



## Procedure for Handling 4-H Accounts: Audits<sup>1</sup>

Marilyn Norman and Joy C. Jordan<sup>2</sup>

### Audits (Internal Reviews)

4-H units are required to prepare an annual audit. This is a provision for an examination and internal review of financial statements, fund balances, assets, and the established accounting system. This is accomplished independent of the 4-H treasurer or others involved with finances in order to assure the accuracy of information, the existence of assets, and the reliability of the financial data. Audit reports assure the organization's membership, as well as Extension faculty responsible for authorizing use of the 4-H name and emblem, that private funds are being handled properly.

### Who Performs Audits of 4-H Club Accounts?

A person (or two) who has not been involved in handling the accounts should complete the audit. Each 4-H unit is responsible for assuring that its financial statements and related books and records are audited or reviewed on an annual basis. A copy of the unit's audit or peer review report must be on file at the local Cooperative Extension office. The completed audit report can be documented into the 4-H Enrollment and Club Database System.

It is recommended that an audit committee, appointed by the County Advisory Committee and approved by the County Extension Director, be established to oversee the conducting of

audits for all county level units under the jurisdiction of the county 4-H extension office. A CPA is not needed unless accounts are large and complex.

Under these circumstances, it is acceptable to use a peer review committee instead of a formal audit by an independent CPA:

- I. When past audit results have not found any significant accounting errors, internal control weaknesses, or accounting system problems.
- II. When the extension agent and/or county director is satisfied by the results of previous audits or reviews.
- III. When the structure of the organization, system of internal controls, and separation of duties related to the handling of cash and other assets are adequate.
- IV. When the financial statements fairly present the financial position of the organization.

Audits may be performed if there has been a change in the treasurer during the course of the fiscal year and any time the county extension director deems it desirable to have an audit. An independent audit, however, should be performed if there are suspected irregularities related to financial activities.

<sup>1</sup> This document is 4H 5.4, one of a series of the Florida 4-H Program, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida. Please visit the 4-H Website at <http://4h.ifas.ufl.edu/Curriculum/index.htm>.

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**What Should the Audit Report Include?**

At a minimum, the audit report should include:

- beginning balance
- total income
- total disbursements
- ending balance
- evidence that balances have been reconciled with printed bank records
- a statement that the records have been reviewed and found to be handled in keeping with established organization budget goals and policies
- signature of the auditor(s)
- signature of an Extension faculty member who has received and accepted the report.

**What Happens to the Audit Reports?**

The audit report should be distributed to the 4-H organization's officers or executive committee members. Then the results should be distributed to the membership. The Extension Agent who has authorized use of the 4-H name and emblem for that group should also receive, review, and accept the auditor's report. Normally, this will be the county 4-H agent and/or county extension director. On an annual basis, the county extension director will forward documentation to Extension administration that all 4-H organization annual audits have been completed and received.

In some cases, donors or potential donors may ask for a copy of the audit in support of a major proposal.

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**ANNUAL 4-H CLUB FINANCIAL REPORT**  
(page 33 of 4-H Treasurer's Book)

CLUB: \_\_\_\_\_ TREASURER: \_\_\_\_\_

CLUB LEADER'S NAME: \_\_\_\_\_

**I. Treasurer's Report**

- A. Treasurer's book is complete      Yes\_\_\_      No\_\_\_
- B. Funds are deposited in what bank? \_\_\_\_\_
- C. Name(s) of account signatures      \_\_\_\_\_

**II Statement of Annual Income and Expenses**

- A. Account Opening Balance as of \_\_\_/\_\_\_/\_\_\_
- B. Opening Balance \$ \_\_\_\_\_
- C. Total Income for the Year \$ \_\_\_\_\_
- D. Total Cash Available for the Year (B+C) \$ \_\_\_\_\_
- E. Total Expenses for the Year \$ \_\_\_\_\_
- F. Ending Balance (D-E) \$ \_\_\_\_\_
- G. Ending Balance as of (date you completed this form) \_\_\_/\_\_\_/\_\_\_

**Treasurer's Statement:**

I have completed this record book for 4-H year beginning on \_\_\_/\_\_\_/\_\_\_ and ending on \_\_\_/\_\_\_/\_\_\_ to the best of my knowledge. All transactions have been in keeping with the club's budget goals and policies.

Treasurer's Signature \_\_\_\_\_ Date \_\_\_\_\_

# Sample 4-H Club AUDITOR'S REPORT

(page 34 of 4-H Treasurer's Book)

(Committee of two or more members and two 4-H volunteers.)

The Treasurer's book has been examined on \_\_\_\_\_ and found to be correct after the following adjustments or changes were made:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Write NONE if the book is correct)

After reviewing the "Annual 4-H Club Financial Report," the "Monthly Ledgers for Income and Expenses," the "Check Register," and other club records, we have found that all transactions have been made in keeping with the club's budget, goals, and policies.

Auditing Committee (signatures)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

This form, along with the Annual 4-H Financial Report should be submitted to the County 4-H Office by \_\_\_\_\_.

(Date)