members should be unrelated from those who have been handling the funds and/or serve as a signer on the account that is being audited. These may include local OSU Extension staff, 4-H volunteers or qualified community partners. While the treasurer should not be a member of the audit committee, they should be present during the review to answer any questions or provide documentation. A Certified Public Accountant could be used in place of this five-person committee.
5. **Emergency Club/Affiliate Audits:** Should be conducted anytime there is a concern of mishandled funds. Emergency Audits should be conducted by the county 4-H professional under direction of State 4-H Staff.

Audit Steps

The following steps should be taken when conducting an audit. Follow the *Ohio 4-H Clubs and Committees Annual Financial Review & Audit* form when completing the audit to indicate when items have been reviewed and findings or recommendations for future years.

1. Secure all financial records (check register, cancelled check images, bank statements, ledgers, purchase receipts, deposit slip receipts, cash income receipts, treasure's book, club minutes) for the calendar year(s) being audited.
2. Secure financial statements for Venmo, PayPal or other approved electronic fund accounts used by the club.
3. Review the checklist in the *Ohio 4-H Clubs and Committees Annual Financial Review & Audit* form and indicate if the item is correct or not.
4. Whoever conducts the audit should complete the *Ohio 4-H Clubs and Committees Annual Financial Review & Audit* form, including completed checklist, signatures, date of completion, comments or recommendations. After the form is completed, make sure to:
 - Report to the membership of the 4-H club/affiliate the state of the past year's records.
 - Include a copy with the treasurer's book.
 - Submit the form to the county extension office.
5. Complete and submit the 4-H Club/Affiliate Yearly Financial Summary by the county deadline.

Ohio 4-H Clubs Annual Internal Financial Review & Audit
Complete and Return a Copy to the Lorain County 4-H Office by December 15th.

Maintain A Copy with Your 4-H Club Financial Records!

The following form should be completed when conducting an audit. Make sure to follow the Audit Steps outlined in the *4-H Club/Affiliate Audit Procedures* guidelines.

Name of 4-H Club or Committee: _____

EIN Number: _____ Date of Reviewed/Audited: _____

List all Signors on the Account (Minimum of

1. _____ 2. _____

3. _____ 4. _____

Name of who receives bank statements or has on-line view only access:

Name of Club/Affiliate Treasurer:

Accounts Reviewed:

Type of Account	Bank Name	Bank Address	Balance as of 12/31
Checking			
Savings <i>(would be an option for affiliates)</i>			
Other <i>(would be an option for affiliates)</i>			

Reference:

UW-Madison Extension (2021) *4-H Club, Group, or Committee Audit Checklist*
<https://4h.extension.wisc.edu/files/2021/06/Fillable-Audit-Checklist.pdf>

Checklist of items to complete: The purpose of this checklist is to assist the 4-H youth treasurer, the adult volunteer working with the 4-H club or group finances and the auditors in their review. All items that have been marked, 'no' need to be corrected.

YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	All 4-H accounts and funds are in an approved FDIC financial institution.
<input type="checkbox"/>	<input type="checkbox"/>	The treasurer has kept a separate written record of the group's income and expenses (a ledger, spreadsheet, or report).
<input type="checkbox"/>	<input type="checkbox"/>	All checks have correct signatures appropriate payment of vendor. When it is necessary for check(s) to be written to a signatory, the check(s) should be signed by someone other than the signatory.
<input type="checkbox"/>	<input type="checkbox"/>	All checks written, including voided checks are accounted for in the checkbook ledger.
<input type="checkbox"/>	<input type="checkbox"/>	Documentation (invoice, cash register receipt, request for payment form) matches to each cancelled or electronic check images.
<input type="checkbox"/>	<input type="checkbox"/>	All receipts/expenditures match three bank statement and are recorded on the ledger.
<input type="checkbox"/>	<input type="checkbox"/>	Donor records match recorded receipts. (If not, document any differences.)
<input type="checkbox"/>	<input type="checkbox"/>	Deposits are one week or less for the dates of income receipts to dates of deposits. (Document any extended delays of more than a week.)
<input type="checkbox"/>	<input type="checkbox"/>	If certificates of deposit are owned, they are still on deposit with the bank. If no longer on deposit, the proceeds have been deposited in the checking account.
<input type="checkbox"/>	<input type="checkbox"/>	When comparing receipts/expenditures to budget, the level of activity appears to within the approved budget or included as approved in the meeting minutes.
<input type="checkbox"/>	<input type="checkbox"/>	When reviewing the numerical sequence of canceled and unused checks, all are accounted for. (If not, list any missing checks.)
<input type="checkbox"/>	<input type="checkbox"/>	Bank statements are reconciled with the checkbook each month and the checkbook is balanced.
<input type="checkbox"/>	<input type="checkbox"/>	There are not any checks that are outstanding. (If there are outstanding checks, list the number and date of issue.)
<input type="checkbox"/>	<input type="checkbox"/>	When viewing a select sample of 25% of expenditures, the expenditures were authorized according to the minutes.
<input type="checkbox"/>	<input type="checkbox"/>	Bank statements match all financial record balances (in the treasurer's reports, ledgers, spreadsheets, etc.)
<input type="checkbox"/>	<input type="checkbox"/>	The beginning balance on the Annual Financial Summary matches the previous year's ending balance (as of December 31) on the bank statement and/or other records
<input type="checkbox"/>	<input type="checkbox"/>	The ending balance on the Annual Financial Summary matches the ending balance
<input type="checkbox"/>	<input type="checkbox"/>	Any errors in addition or subtraction have been corrected on the Annual Financial Summary and in the financial records
<input type="checkbox"/>	<input type="checkbox"/>	If funds being carried forward into the new program year are greater than the club's/affiliate's average annual expenses, an approved (no more than 5-year) plan, (by the county 4-H professional) is in place to spend down the funds.
<input type="checkbox"/>	<input type="checkbox"/>	Those completing the audit are at least five persons not related to the treasurer or persons on signature with the 4-H accounts.
<input type="checkbox"/>	<input type="checkbox"/>	If needed, suggestions have been made below regarding using and keeping receipts, filing appropriate records, or any tips for a new treasurer.

Reference:

UW-Madison Extension (2021) *4-H Club, Group, or Committee Audit Checklist*
<https://4h.extension.wisc.edu/files/2021/06/Fillable-Audit-Checklist.pdf>

Revised 1/2022 by Epley, H.K., Dick, J.

Provide mathematical accuracy of records:

Checking Account Balance 12/31/previous year	
+ Receipts During current year	
- <u>Expenditures During current year</u>	
Balance 12/31/current year	

Check all that were used for this review/audit:

- Bank Statements
- Cancelled or Electronic Images of Checks
- Checkbook Registry
- Deposits
- Meeting Minutes
- Receipts
- Record of Financial Transactions/Ledger/Computer Accounting Record
- Treasurer's Reports
- Venmo, PayPal and/or other approved electronic fund statements
- Other _____

Please list any comments or recommendations. Specify any discrepancies and/or recommendations for how to better keep track of financial records in the future. If an item received a 'no' on the checklist, specify how to correct this in the future.

Names and Signatures of Audit & Review Committee Members:

Print Name	Signature	Date	Role with club or affiliate

Reference:

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