

County Financial Transaction Manual



Policy and Procedures For Managing Local Funds

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A. Purpose

The University of Tennessee Fiscal Policy (UTFP) sets forth the basic policies and procedures for all academic and nonacademic personnel of the university and other concerned persons.

The UTFP link: <http://tiny.utk.edu/6xoFt>

Due to the nature of the educational programs and community involvement, an exception to two of those policies regarding depositing and spending funds is granted to each University of Tennessee Extension (UTE) county office, subject to the following conditions:

- A limit of one bank account per county office.
- No co-mingling of university and non-university funds.
- All funds in the county bank account are considered university funds, and except as permitted in these procedures, must be handled as per UTFP.

B. Statement of Responsibilities

The County Director, for county bank accounts, and the Regional Director, for region bank accounts, are responsible for managing the University of Tennessee bank accounts under their jurisdiction. As a part of that responsibility, they should maintain records stipulated in UTFI0120, provide the information necessary for a financial audit, and should be:

1. Familiar with all University of Tennessee financial policies and procedures. UTFP
2. Familiar with all the programs currently being conducted by the county and regional Extension offices.
3. Able to provide receipts adequate to show the source, amount and restriction, if any, of all income/donations.
4. Able to provide appropriate records that show donated funds were expended in accordance with restrictions (i.e., that funds in the amount of the donation were expended for the restricted purpose).
5. Able to provide appropriate records necessary to support all expenditures, including check registers and monthly bank reconciliations for the periods under audit.

C. The Bank Account

One bank account may be established in each county and in each region. The account must be maintained and managed by UTE personnel and must be for the sole purpose of promoting, supporting and/or enhancing legitimate Extension educational programs, projects, events or activities. The use of funds placed in the bank account is subject to the decision of the responsible professional/exempt staff and conditioned only by legitimate parameters stated and agreed to by UTE personnel and donors, funding organizations and/or contributors. This account will serve all county programs (agriculture and natural resources, resource development, family and consumer sciences and 4-H). It is suggested that the account be named University of Tennessee - _____ County.

Extension bank accounts should not be used to receive and disburse funds for nonprofit groups that are used primarily for the benefit of their members. These accounts should be maintained and managed by duly elected or appointed representatives of the groups. This applies even though the activities of such groups relate to and may be supportive of Extension's educational programs. Extension employees are prohibited from serving as officers with signatory authorization or otherwise controlling the funds for such associations or groups.

Bank Account Guidelines

Use of Funds:

1. Funds from the county checking account shall not be used for personal expenditures by any UTE personnel.
2. No payment of wages shall be made from the account. Individuals paid by UT, TSU or county government cannot be paid wages, salary advances, travel advances, etc. from Quicken county bank accounts. All salary/wage and advance payments must be made through the appropriate payroll/ University accounting system. See UTFI0525.
3. For every agent or 4-H program assistant, each county may keep an average bank balance of \$5,000. For example, for a county with a county director, an FCS agent, an agriculture/4-H agent and a county 4- H program assistant, the county's average monthly bank account balance should normally not exceed \$20,000 (4 X \$5,000). Counties that exceed the limitation will be encouraged to deposit part of the funding into a restricted account for an endowment designated for that county's program.
4. UT/TSU employees cannot be reimbursed nor can they have individual travel expenses paid from the Quicken account. When Quicken account funds need to be utilized for UT/TSU employee travel, a check must be written from Quicken made payable to the appropriate university. The check is sent to the University for deposit into a restricted account. The employee's travel is reimbursed in accordance with UT/TSU travel procedures. The restricted account is charged for the expense.
5. It is not permissible to have a debit or credit card related to county bank accounts. Employees who need a debit or credit card should obtain a procurement card through the appropriate university. Funding from the county account for procurement card purchases should be deposited in a UT/TSU restricted account following the procedures outlined in C10. If debit or credit cards are automatically received from the bank as part of the bank services, those cards should be destroyed and not used.
6. The county bank account number is never to be provided over the Internet for the purpose of making a purchase via the Internet.

Expenditures

7. Extension employees (including county paid) may **not** be reimbursed directly for any travel related expenses, professional membership fees, or advance payments of expenses to be incurred in the future from the bank account (see section C - 4 for directions related to travel expenses). Extension employees **may** be reimbursed for program related expenses by providing a proper receipt for items purchased within the rules of this manual and UT fiscal policy. See UTFI0525. Receipts should only contain program related items (no personal items) to maintain clear records. Advances of cash may be obtained for purposes noted in Guideline 10, below.
8. Additionally, payment to individuals for personal services (or casual labor) should not be handled through petty cash or Quicken / county accounts. A T-27 form or invoice from the individual should be processed for these types of payments in accordance with UTFI0515. Examples of casual labor include bus drivers and judges for livestock shows, fairs or other events. See UTFI0525. If travel is also being paid for these individuals, please process through IRIS as a guest traveler (see UTFI0705, #53).
9. It is permissible for the County Director to authorize a payment to a 4-H adult leader (non-Extension employee) who is providing transportation/chaperone duties for an approved 4-H activity. Documentation of expenditures should be maintained. In no event should payments or reimbursements exceed what is allowed under UT, TSU, or state policies.
10. Checks may **not** be written to "cash." The County Director may authorize a check to be written payable to an agent or other employee for the sole purpose of providing cash awards or making change at activities such as 4-H fair booths, barbecue sales, etc. The purpose of the withdrawal must be noted on the check, and when the redeposit is made, the same purpose must be noted on the receipt. Redeposits should be made within three business days. (See page 8, F 5-8 for more information about cash awards.)
11. Gift cards, gift certificates and similar items may be purchased with county bank account funds. The recipient must sign a cash awards or similar form to provide documentation. Recipient may not be an Extension, UT, TSU, or county paid employee. The gift card amount cannot exceed \$50 for any one individual.

Signature Requirements

12. The county checking account requires the signature of a professional/exempt faculty member. The County Director will designate agents who are eligible to sign checks, and forward the names of the designees in a letter to the Regional Director. Any changes in designees must be forwarded to the Regional Director within three business days of the change. Individuals who are designated eligible to sign county Extension account checks must also have the approval of the bank, according to the bank's policies. Checks should not be made payable to an employee (or family member) and signed by the employee. Checks cannot be signed by a non-Extension employee or by a nonexempt Extension employee (administrative assistant, program assistant, etc.). Individuals should not sign a check until sufficient documentation is available, and the check is completed. Signing blank checks and/or using a signature stamp are not permitted.
13. For expenditures of \$1000 or more, a co-signer is required. The co-signer normally will be the County Director. For those counties where only one professional/exempt faculty member is employed, the co-signer may be Regional Director. If no co-signer is available, written permission from the Regional Director or Regional Program Leader is permissible. Written permission must be in advance and may be in the form of an e-mail, with dates and times visible. Records of the written permission, including e-mail, must be filed and retained in the same manner and for the same time period required of all county financial records (see Maintaining Auditable Records, point 3).

D. Maintaining Auditable Records

Auditable records must be maintained for all transactions. Auditable records are those that describe the nature and condition of a transaction and provide support that the transaction occurred as stated.

Records

1. County financial records will be maintained by using QuickenTM software as the primary check register. Training and support will be provided by UT Extension Information Technology specialists. Exceptions to using QuickenTM software are at the discretion of the Regional Director. All checking account transactions should be recorded in the check register at the time the transaction occurs. Entries should be as detailed as possible, showing income source/person paid, program and purpose.
2. The bank account should be reconciled monthly at the time the bank statement is received. These reconciliations should be kept along with the bank statement for a minimum of six years. Any differences should be explained or corrected.
3. The minimum retention period for county financial records is six years after reconciliation. The minimum retention periods for other university records are outlined in UTFI0120.
4. The County Director shall designate one employee to write checks, maintain the checkbook, and keep financial records. Invoices or sales tickets should be verified as correct by the employee directly involved with the expenditure and then provided to the employee who is responsible for writing checks. If feasible, a different employee should be responsible for reconciling the QuickenTM software file to the bank statement.

Reporting

5. The following reports shall be scanned and emailed to the regional office **monthly** or as directed by the Regional Director: (1) a reconciliation report in full detail, (2) a register report, (3) an account balances report with transaction detail, (4) a copy of the bank statement and (5) the completed monthly review checklist. A cover sheet including the County Director's signature attesting to the accuracy of the information contained in the reports must accompany the reports. It is imperative the complete printed reports are filed in the county office every month. For directions on completing the monthly review checklist see #7 below.
6. The reporting periods for UTE County Financial Reports are July 1 through December 31 and January 1 through June 30. County Directors will forward a QuickenTM account balances report with detail to their Regional Director, who in turn, will compile the regional report and submit it to the Extension Dean's office, UTE. The reports submitted on June 30 are available for an audit by the university and the state of Tennessee. The balances, as submitted, must be reconcilable to the account.

Reviews

7. The county director or their designated employee not directly involved in maintaining the Quicken records will perform a monthly review of the following items. A checklist form is provided in the Financial Record Keeping for County Extension Offices manual.
 - a. Ensure all monies were receipted and the receipts #'s were written on the deposit slip.
 - b. Verify all monies receipted were deposited and were deposited within three business days.
 - c. Verify the total amount of the receipts matches the amount of each deposit.
 - d. Verify all invoices paid have the word "paid", date paid, purpose of expense noted on the invoice/bill.
 - e. Verify no checks were written to "cash".
 - f. Verify all checks written to an employee to obtain cash include documentation showing how the cash was used or spent and if any remainder was redeposited.
 - g. Verify all checks over \$1000 have two signatures.
 - h. Review monthly reconciliation reports for accuracy.
 - i. Verify Quicken balance and checkbook balance match.

8. The Extension regional and state offices will annually conduct periodic reviews of a sample of county Extension offices to monitor compliance.

Shortages / Dishonest Behavior

9. Any shortages and/or cash losses must be reported immediately through the Regional Director to the Extension Dean's office.
10. If dishonest behavior (as defined in UTFI0130) is suspected, report it immediately to the Regional Director. Employees should not initiate investigations on their own nor confront the individual(s) suspected of wrongdoing (see UTFI0130, section 5a).

E. Record-Keeping Requirements: Income Receipts and Bank Deposits

Receipts

1. Income receipts from an official University of Tennessee receipt book or the UT Online Receipting Program must be used when collections are received (see sections I & J in this manual for possible exceptions). Funds must be deposited on a regular basis, preferably on the day funds are collected. For university policy to be in compliance with state law, no funds should be held longer than three business days prior to deposit.
 - a. Receipt Books: Refer to items 2-8 below.
 - b. Online Receipting: Follow directions in the Online Receipt User Guide for online receipts. Note: After clicking on Add New Receipt, a line item "Description" will be highlighted. Place both the Category and Tag in this area. Refer to items 2, 4, 5, 7, 8 and below for additional information. (Within the online receipting program, the user has the opportunity to either print or email the customer a receipt.)
2. Income receipts should be pre-numbered and include the date, customer name, reason for receipt of money, amount received, whether cash or a check was received and who collected the money. Receipts should be signed or initialed by an Extension employee. County or office name should be written or printed on each receipt.
3. Receipts should be prepared in duplicate and the original should be given to the customer. The copy must be maintained in sequence in the receipt book as the office copy of the receipt.
4. If an Extension employee deposits funds collected from several people, one receipt may be written directly to that agent if documentation is attached to the receipt listing: 1) individuals from whom the agent collected the money, 2) a description of each collection and any restrictions, and 3) the amount collected from each individual.
5. In the event funds are collected from the general public such that individual receipts and a contributor list are not feasible, the funds should be deposited in total, with one receipt written to the agent in charge of collecting the funds. The receipt should contain estimates of the number of contributors and the average contribution received from each contributor. Examples of events covered by this exception are fair booths, concessions stands and parking fees.
6. If any receipt is voided, the original receipt should be marked "void" and maintained with the office copy of that receipt.

7. **Receipt Books:** All receipt books should be kept for a minimum of six years. **Online Receipting:** The Deposit Slip with Receipt Items and/or printed receipt should be kept for a minimum of six years.
8. All income/receipts should be identified by source and restrictions, if any. While this information is recorded on the receipt, it is advisable to also record it on the check register beside the deposit entry. Any correspondence, check stubs, etc., should be placed in a file set up for that purpose. All deposit information for a given year can be filed together if desired.

Deposits

9. Each bank deposit slip should contain a listing of the receipt numbers contained in the bank deposit. An explanation should be recorded on the office copy of the deposit slip in any situation in which the receipt numbers are not reported in sequence.
10. In the event a deposited check is returned for insufficient funds, the County Director shall contact the payer (person on whose bank account the returned check was drawn) and request payment. For complete instructions on entering this information in the Quicken™ software, please see the training manual *Financial Record Keeping for County Extension Offices*, Tip 5.
11. Funds should be separated into different Categories, such as publications, camps/conferences, soil/forage diagnostic tests, etc., for proper accounting and reporting. Tags should be used to differentiate among different groups within the county office, such as 4-H, FCS, and Agriculture. For a more thorough explanation of Categories and Tags, see the training manual *Financial Record Keeping for County Extension Offices*.
12. The Transfer of Responsibility form is used when a bank deposit is taken to the bank by someone other than the person who prepared the deposit. The information should include the date of the deposit, names/signature of the person preparing the deposit, name/signature of the person taking the deposit to the bank and the amount of the deposit. It is recommended the person taking the deposit would double check the amount to verify the accuracy of the transfer. The Transfer of Responsibility form is provided located in the manual *Financial Record Keeping For County Extension Offices*, Page 2 Forms.
13. Electronic deposits (like National 4-H Council – JC Penney Sales) that are automatically deposited in the county bank account should be entered into Quicken™ software and the checkbook register immediately upon notification of the deposit. Use memo fields to explain the source of the funds.

F. Record-Keeping Requirements: Expenditures

Invoices / receipts

1. Expenditures of funds must be made by check and should be documented sufficiently to provide an adequate audit trail. According to [UTFI0525](#), one of the following receipts is required, in order of preference: 1) vendor's invoice; 2) detailed cash register or other vendor receipt, 3) undetailed cash register or other vendor receipts accompanied by completed Form T-4 without vendor's signature; and 4) completed T-4 with vendor's signature. Employees should first attempt to obtain either a vendor's invoice or receipt before submitting only the Form T-4 to support purchases. Employees should take Form T-4's when making purchases in case invoices or receipts are unavailable. This documentation should include: date paid, check number, program, etc. This documentation should be filed in a manner allowing easy retrieval. Filing chronologically by six-month reporting periods is one method. This original documentation must be maintained for six years.

Voided Checks

2. When a check is voided, the check should be marked “void” and attached to the check stub, and the signature section of the check should be removed. The check should also be voided in the Quicken™ software.

Outstanding – Uncleared checks

3. Effort should be made to contact recipients of checks outstanding for more than six months. If the original check is lost, the County Director may issue a new check if a “stop payment” is placed on the original check. In accordance with the UT fiscal policy and Tennessee state law, UT Extension will report and remit to the state of Tennessee the monies for un-cashed checks outstanding for five or more years. At the time the check monies are remitted, the un-cleared check will be voided and the funds added back to the Quicken™ bank account balance. A new check will be issued to transmit the monies to the state of Tennessee.

Wal-Mart / electronic checks

4. Electronic Transfer Check Transactions – Some businesses, e.g. Wal-Mart, accept payment by check where the cash register prints “void” or “cancelled” along with other data on the check and the check is returned to the purchaser. These Electronic Transfer Checks should be filed with the register receipt/sales slip. The checks should NOT have the signature line removed, as this removes the name of the person who authorized the expenditure.

Awards

5. The county Extension office must maintain a record documenting to whom each award was given, the address of each recipient and a description of the award given to each participant.
6. Extension employees may not receive awards or payments of any nature from the bank account.
7. Awards of less than \$10 should be paid in cash, in accordance with UT Extension’s policies and procedures.
8. All cash award recipients are required to sign or initial a form stating that they received cash award. The cash award or similar form should also be used for gift cards, gift certificates or similar items (see C-11). The Cash Award form is provided in the *Financial Record Keeping for County Extension Offices manual*.

G. Sales Tax

Sales tax must be collected and paid to the Tennessee Department of Revenue for all gross receipts or proceeds from retail sales to a consumer for any purpose. A “sale” is defined as furnishing goods and services or transferring title or possession (or both), as well as exchanging, bartering, leasing or renting any tangible personal property for payment.

Retail sales to the federal government, the state of Tennessee and its political subdivisions or qualified institutions (churches, non-profit schools, hospitals, nursing homes and orphanages) are exempted from state sales tax. For more information, see [UTFI0310](#).

H. Cash Registers

Cash registers may be introduced into county Extension offices in the near future. According to UTFI0310, cash register procedures should be established in writing by the department. At a minimum, these procedures should include:

1. Documentation and approval of over-rings and voided transactions.
2. Documentation of beginning change fund counts by cashiers (i.e., before the first transaction involving that fund, that cashier or both).
3. Proper reconciliation and check-out steps and documentation.
4. Tape retention plans.
5. Other procedures considered necessary.

I. Credit and Debit Cards

Departments or activities that regularly receive payments for goods and/or services in routine operations are eligible to accept credit and debit cards as an additional method of payment. If point of sale (POS) terminals are used, electronic receipts, in lieu of UT receipt book receipts, may be issued. Documentation and procedures must be followed according to university and UT Extension polices. These policies must be developed and instituted for all Extension offices. See UTFI0310.

J. Internet Sales

Internet sales also represent possible sales using electronic receipts. Additional guidelines specifically written for Internet transactions will apply to all UT Extension offices. See UTFI0310.

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