

## 4-H Banking Policy (704.2) FAQ

### 1. Why is UC changing the banking signatory policy?

Many CD's and 4-H YDP staff objected to the requirement to release their financial information for every club account to which they are a signatory. Since the events of 9/11 this concern has intensified as related to changes in banking laws have diminished the banking institutions responsibility to protect the private information of patrons.

### 2. Why is UC changing the address of record to the county offices?

Listing the UCCE county office as the address of record serves several purposes: 1) better responses to UC Internal Audit No. 01A002 which concluded that UC financial control over 4-H club financial accounts was insufficient, 2) eliminates the risk of disclosure of an employees' financial and private information, and 3) reduces the risk of treasurer/volunteer fraud and/or poor financial practices through a monthly rather than annual review of accounts, allowing UC to act on any questionable activity much earlier than is now possible.

### 3. When does the policy change?

July 1, 2008 is the effective date of the policy change. Counties may begin to implement the policy immediately. All address changes should be completed by September 30, 2008.

### 4. What are the advantages to this policy change?

There are several advantages:

- Oversight now extends to all 4-H club bank accounts (as opposed to the current condition in which only those accounts in excess of \$1,500 are subject to the CD signature requirement).
- Reduces risk to the hard-won assets of the club youth members, especially as it allows UCCE 4-H YDP staff to verify that deposits are being made in a timely way.
- Implementation can be achieved with relatively little administrative effort.
- Affords greater efficiency with respect to changes in club officers and unit adult volunteers, for example, a club's treasurer may change, but often the bank is not informed in a timely manner. However, the UCCE county office is usually aware of such changes in "real time" and so can ensure that statement is forwarded to the correct address.
- Provides the UCCE office with any direct correspondence from the bank concerning the accounts.

**5. Does this change apply to all units or only those with \$1,500.00 or more by June 30<sup>th</sup>?**

Implementation applies to all 4-H club financial accounts (as opposed to the current condition, e.g., only those in excess of \$1,500).

**6. What if a 4-H VMO, unit or club does not comply with these changes?**

A 4-H VMO, unit or club can be disbanded for not complying with the financial policies of the University of California 4-H YDP Program and the bank accounts will be closed and funds held in escrow by the county 4-H VMO.

**7. Is there a suggested process or support materials for implementing this process at the county level?**

Several support materials are provided to help counties implement these new policies. Refer to the Flow Chart 1 – *Notification and Implementation of New Banking Processes for 4-H VMOs and Units* and Flow Chart 2 – *Establishment of UCCE/4-H County Office Banking Procedures*. Additionally, the *Monthly 4-H Bank Statement Verification Form* and the *Reviewing 4-H Club Monthly Banking Statements* sheet can be used to perform the monthly review.

**8. What does the monthly review process require?**

The review process includes several steps:

Receipt of 4-H VMO/Unit Bank Statements - For all 4-H club financial accounts, the monthly statement should be mailed directly from the bank to the CE county office (as opposed to the club treasurer).

Forward the Bank Statement to the 4-H VMO/unit - The bank statement should be copied and forwarded immediately to the club contact.

Review of Statement - The County Director or designee will be required to review the monthly banking statement in search of obvious “red flags.” “Red flags” would include such things as payments that do not seem to relate to the club’s annual budget and/or program, payments that are unusually large, payments to a signatory on the account, and so on. (Refer to Question 6 for additional resources).

When the review is complete, the reviewer will initial the bank statement, complete the Monthly 4-H Bank Statement Verification Form, give to the county director and file the monthly club bank statements in a locked file at the county office. The responsibility for review of the disbursements may be delegated by the CD to any appropriate **paid staff** member per the CD’s judgment.

**9. What if an irregularity is found during the review?**

The staff member responsible for bank account reviews must immediately report any irregularities to the CD. At the discretion of the CD, the matter could be pursued with the volunteers. Upon request of the CD, both the Statewide 4-H office and the ANR's Controller's office would be available to assist the CD. The CD may quickly access support by contacting the Statewide 4-H office directly. In turn, the Statewide 4-H office would request support from the Controller's office as needed. In the event of such a problem, the CD should routinely advise the RD.

**10. Can the county director designate a clerical or support staff to complete the monthly reviews?**

The county director should determine appropriate processes and involvement of 4-H program and support staff and the roles for each. The responsibility for review of the banking account statements may be delegated by the CD to any appropriate paid staff member per the CD's judgment. (4-H volunteers cannot be the reviewer of the statements).

**11. What if a 4-H account needs to be closed or 4-H signatories removed?**

A standardized letter (pre-approved by UC General Counsel) is available in the very rare event that a CD might have to assume control of, and/or close a 4-H bank account. This letter will confirm for the bank that UC, as represented by the CD, has legal authority over the funds and should be given access to the account. Closure of a club account would be an interim action, to be followed by the establishment of a new club account as quickly as feasible.

Should the CD encounter any difficulty with the bank in such a situation, the CD should contact the Controller's office (or 4-H Statewide office). In cooperation with the 4-H Statewide office, the Controller's office would then work with UCOP's Financial Management department, as well as the Office of the General Counsel to provide support to the CD and facilitate the bank's agreement to the CD's request.

Refer to support materials:

- *Recommended Administrative Procedures for Removal of Volunteer or Closure of 4-H Club Bank Account to which the CD/designee is not a Signatory.*
- *Issues for Consideration When Composing Letter of Suspension/dismissal – Banking Appendix E.*
- *Template letters – Banking Appendices B, C, and D*

**12. How will the CD or 4-H YDP staff access 4-H bank account information if there are no UC signatories on the account?**

The CD should contact the bank and request the needed information indicating the UCCE office is the address of record for the bank account and the EIN. If this is not successful then contact the Statewide 4-H Office who will work with the ANR Controllers office to obtain access to the account.

**13. How long do we need to keep the banking records?**

Counties are responsible for retaining all VMO and club/unit peer reviews, budgets, inventories, annual financial statements, and bank statements for 5 years. In addition counties should retain a permanent master list of all VMO and unit/clubs EIN numbers.

**14. When should the county director or designee be removed from the account?**

After the club has changed the mailing address to the UCCE county office and the county office has received a monthly bank statement for the account(s).

**15. Is there a process for removing the UCCE signatories?**

It is suggested that the UCCE signer stay on the account until July 1<sup>st</sup>. At that time, clubs should be changing signers on accounts and the UCCE signatory can be removed. If a club has the address of record changed before July 1<sup>st</sup> and the UCCE signer wants to be removed from the account use the template letter *Removing County Director as Signatory to 4-H club Bank Accounts* – Banking Appendix.