BARTON COUNTY COOPERATIVE EXTENSION OFFICE

INTRODUCTION

In 1887 federal legislation was passed (Hatch Act) that created the State Agricultural Experiment Station System. This Act authorized the use of federal funds to create an Agricultural Experiment Station within land-grant institutions and provide for agricultural research.

The Smith-Lever Act of 1914 established Cooperative Extension as a partnership of the U.S. Department of Agriculture and the land-grant institutions. The Act stated that cooperative agriculture extension should consist of practical applications of research, and should give instruction and practical demonstrations of existing or improved practices and technologies in agriculture and home economics. The Smith-Lever Act authorizes appropriations to support Extension Service work.

Acme University is the State land-grant institution. A Cooperative Extension office is located in each county and provides programs that meet local needs relating to agriculture, home, and community.

Each county allocates funds to support extension activities, and the amounts may differ from county to county. Personnel and travel costs are paid through Acme University. A Chief Agent serves as the administrative head in the Barton County Office.

SCOPE AND OBJECTIVES

The scope of this audit was to perform a review of revenue, expenditures, accounts receivable, bank accounts, equipment, and records retention. The primary audit objectives were to: evaluate internal controls, verify the accuracy of selected transactions within the accounting records, and determine if the Barton County Extension Office is operating in accordance with University policies and appropriate governmental laws and regulations.

The audit covered the period from September 1, 2007 through February 18, 2008.
COMMENTS

The findings and recommendations are presented to help in strengthening internal controls and procedures and are not meant to reflect negatively on the honesty or integrity of personnel or on the general operations of the Barton County Cooperative Extension Office.

The classifications are Key, Minor, and Other. A Key finding is one that indicates an action that may hinder meeting objectives. It is considered material as it relates to: general operations; internal controls; compliance with policies, laws, and regulations; and reporting. Key findings need prompt management attention. A Minor finding is less significant, but should also be addressed by management. An Other finding includes matters presented for further assessment that may improve internal controls and/or overall operations. Although a response is not required for Other findings, consideration should be given by management.

FINDINGS, RECOMMENDATIONS, AND RESPONSES

KEY

Untimely Deposits

Finding: We noted instances where funds were not timely deposited, sometimes not until over a month after the funds were received. Fiscal policies state that deposits must be made when collections are over $50.00 or at least weekly if less than $50.00. The policies also indicate that if the weekend is nearing, it is best to make deposits even if less than $50.00 rather than keep money in the office over the weekend. In addition, we noted that personnel who receive, deposit, and reconcile funds have not attended a University receipts training session.

Recommendation: Follow Acme University Extension Service policy and begin depositing funds at least once a week. Require employees involved in receiving, depositing, and reconciling funds to attend a University receipts training session.

Response: Agreement or disagreement with the finding/recommendation: Agree
**Actions taken or planned to implement the recommendation:** Appropriate personnel will attend University receipts training. Deposits are made every Friday. If collections exceed $50.00, a deposit is made the same day.

**Estimated date at which implementation will be complete:** April 5, 2008

Supporting Documentation for Expenditures

**Finding:** We noted several instances where the purchase invoice or receipt was signed by the purchaser, but contained no description or business purpose. In these instances, the Chief Agent had approved the expenditures, but when asked as to the purpose for the expenditures, the information had to be obtained from the individual who had made the purchase.

**Recommendation:** Ensure that supporting documentation for all expenditures provides adequate information to assess the business purpose. Review all expenditures prior to approval.

**Response:** Agreement or disagreement with the finding/recommendation: *Agree*

**Actions taken or planned to implement the recommendation:** All staff have been reminded to make the following notations on every receipt: signature, program field, specific program, account to be charged.

**Estimated date at which implementation will be complete:** April 5, 2008

Employee Reimbursements

**Finding:** Several non-travel reimbursements were made to an employee during the audit period. In every instance, the employee was the sole approver. Fiscal policy requires employee reimbursements to be approved by the employee’s supervisor or the supervisor’s designee.

**Recommendation:** Make a concerted effort to reduce the instances of employee purchases requiring a reimbursement. In those cases where it is more expedient for an employee to make the purchase, ensure appropriate approval prior to reimbursement.

**Response:** Agreement or disagreement with the finding/recommendation:
Agree

**Actions taken or planned to implement the recommendation:** All staff have been instructed to minimize expenditures requiring reimbursements and to utilize the office charge card and charge accounts whenever possible.

**Estimated date at which implementation will be complete:** April 5, 2008

**MINOR**

**Invoicing of Customers**

**Finding:** Customers are occasionally billed with an invoice created within the Extension Office. The University’s accounts receivable system is not used, and approval has not been obtained to bill customers outside the University’s system. In addition, there are no written billing and collection policies on hand.

**Recommendation:** Contact the University’s Accounts Receivable Manager for assistance in attending training and using the University’s accounts receivable system.

**Response:** Agreement or disagreement with the finding/recommendation: Agree

**Actions taken or planned to implement the recommendation:** Appropriate personnel are now utilizing the University’s accounts receivable system to initiate invoices.

**Estimated date at which implementation will be complete:** April 5, 2008

**Employee Time Record Sheets**

**Finding:** We noted that in some cases the following were omitted: (1) University employee ID number (2) department number (3) employee and supervisor signatures and (4) dates. In addition, time in/out was not recorded in exact minutes.

**Recommendation:** Prepare all Employee Time Record Sheets completely and accurately. Record the “In” and “Out” time in exact minutes in order to comply with the Fair Labor Standards Act.
Response: Agreement or disagreement with the finding/recommendation: Agree

Actions taken or planned to implement the recommendation: We will follow all time card procedures

Estimated date at which implementation will be complete: April 5, 2008

Preferred Vendor

Finding: We noted a few purchases of office supplies from vendors other than the University’s preferred vendor. Fiscal policy prohibits purchases made from other office supply vendors without approval from the Purchasing Director.

Recommendation: Unless prior approval is obtained from the Purchasing Director, ensure that all applicable purchases of office supplies, and other specific items, are made from University preferred vendors and vendors on State contracts.

Response: Agreement or disagreement with the finding/recommendation: Agree

Actions taken or planned to implement the recommendation: We will obtain approval from the Purchasing Director before purchasing supplies from other vendors.

Estimated date at which implementation will be complete: April 5, 2008

CONCLUSION

Based on our audit procedures and except as noted in the Findings and Recommendations, it appears that: there is an adequate system of internal controls, financial transactions have been accurately recorded, and there is overall compliance with University policies and procedures, and appropriate governmental laws and regulations.