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Who should read this chapter?

All board members, signers on your bank accounts, committee chairs and others handling the money or counting cash at events, fundraisers, etc. They should all understand responsible financial practices and procedures prescribed in this guide and set by your unit. These practices are here to help you protect your units assets and make decisions that are in the best interest of your unit. Some items are requirements (per the bylaws, federal law, state law, or for your insurance coverage) and some are just suggestions of what works best for most units (also known as “best practices”).

Insurance

You should ensure that your unit has coverage and is complying with all necessary requirements to keep your coverage active. Also, it is important that all officers and committee chairs understand what is covered by your insurance selection. In planning events it is critical that leaders understand what is covered and what is not and that you keep insurance contact information accessible at all events. Committee chairs/officers/board members should always be sure to check that what they are planning is covered by insurance. For more information on how to become insured, see the Board Service Chapter of this guide. For specific policy questions, check with AIM directly (www.aim-companies.com or 1-800-876-4044).

Budget

The budget is the financial plan of the estimated income and expenses needed to accomplish PTA's goals and objectives for the coming year. The yearly budget must be approved by members. PTA unit boards can only approve expenditures within the approved budget. Board members should be sure that all committee chairs know what their budget is and that they are not allowed to spend above their budget for any reason. Boards can not make changes to the budget without a membership vote or prior membership approval. For more on developing a budget see the Board Service Chapter and Treasurer section of Officer/Position Specific Duties Chapter of this guide.

Banking

Each year as new officers take office, you should ensure that the bank account signers are adjusted at the bank. Add signers to account and remove signers from your account as soon as possible after elections, resignations or changes in responsibility are made. Do not set up online banking unless it is a “view only” access. PTA units must have a checking account but also may have a savings account. Ensure that the bank puts the proper signer(s) on each account, not just the main checking account.

All funds of PTA belong to and are under the control of the members of that unit. All funds are to be placed only in the bank account of the PTA unit—not in a personal bank account or in a school safe or file cabinet. A PTA owned safe at the school is a good choice if funds can not be deposited due to the bank not being open. Units unable to obtain a safe of their own at the school choose to set up night deposit with their bank. Be sure if you set up night deposit you set up a way to get the deposit receipt back from the bank. For more information on banking, see the Treasurer section of Office/Position Specific Duties Chapter of this guide.

Financial Procedures & Documentation

The treasurer works cooperatively with all officers and chairs to ensure money is counted, deposited immediately, and appropriate accounting is completed by establishing and monitoring responsible financial practices and procedures. Because it will not always be your treasurer depositing money or writing all checks, make sure all officers and signers understand the procedures your treasurer put in place and adhere to them. It is a good idea to add all your unit specific procedures to your standing rules so they are clear for everyone.

Although your unit will design its own procedures for handling check requests and deposits, these are requirements that all procedures set in place must adhere to without fail:

- Two people (unrelated and not living in the same household) should always count all monies and both should sign a form verifying and documenting the amount.
- Deposits should be made within a short time.
- Pay all bills by check and have written documentation (receipt/invoice) in hand before writing a check.
- Never sign a blank check.

- All checks must have three distinct names on it, namely the payee, signer 1, and signer 2. None of the three should be related or living in the same household.
- PTA funds must be kept separate from school funds.
- Receipts are required for payment of reimbursements.
- Keep all receipts and invoices on file neatly.
- Keep copies of all minutes for reference to expenditures of funds.

For Checks

Systems should all involve some type of Check Request form for all checks written or voided. The form should have who the check is requested by, who the check should be made out to, the date, and the amount of the check being requested and the purpose of the expense (how it fits a budget line item approved by members). If you VOID a check, do NOT destroy it, simply write VOID across it and staple it to a blank check request form. Voided checks must be filed and accounted for during the audit. Receipt/invoices for the expense must be attached to all check request forms. Signers should always be sure there is available budget money for the expense before writing the check. If you have an online accounting system set up (like MoneyMinder), signers can have viewable access to determine if there is budget money is available. If you do not have this type of accounting system, signers will need to check with the treasurer to ensure budget money is available for the expense before writing the check. Remember, no money should be spent that is not approved by members. Signers must note on the form: what check number was used, the date it was written, the amount of the check written, and the budget line the expenses should be attributed to. Completed forms must be given to the treasurer (with all receipts/invoices attached) to record in the accounting system and to be filed for the audit.

For Deposits

Systems should all involve some type of Cash Count Form for deposits. This form is not the same as a bank deposit form although they are needed as well. The form should fully detail the money counted and be signed by two counters (not related or living in the same household). This signed form must be kept separate from the deposit money as soon as possible. A bank deposit slip should be filled out and kept with the deposit money to be taken to the bank. The deposit should be kept secure and be taken to the bank in a timely manner. When taking the deposit to the bank the person depositing it must get a receipt of deposit slip from the bank confirming the amount of the deposit. This should always match what your two counters counted and if not should be researched to discover the error. The bank receipt must be given to the treasurer as soon as possible to be filed for the audit. It is often attached by the treasurer to the Cash Count form when filing for audit. Do NOT take the original copy of the Cash Count

form to the bank when making a deposit. It must be kept separate per your bond insurance. All completed forms and bank receipts must be given to your treasurer as soon as possible to be recorded in your accounting system and filed for the audit.

For Cash Boxes at an Event

When hosting an event you will often need to have cash on hand in order to make change. To do this you should NOT make a check out to cash. Instead, the Committee Chair or Officer in Charge of the event must complete some type of Cash Box Request Form. It is best practices to note the need for such funds and the need for such form be approved by members and noted in meeting minutes. The Cash Box Request Form should detail the total amount and what specific denominations are needed. This Cash Box Request Form should be attached to a check request form as a receipt/invoice and a check issued to the person going to the bank once approved by two signers (not related or living in the same household). When the person arrives at the event with the cash, the amount brought must be verified by two people (not related or living in the same household) on a Cash Count Form - write Cash Box at the top of the form. The Cash Count Form should be filed with the Cash Box Check Request form paperwork when filed for audit. Be sure it is noted how much cash in the event deposit was from the Cash Box so that it is not recorded as income for the event. For more information, see the Treasurer section of Office/Position Specific Duties Chapter of this guide.

Audit

A PTA Internal Annual Audit is a simple checklist completed by two or more members who are not signers. It is an annual review of the unit's accounting records and financial documentation. It is required by the bylaws and is a condition of your bond insurance. If your cash counters and signers are completing good documentation and procedure and your treasurer is accurately recording and filing documents, the audit will go very smoothly. Reviewing the audit checklist before setting up systems can often be helpful in setting up systems that will make your audit easy. For more information on Audits, see the Treasurer section of Office/Position Specific Duties Chapter of this guide.

Missing Funds

Occasionally, a unit discovers (or suspects) that, for one reason or another, funds are missing. The unit should immediately contact the Oregon PTA Treasurer. Oregon PTA will conduct a thorough audit of the books and report its findings to the unit's board. The audit findings and potential courses of action will then be presented to the unit's membership.

Contracts

In the ordinary course of business, whether for a fund raising activity, the rental of equipment, the purchase of supplies, leasing a meeting hall, or hiring a band, most PTA units enter into a variety of contracts. Contracts may be written or oral. Written contracts are best and are recommended. All contracts must be executed/signed by the unit President and another officer. Committee chairs are not allowed to sign contracts on their own. For more information on contracts, see the Board Service Chapter of this guide.

PTA Funds or School Funds?

Funds generated at a fund-raising activity in which the activity/event was directed by and supervised by the PTA belong to PTA even when held within a school, on school district property or involving students. PTA must clearly be "in charge". To determine that an activity is a PTA activity and that all the money raised belongs to PTA the activity must meet all the following criteria:

- If there was a contract involved, PTA must have signed the contract.
- PTA must have been involved in the creation, planning and implementation of the activity including provide the majority of the volunteer manpower
- Limit the number of school district employees being paid to help at the event.
- Activity was approved by the PTA membership or executive board (in the minutes).
- Activity is part of the PTA's approved budget.
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Safeguards for Fundraising

The following procedures must be followed to ensure a successful fundraiser while protecting the PTA and its volunteers against loss, theft, and mismanagement of funds.

- Read all contracts carefully. Ensure that the contract is signed by two elected officers of the PTA, one of whom must be the president, after the membership has voted to conduct the project.
- Follow correct financial procedures as noted earlier in this chapter and as set by your unit's treasurer to ensure bonding insurance requirements are met. If there are any questions, please contact AIM at: www.aim-companies.com.
- Ensure that money is always counted by at least two approved cash counters in a secure location and that the Cash Count form is completed and signed by counters.
- Plan for the safe-keeping of money until it is counted and deposited. Also plan for the safe keeping of products before delivered when applicable.
- Pay expenses by PTA check (not cash) as approved by members instead of using your own money and seeking reimbursement, when possible.
- Provide treasurer with a written reports as requested and at the conclusion of the fundraiser.

Scrip Program Safeguards

If your unit chooses to run a scrip program, please read this section to be sure you are protecting the assets of your unit. **Scrip cards are redeemable by anyone and therefore is subject to loss or theft the same as cash.** The basic bonding insurance provided as part of the Oregon PTA insurance program may not be sufficient for PTAs that sell large amounts of scrip. Please contact **AIM** at www.aim-companies.com check on coverage and options.

Ensure the Scrip Committee follows correct financial practices including:

- Purchase the scrip with a PTA check authorized by two signers.
- Do not allow a scrip company access to your main checking account.
- Keep an accurate record of scrip inventory and all sales. The PTA may want to look into having a separate checking account for the scrip program to help with record keeping.
- Provide a written report to the treasurer, on a monthly basis, with deposit receipts attached, to be placed on file for audit.
- Inform purchasers that scrip is not tax deductible since the full value is received and use a stamp to mark the checks received in payment of scrip, "Scrip Purchase – Not Tax

Deductible.”

- Make arrangements for the safe-keeping of scrip between sales. Reminder – scrip cards are the same as handling cash! If you do not have a dedicated PTA safe, consider renting a safe deposit box at the bank. Scrip should NOT be kept for long periods of time at the home of the scrip chair or another party.
- Conduct sales of scrip in a safe, protected location. Never use children as couriers. Do not sell scrip in parking lots or at ball games or to anyone unknown to your organization.
- Maintain control of the program to ensure that all scrip sales are accurately reported and funds from sales are deposited timely.

The following considerations must be addressed before beginning a scrip program.

- Are there hidden costs?
- What is the financial risk? (checks with insufficient funds, lost cards, etc)
- What percent of profit does the PTA actually receive vs. volunteer hours?
- Who is responsible for the replacement of scrip if it is lost in the mail?

Movie/Music License

If you are planning a movie night, you will need to make sure you have a license to show the movie you have selected. You may purchase one for a one night viewing or a year long one. School districts/schools may purchase them as well but you may not be included in their coverage. Be sure you are not violating copyright laws in showing a movie without a license to do so. Go to: www.k12.movlic.com for more information. Similarly, music played for a public event is subject to licensing with ASCAP. (If you hire a DJ, usually it is part of the fee you are paying.) See <http://www.ascap.com/licensing> for more information.