

FIDUCIARY RESPONSIBILITY



The board has a legally defined fiduciary responsibility to uphold the trust that has been placed in the officers.

This means that you and your board must act:

- In good faith, understanding and abiding by the bylaws of the organization;
- With the care an ordinary prudent person would exercise under similar circumstances; and
- In a manner the individual reasonably believes to be in the best interests of the organization.

The board is responsible for protecting the assets of the PTA.

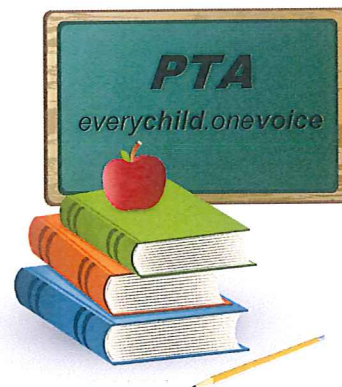
This means that each officer is obligated to ensure:

- Compliance with all laws;
- The assets are used to serve the interests and needs of the beneficiaries (the children);
- Continuity of the organization for years into the future;
- The organization remains transparent; and
- You are carrying out the purpose you have been given.

What are the assets of the PTA? These fall into several categories:

- **Money** – Include all accounts when reporting balances and transactions. Use the clear and concise rules for managing and handling money found in the *Toolkit*.
- **Property** – anything purchased with PTA funds, such as office supplies like officer binders, carnival games or equipment, storage items, computers, paper goods, etc.
- **Inventory** – spirit wear such as T-shirts or hats, left-over gift wrap or cookie dough, paper scrip, etc.
- **Volunteers** – the most important asset of the PTA. Make sure to find a job for everyone who volunteers. If someone volunteers and is never called, they are probably not going to volunteer again.
- **Ongoing concern** – This means the board must make decisions that will protect the future of the PTA. The decisions you make must serve the needs today as well as preserve assets for tomorrow. You have an obligation to *not* encumber future boards as well. Each board may only make decisions directly affecting its term of office.
- **Reputation** – Everything centers on the reputation of your PTA, so guard it as the organization's most important asset. Who will donate to the PTA if it has a bad reputation? Who will volunteer to help? Mistakes and rumors will damage the PTA's good name. Theft, or even the rumor of it, can destroy the PTA altogether. Take your position seriously in order to protect the assets of the organization and to be a good role model for upcoming parent leaders. What you say and how you act is important.

This is why we consider ourselves **“Professional Volunteers.”**



CHECKLIST FOR A HEALTHY PTA UNIT

Membership Enrollment

- ☐ Is an initial membership campaign held toward the beginning of the school year?
- ☐ Are continuing opportunities provided for parents and staff to join? (Membership is year-round.)
- ☐ Is membership per capita sent through channels at least monthly and by deadlines?

Minutes

- ☐ Is an attendance record kept for all meetings?
- ☐ Are minutes kept for all meetings?
- ☐ Are all action items recorded, including approval of budget, all expenses and all fundraising activities?

Bylaws

- ☐ Are bylaws reviewed yearly and updated (sent through channels for approval) every two years?

Financial Procedures

- ☐ Are financial procedures in accordance with recommended PTA policies and procedures?
- ☐ Is the budget approved and actual revenues and expenditures compared at least quarterly?
- ☐ Is the insurance premium and the workers comp form/remittance sent in by deadline?
- ☐ Are all checks signed by two authorized officers? And are all expenditures properly authorized?

Treasurer's Reports

- ☐ Are written reports presented/filed monthly? Are balances, receipts and disbursements recorded in the minutes each month?
- ☐ Is each check approved/ratified and listed?
- ☐ Are reports presented at both executive board and association meetings?

Audits

- ☐ Are audits prepared and adopted in accordance with the bylaws and PTA financial procedures?
- ☐ Are audits conducted at least twice a year? And whenever there is a change in check signers?

Annual Reports

- ☐ Are volunteer hours being recorded?
- ☐ Are annual reports filed by the deadline?

Leadership

- ☐ Do members of the executive board work well together?
- ☐ Does the PTA attract and retain new leadership?
- ☐ Are new, qualified candidates nominated for office each year?
- ☐ Do leaders attend council/district PTA meetings and take advantage of training opportunities?
- ☐ Do leaders communicate effectively with members?
- ☐ Is the list of association officers and chairmen required for directory data, prepared and submitted through channels, as directed by deadline date?

HOW HEALTHY IS YOUR PTA?

Be a Good President from the Start

- * Start by acknowledging the good work that's already been done.
- * Figure out how things work before you start implementing change.
- * Ask other officers and volunteers what they think—the team is better if all members have been a part of the decision-making.
- * Communicate your expectations by letting others know what you want from them and listening to what expectations they have.
- * Motivate other team members to do the best job possible.
- * Be a leader and let others on the board handle their own duties and responsibilities. If someone seems to be struggling with a position, meet and discuss what can be done to help.
- * Walk the Walk—do what you say you'll do, respect the opinions of others, be honest, show gratitude, and recognize good work.
- * Take responsibility—acknowledge if an error has been made. Make certain that responsibilities are clearly outlined and that each person is doing his/her share.
- * Keep the communication channels open at all times and in all directions (among administrators, teachers and staff, parents and volunteers, and PTA officers). A strong team is an informed team.



PTA BOARD-ELECT ACTIVITIES

PTA bylaws provide that, following election of officers, the board-elect may meet to begin making plans for the next term.

Activities of the board-elect may include:

- **Register president-elect** and other delegates to attend the California State PTA Convention and/or District Workshop.
- **Fill vacancies** in office.
- **Determine PTA materials** needed for officers/chairmen. Consider ordering extra subscriptions and publications.
- **Distribute copies** of bylaws and job descriptions.
- **Ratify appointments** and begin goal setting and planning.
- **Set goals** and plan activities to implement those goals.
- **Prepare** a master calendar for PTA events and programs. Be aware of school district calendar and special holidays.
- **Appoint** budget committee.
- **Set appointments** to meet with current board members. Review evaluations of current term activities. Arrange for transfer of materials.
- **Set time** to meet with site administrator.
- **Schedule** an installation of officers.
- **Order** membership envelopes.
- **Provide assistance**, if needed, to have audit conducted.
- **Provide** council/district PTA with roster of new board members by the directory deadline as listed in your Bylaws.



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ELEMENTS OF A SUCCESSFUL TEAM

- ◆ Goals are set by the group and agreed to by the group
- ◆ Group practices active listening
- ◆ People are allowed to do their jobs
- ◆ Expectations are clear
- ◆ Training and resources are provided
- ◆ Effective, two-way communication is practiced
- ◆ Group has a culture of respect

Together

Everyone

Achieves

More

Why is a team important?

The sum is always greater than the parts!

Strengths and weaknesses balance out!

SYMPTOMS OF POOR TEAMWORK

Guarded communication

A lack of disagreements

Unwilling to share information

Ineffective team meetings

Unrealistic goals

Unhealthy competition

Little faith in other

How to Get the Best from Volunteers

An increasing number of organizations recognize the added value of volunteer involvement. Prospective volunteers are also customers who can choose from a multitude of alternatives in the volunteer marketplace. Once you've successfully secured a volunteer's support, it is important to ensure that the benefits of volunteering continue to outweigh the costs. Satisfied volunteers can be strong advocates for an organization's mission and persuasive partners on a volunteer recruitment team. Once you lose a volunteer, it's hard to get him or her back.



Provide Meaningful Work

- Make their work meaningful and never waste their time.
- Provide orientations that link volunteer assignments to the broader mission of the organization.
- Create positions that are diverse in tasks.

Show Them Respect

- Never require anything from them that you can't enforce.
- Provide them with clear instructions and the necessary tools to perform the work expected.
- Accept their recommendations and take their advice.

Support Career Enhancement

- Help volunteers acquire new skills and relate these skills to the marketplace.
- Provide opportunities for leadership advancement.
- Offer classes on resume writing and job interviewing.

Offer Personal Growth

- Let them grow with the program.
- Give them opportunities that they might not get in the marketplace.

Show Recognition

- Show your appreciation often and in ways that are specific to the individual being recognized.

HISTORIANS MAKE EVERY MINUTE COUNT!

The historian assembles and preserves the record of activities and achievements of the PTA, and assists the president in preparing the Annual Report.

Historian records, like minutes, should be kept forever.



Collection of hours is important to our organization for many reasons. Maintaining federal tax exemption is one of the most important. An organization granted nonprofit charitable status must receive one-third of its support from the general public. Valuation of service hours expended in carrying out the purposes for which it was formed will positively effect the public support ratio of PTA.

Volunteer hours can be reported in the narrative portion of the IRS 990 report and can also be placed on your PTAs financial statements. From information provided by nonprofit charitable organizations, the IRS publishes a figure, adjusted annually, that attributes a dollar value to volunteer hours donated. This enables PTAs to publish an annual tabulation of the collective value of volunteer hours which has been returned as a donation to local communities and statewide.

Advertising the value of volunteer hours expended by PTA can be a valuable marketing and publicity tool and raises the public's awareness of the organization. Frequently, foundation grantors request the number of volunteer hours an organization expends annually when considering apportionment of grant funds. The volunteer value helps a foundation understand the extent of a group's parent involvement, support and commitment to their own purposes which aids the grantors in determining the amount of assistance to award.

UNIT ANNUAL REPORT

It is the responsibility of every PTA unit to prepare a Unit Annual Report. The historian or president as designated in the bylaws, is responsible for completing the Unit Annual Report (Unit Annual Reports 2.3.5a, 38; Forms, Chapter 9, page 351/352).

Submit the report by council or district PTA due dates through PTA channels, keeping one copy for the procedure book.

Collect and tally member's volunteer hours from beginning of PTA year (Volunteer Tally Sheet, Forms, Chapter 9, page 355). Advise members to project their volunteer hours for the last few months of the term according to planned PTA activities, due to the deadline for submitting the Annual Report.

Publicize the hours PTA volunteers have provided to the community. One example may be to compute the hours volunteered by members multiplied by an hourly wage. Prepare a mock check and present to your school board or city to bring attention to the needs of your school and its children.

PTA FUNDS VS. SCHOOL FUNDS

Only PTA funds shall be deposited into the PTA treasury. A PTA shall not act as a depository for funds of other organizations. School funds or funds belonging to outside groups shall not be commingled with PTA funds in any way. If a PTA sponsors a project or program in cooperation with the school, all funds shall be accounted for and separated prior to the immediate deposit of the PTA portion into the PTA bank account. All funds deposited in the PTA account become the property of the PTA, and all expenditures require a vote of the association.

COMMINGLING OF FUNDS

A unit PTA is a nonprofit, private organization. To comply with all requirements, regulations and laws, a PTA must handle only those funds over which it has full control. All PTA monies and other assets are the property of the unit and shall be administered through its own accounts.

A PTA SHOULD NOT

- Deposit funds from other groups or organizations in the PTA account;
- Deposit PTA funds in a personal account; or
- Deposit PTA funds in school or school district accounts.

For tax reporting and filing purposes, the IRS considers all monies deposited to the PTA account as that PTA's gross receipts, excluding funds forwarded through channels (e.g., per capita dues).

BANK STATEMENTS

PTA bank statements should be sent to the PTA's permanent address, usually the school. The treasurer should check regularly for the bank statements. Try to use a bank that returns canceled checks with the bank statements. This will facilitate the audit process. If canceled checks are not returned, photocopies may be obtained for a fee.

RECONCILING BANK STATEMENTS

Reconcile the monthly bank statement and compare with the check stub/register balance promptly to ensure that bank and financial records are correct. Identify differences, note outstanding checks and determine the adjusted bank balance at the end of the month. This establishes the funds available against which checks may be written.

It is recommended, for the protection of the PTA, that the auditor or another elected officer who does not sign PTA checks also reconciles monthly bank statements. This can be done before or after the treasurer reconciles the statement.

After reconciliation, place all supporting receipts, details of the deposits, the canceled checks in numerical order and, with the duplicate deposit slips, file them with the statement. Make a notation on the check register of the last canceled check returned, indicating that the account was reconciled. Place all items on file for audit.

TREASURER'S REPORT

A monthly report must include

- Balances at the beginning and end of the period covered;
- Amounts credited to the general fund and any special funds;
- Receipts and disbursements with a detailed written report;
- The report must be posted and/or distributed. Copies of the report must be provided to the president and secretary and added to the treasurer's file, which must be placed on file for audit.

A CODE OF ETHICS FOR VOLUNTEERS

1. As a volunteer I realize that I am subject to a code of ethics similar to that which binds the professional in the field in which I work. Like them, I assume certain responsibilities and expect to account for what I do in terms of what I am expected to do.



2. I will keep confidential matters confidential.
3. I interpret "volunteer" to mean that I have agreed to work without compensation in money, but having been accepted as a worker, I expect to do my work according to standards, as the paid staff expect to do their work.
4. I promise to take to my work an attitude of open-mindedness, to be willing to be trained for it, to bring to it interest and attention.
5. I realize that I may have assets that my co-workers may not have and that I shall use them to enrich the project on which we are working together.
6. I realize also that I may lack assets that my co-workers have. I will not let this make me feel inadequate and will still endeavor to assist in developing good teamwork.
7. I plan to find out how I can best serve the activity for which I have volunteered, and to offer as much as I can give, but no more.
8. I realize I must live up to my promise and, therefore, will be careful that my agreement is so simple and clear that it cannot be misunderstood.
9. I believe that my attitude toward volunteer work should be professional. I believe that I have an obligation to my work, to those who direct it, to my colleagues, to those for whom it is done and to the public.



Tips for Effective Board Meetings

It is important to value people's time and make the best use of the time available when the executive board meets. Use these tips to have effective board meetings.

- ☐ Stick to the scheduled dates and times stated in the bylaws and which are published in the PTA calendar for the year.
- ☐ Always start the meeting on time. Make every effort to respect other people's time by ending the meeting at the agreed upon time.
- ☐ Prepare and send out the agenda before the meeting to provide advance notice of pending actions and to remind members of items to be prepared to discuss.
- ☐ Create an attendance list for attendees to sign or initial. Illegible writing is avoided and it helps in determining whether there is a quorum present. Think about adding a space for volunteer hours so each member can provide his/her volunteer hours on a regular basis.
- ☐ Make your agenda a working document. Try including start times for each item. For example: 6:30 p.m. Welcome, 6:35 p.m. Minutes of Previous Meeting, 6:40 p.m. Treasurer's Report, etc. Use the scheduled times to keep things moving along.
- ☐ Follow parliamentary procedure when chairing a meeting. It helps prevent people from monopolizing the discussion time and assures that control is maintained.
- ☐ Ask committee chairmen to report briefly by presenting committee recommendations to the executive board. Detailed planning is done ahead of time by the committee and the executive board then approves the committee recommendation or refers the issue back to the committee for further work.
- ☐ Ensure that the secretary takes minutes at every meeting. Ask the secretary to send a draft set of minutes out no later than one week after the meeting to assure that members have the opportunity to assess accuracy while recollections are fresh and to serve as a reminder of assigned tasks.
- ☐ Attach a list of action items to the minutes with expected dates for completion and the person responsible to serve as a reminder to all of the expectations and responsibilities undertaken.

BENEFITS OF PTA

PTA PROVIDES

- **A multi-level support organization.**
- **Guidance and resources** based on expertise and experience.
- **Practical ideas** for programs which benefit all students and their families.
- **An opportunity to voice consent or concern** on behalf of children and youth.
- **Leadership development** to promote individual development and strengthening of skills.
- **Timely information** from local, state and federal levels and how we can advocate and influence legislators on behalf of children, families and schools.
- **Collective strength** with those who share concerns and seek solutions.

PTA IS UNIQUE BECAUSE

- It has not lost its focus for over 100 years - *everychild.onevoice*.
- It demonstrates how one person can make a difference by working with others within the PTA network.
- It provides extensive training and reflects the professionalism of its volunteers.
- It continues to be highly respected as an advocate in the state and nation for children and youth.

"You should join PTA because PTA membership . . ."

Benefits your child and benefits our schools. More than 85 rigorous academic research studies conducted over 30 years of research proves that kids do better when parents are involved. Grades are higher. Test scores improve. Attendance increases.

Connects you to a Network. Parenting is not easy - it helps to share ideas, concerns and experiences with other parents and educators in the community. PTA functions are opportunities to meet other parents and teachers, building rapport and discussing issues that are on your mind.

Means More Informed Parents. Parents involved in PTA understand the challenges schools face and become part of the solution. They support improving education, both locally and legislatively. By developing a closer relationship with parents, student achievement improves, and the school develops a positive reputation in the community.

Boosts Children's Well-being. PTAs focus on what students need to be successful in learning, including nutrition, health, and wellbeing. Whether it is school safety, physical fitness, or healthy breakfasts, PTA works with school administrators to ensure that children are prepared to succeed.

Gets you Connected and Adds Your Voice to Others. There's no better way to know what's happening in your school. Regularly scheduled meetings are an opportunity for you to share information with other members. Because PTA is a forum for exchanging ideas, you are encouraged to make suggestions. PTA can be a way for you to more effectively suggest change at your child's school.

Leverages Volunteer Power. PTA organizes hard-working and dedicated volunteers. Parents are ready and willing to help implement school improvement programs.

Provides Great Resources. The PTA offers a variety of programs designed for parents as well as students. Resource materials and training opportunities are plentiful in PTA.

Improves your skills. By volunteering with your PTA, you gain valuable experiences. It's an opportunity to put your skills and hobbies to good use for a good cause - for your child and all children in the community.

Results in School Improvement. By getting involved at your child's school you'll be part of the solution, helping make positive changes. Local PTA's play an important role in fundraising to provide building improvements, curriculum-based programs and social events - all vital to a school's success.

Makes You a Good Role Model. By becoming a PTA member, you'll be demonstrating to your child the importance you place on education.

Financial Calendar – First 6 Months

UPON ELECTION

- Treasurer-elect chairs budget committee.
- Board-elect develops and adopts preliminary budget, based on proposed PTA programs for the upcoming year.
- Present proposed budget to the current executive board and the membership at the last PTA meeting of the year. (This allows board-elect the ability to cover routine summer expenses as outlined in the bylaws.)

AUGUST-SEPTEMBER

- Re-present budget to association for adoption at its first meeting.
- Present audit and year-end financial report to association
- Send approved audit and year-end financial report and current year budget to council or district as directed.
- Send the first remittance of per capita dues through channels. Send monthly thereafter.

OCTOBER

- Prepare IRS & CA Franchise Tax Board (FTB) tax forms and file as required.
- Prepare Charitable Trust Renewal (RRF-1) and file as required
- Upload tax forms and RRF-1 to PTAEZ.org (California State PTA Toolkit 5.10 Tax Requirements).

NOVEMBER/DECEMBER

- Send checks for insurance premiums through channels. Do not send checks directly to the California State PTA office or the insurance broker. The premium must have been forwarded through PTA channels to be received in the California State PTA office by December 20, or a late fee of \$25 will be assessed by the California State PTA. Postmarks are not accepted.
- Complete and send the Workers' Compensation Annual Payroll Report through channels whether or not the association has employees.
- Review California State PTA Toolkit 5.11 PTA as an Employer for additional filing requirements.

Commingling of Funds

A PTA is a nonprofit, private organization. To comply with all requirements, regulations and laws, a PTA must handle only those funds over which it has full control. All PTA monies and other assets are the property of the PTA and shall be administered through its own accounts.

A PTA shall not

- ✓ Deposit funds from other groups or organizations in the PTA account;
- ✓ Deposit PTA funds in a personal account; or
- ✓ Deposit PTA funds in school or school district accounts.

For tax reporting and filing purposes, the IRS considers all monies deposited to the PTA account as that PTA's gross receipts, excluding funds forwarded through channels (e.g., per capita dues)

Signs of Good Financial Health

A financially healthy PTA

- Ensures that only authorized check signers (as specified in the bylaws) are on the bank signature card. Removes previously authorized signers from the signature card whenever a resignation occurs or a new term begins.
- Prepares and presents monthly treasurer reports, budget-to-actual comparative reports, financial secretary reports, committee reports and semiannual audit reports at board and association meetings.
- Ensures budget is approved by association and expenditures are authorized prior to spending funds.
- Only pays bills which have been authorized by the executive board or association.
- Has the bank statements reviewed monthly by a non-check signer; may be the auditor.
- Conducts at least two audits per year, in accordance with the bylaws.
- Files the appropriate IRS Form 990 annually and any state forms required by due date
- Conducts a membership campaign throughout the year and remits membership funds not belonging to the association monthly.
- Remits California State PTA insurance premium in accordance with council/district due date. District PTAs must remit to California State PTA office before December 20th. Remits Workers' Compensation Annual Payroll Report Form and any additional premium through channels no later than January 31st.
- Ensures all monies are counted by two PTA members, one of whom must be an officer or chairman. Cash verification forms are signed by everyone who counts monies. A signed copy of the verification form is given to each person who participates in the count.
- Issues a receipt for donations (see Providing Documentation to Donors, Finance Chapter; and Donation Receipt, Forms Chapter).
- Ensures checks and transfers between bank accounts are signed by two authorized check signers.
- Ensures officers receive training at convention, state, district or council PTA workshops.



FINANCIAL RED FLAGS

- Unapproved annual budget and/or calendar of events
- Board unfamiliar with payment authorization procedure
- Receipts not attached to Payment Authorization/Request for Reimbursement Form(s)
- Fundraising projects that benefit a board member financially (Conflict of Interest)
- Lack of documentation of fundraiser income and expenses
- Only one person counting money; no cash verification sheets
- Only one person signing checks; only one person on bank signature card
- Signing blank checks
- Late payment of bills
- Bank statements sent to officer's house rather than the school
- Bank statements not reviewed by a non-check signer
- No treasurer's reports at executive board or association meetings
- Reports are given orally with written information to be provided "later"
- Organization not meeting Federal and California filing requirements and deadlines
- Audits not performed as scheduled
- Failure to provide a year-end audit on request

Mismanagement of Funds/Embezzlement

Mismanagement of funds refers to the potential loss or misuse of PTA funds and raises questions about the integrity of the individual(s) in charge of the PTA funds. PTA funds are protected by following correct financial procedures. Each member of the PTA executive board has a fiduciary responsibility (required by the IRS of all nonprofits) to safeguard the association's assets and potentially clear the individuals who may be involved.

There are several signs of possible mismanagement: lack of receipts and/or treasurer's reports; payments made in cash rather than by check; missed meetings by financial officers; and unanswered phone calls or mail. However, these are merely signs, not proof of wrongdoing, so be discreet. Do not make any implicit, explicit, oral or written statements or accusations. Such actions could result in a lawsuit for libel or slander.

Notify the district PTA president or California State PTA vice president for leadership services and/or state treasurer. With guidance from one or more of these PTA leaders review the information, and determine the appropriate course of action. Specific PTA procedures are outlined in the California State PTA Advanced Leadership Tools, which is available to council and district PTAs.

Possible mismanagement/embezzlement of PTA funds is a PTA responsibility and therefore, PTA policies and procedures must be followed. The principal or other school district personnel shall not determine or take any other course of action for the PTA.

Do not make a direct accusation. Do not accept any offer of direct repayment from an individual, unless payment of the full audited amount is to be made with cash, certified check or money order. It is important to report the loss to the district PTA and insurance broker right away.

Embezzlement, the stealing of money entrusted into one's care by means of fraud for one's own use, is considered to be the same as theft under the law. Theft in any form is a violation of the law and should be handled as a serious offense. If money is stolen from an individual's car or property, a police report should be filed immediately and contact made with the individual's insurance company to determine coverage.

Source: California State PTA Toolkit, 2014 Finance Section, page F40
url: <http://downloads.capta.org/toolkit/print/Finance.pdf>

Stop FRAUD In Your PTA

How to prevent, detect and take action now

DISCUSS

Why discuss fraud?

- One study discovered charity fraud happens at almost twice the rate as for-profit fraud
- The typical organization loses 5% of funds to fraud each year
- Nearly half of victim organizations do not recover any losses that they suffer due to fraud
- Asset misappropriation schemes, which generally involve cash or inventory theft, made up 87% of reported cases
- 31% of fraudulent activities occurred in organizations with less than 100 employees
- 55% of fraudulent activity occurs when there is a lack of controls or controls are weak or unenforced
- Reported frauds last approximately 18 months before detection
- 85% of fraudsters are first-time offenders
- Approximately 54% of fraudsters were between the ages of 31 and 45
- 67% of fraud is carried out by one individual



PREVENT

How do you prevent fraud in your PTA?

- Establish a two signature requirement for all checks
- Do not pre-sign checks
- Assign members who do not have check signing privileges to review books and bank statements
- Complete a monthly review of activities
- Verify cash logs, receipts, bank deposit slips, and accounts payable vendors
- Never sign a blank check or a check made to "Cash"
- Treasurer should deposit funds immediately after event (or the end of each event day)
- Pay bills by check, never cash
- Conduct an annual financial review/audit
- Require at least two people to count cash received
- Have a bond policy and follow requirements to guarantee coverage.

DETECT

What are some signs fraud is occurring in your PTA?

- Untimely and unorganized financial statements and reports
- Unexplained losses of funds
- Missing documents related to accounts, payments, etc.
- Lifestyle or behavior changes
- Delay in bank deposits
- Checks made out to "cash"
- Bank reconciliations are late
- Vendors' addresses are the same as employee's addresses
- Petty cash funds are disappearing
- Unexplained or unauthorized changes to company accounts
- Duplicate payments
- Missing check numbers or check numbers out of sequence.

Stop FRAUD In Your PTA

How to prevent, detect and take action now

TAKE ACTION

What do you do when you suspect fraud in your PTA?

- DO NOT make accusations! (You could run into libel or slander issues)
- Determine and limit the suspect's access to other PTA resources
- Get help from an outside source like a district PTA, state PTA, CPA or a lawyer
- Contact your insurance company
- Contact your bank. Identify all accounts involved and consider freezing or closing them
- Gather facts and necessary documentation.
- Try contacting the vendor to receive appropriate documentation for the expenditures such as a bill or invoice
- Contact the authorities.

AUDIT CHECKLIST		Unit Name _____	Date _____
DESCRIPTION	YES	NO	
Bylaws & Standing Rules Budget(s) Last Audit Report Ledger Checkbook register Cancelled checks (including voids) Authorizations for Payment Cash Verification Forms Bank statements, bank books and deposit slips Receipts/bills Cash receipts Executive board minutes Association minutes Committee reports Monthly Treasurer Report Monthly Financial Secretary Reports Annual Financial Report Workers' Compensation Annual Payroll Report form IRS Forms 990/990EZ/990N State Form 199 State Form RRF-1 If required: IRS Form 941 IRS Form 1099 State Form DE-6 State Form DE-542			
Financial records provided: (Originals)			
Beginning Balance Records			
1. Check to see if amount shown on first bank statement (adjusted for outstanding checks and deposits) corresponds to the starting balance recorded in checkbook register, ledger, treasurer's report, and ending balance of last audit			
Bank Reconciliation			
1. All bank statements reconciled since last audit by treasurer and reviewed monthly by non-check signer			
2. Ending balances (checkbook register, ledger and treasurer report) agree with last bank statement (adjusted for outstanding checks and deposits not posted to bank statement)			
3. Deposits and Checks Written: (signed by two authorized check signers per the bylaws)			
a) Recorded in checkbook register			
b) Recorded in ledger in proper columns			
c) Agree with treasurer reports			
4. Bank charges and interest recorded in checkbook register, ledger and treasurer reports			
Membership			
1. Amount recorded and deposited equals total number of memberships			
# (members) @ \$ (membership dues listed in bylaws) = \$ (total membership deposit)			
2. Amount forwarded to council/district PTA equals total number of memberships			
# (members) @ \$ (amount listed in bylaws) = \$ (total forwarded to council/district)			
Insurance – premium(s) forwarded to council/district PTA by due date			
Minutes			
1. All expenditures approved and recorded in executive board minutes (List those expenditures not approved on recommendation report)			
2. All expenditures approved/ratified in association minutes (List those expenditures not approved on recommendation report)			
3. Committee minutes record plans, proposed expenditures, and total of monies earned			
Authorizations for Payment (signed by secretary and president)			
1. All authorizations written for approved amounts (List missing authorizations on recommendation report)			
2. All authorizations have receipt/bill attached (List missing receipts/bills on recommendation report)			
3. Authorizations match checks written			
Income			
1. Deposits properly supported			
2. Cash Verification Forms used with two people counting money			
3. Income received matches deposits recorded in checkbook register, ledger and treasurer reports			
4. Designated income spent as specified			
Financial Secretary Reports			
1. Filed monthly			
2. Receipts/Deposits agree with ledger and register			
Treasurer Reports			
1. Filed monthly			
2. Agree with ledger and checkbook register			
3. Annual Financial Report			
Committee Reports			
1. Committee reports for all fundraisers submitted or report in minutes.			
Reporting Forms and Tax Returns			
1. Verify on Audit Report that all forms have been filed annually (if required)			
Audit Reports			
1. Audit done semiannually			
2. Prepare and present written report with recommendations to executive board			
3. Present audit report to association for adoption			
4. Forward report to the next level PTA (See Bylaws, Duties of Officers, Auditor)			
Audit Recommendations			
All "No" answers should be included in the report as recommendations to change financial procedures. At the completion of the audit, meet with president and financial officers to discuss recommendations and any corrections as needed. When errors have been corrected by a financial officer and accounts are accurate, draw a double line in red ink where the audit concludes on all records. Sign & date the audited materials.			
Mismanagement – Is mismanagement suspected? (Contact district PTA president immediately for assistance.)			

Fig. 5-5 Audit Checklist

AUDIT REPORT

Date _____ Fiscal Year _____
 Name of Unit _____ IRS EI Number _____
 Council _____ District PTA _____
 Bank Name _____ Account # _____
 Bank Address _____ City/Zip _____

Dates covered by this audit _____

Check numbers reviewed in this audit _____

BALANCE ON HAND at time of last audit _____ (date) \$ _____
RECEIPTS since last audit \$ _____
TOTAL \$ 0.00
DISBURSEMENTS since last audit \$ _____
BALANCE ON HAND _____ (date) \$ 0.00 *

BANK RECONCILIATION

Last **BANK STATEMENT** balance _____ (date) \$ _____
DEPOSITS not yet credited (add to balance) \$ 0.00
 \$ _____ \$ _____ \$ _____

CHECKS OUTSTANDING (List check number and amount)

#	\$	#	\$	#	\$
#	\$	#	\$	#	\$

TOTAL outstanding checks (subtract from balance) \$ 0.00
BALANCE in checking account _____ (date) \$ 0.00 *

*These lines must balance

I have verified that all tax forms, PTA- and government-required forms have been filed, if required.

The following is all that needs to be read when the auditor's report is given:

I have examined the financial records of the treasurer of _____ PTA/PTSA
 and find them

correct

substantially correct with the following recommendations

partially correct more adequate accounting procedures need to be followed so that a more thorough audit report
 can be given

incorrect

Audit completed _____ Auditor's Signature _____

Audit adopted _____

(Copies: unit president, secretary, and treasurer; council treasurer or auditor and district PTA treasurer or
 auditor as directed by the district PTA. Attach copy of tax form(s) to next level PTA, if required to file.)

Submit separate report of explanation and recommendations to executive board.
 A separate audit form must be completed for each bank account.

CASH & CHECK VERIFICATION

(Membership, Fundraisers, Donations)

UNIT NAME Fifth District PTA

ACTIVITY Council/Unit Remittance (see summary page)

DATE _____

COINS

_____ x 1¢ = _____
 _____ x 5¢ = _____
 _____ x 10¢ = _____
 _____ x 25¢ = _____
 _____ x 50¢ = _____
 _____ x \$1 = _____

TOTAL \$ 0.00

CURRENCY

_____ x \$ 1 = _____
 _____ x \$ 5 = _____
 _____ x \$ 10 = _____
 _____ x \$ 20 = _____
 _____ x \$ 50 = _____
 _____ x \$100 = _____

TOTAL \$ 0.00

CHECKS *Attach adding machine tape of itemized checks.*

# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____
# _____ \$ _____	# _____ \$ _____

TOTAL \$ 0.00

GRAND TOTAL \$ 0.00

Membership Dues

70 members @ \$ _____ (dues) = \$ 0.00 + donations = \$ _____ Grand Total \$ 0.00

FOR OFFICIAL USE ONLY

Signature _____
 Signature _____
 Signature _____

Amount Received: \$ _____
 Signature _____
 Date _____

Fig. 5-8 Cash Verification Form



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PAYMENT AUTHORIZATION/REQUEST FOR REIMBURSEMENT

ATTACH ALL RECEIPTS TO THIS EXPENSE STATEMENT

Name _____

PTA Position _____

Address _____

City/Zip _____

Telephone (_____) _____ E-mail _____

Expenditure was for: _____

List Expenditures: _____ \$ _____

_____ \$ _____

_____ \$ _____

_____ \$ _____

TOTAL EXPENSE \$ 0.00

Total Amount Claimed From Above \$ _____

Minus Advance Received \$ _____

Reimbursement Claimed \$ _____

Not claimed – donate to PTA \$ _____

Refund to PTA (Enclose Check) \$ _____

Signature _____ Date _____

FOR PTA TREASURER USE:

Membership-approved activity

Funds released by membership

Executive Board-approved expenditure

Check Number	Category	Amount Advanced	Expenses	Amount Owed or Due

President's signature: _____ Date: _____

Date approved in minutes: _____ Secretary's signature: _____

Fig. 5-9 Payment Authorization/Request for Reimbursement

_____ PTA

REQUEST FOR ADVANCE/PAYMENT AUTHORIZATION

ATTACH ALL RECEIPTS TO THIS EXPENSE STATEMENT

Name _____ Telephone (____) _____

Address _____

City/Zip _____

Funds being requested for: _____

List estimated costs: _____ \$ _____
 _____ \$ _____
 _____ \$ _____
 _____ \$ _____

TOTAL ADVANCE REQUESTED \$ 0.00

I request the above advance for expenses of authorized _____ PTA business. Within two weeks of the completed assignment, I agree to submit an expense statement along with the required receipts and to refund any unused portion of the advance or to claim money due to me, providing the total is not in excess of the approved amount.

Signature _____ Date _____

FOR PTA TREASURER USE:

Membership-approved activity

Funds released by membership

Executive Board-approved expenditure

Budget Category	Budgeted Amount	Check Number	Amount

President's signature: _____ Date: _____

Date approved in minutes: _____ Secretary's signature: _____

1/2011



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BUDGET (SAMPLE)

FISCAL YEAR _____

Name of Unit _____ IRS EI # _____

Council _____ District PTA _____

Bank Name _____ Account # _____

Bank Address _____

BALANCE ON HAND from previous year \$ _____

ESTIMATED RECEIPTS

Interest income \$ _____

Membership dues (unit portion only) \$ _____

Fundraising (list individually) \$ _____

_____ \$ _____

_____ \$ _____

TOTAL \$ _____

RECEIPTS NOT BELONGING TO UNIT

Council, district, State and National PTA membership per capita \$ _____

Founders Day freewill offering \$ _____

TOTAL \$ _____

TOTAL RECEIPTS \$ _____

ESTIMATED DISBURSEMENTS

Operating expenses

Membership envelopes \$ _____

Insurance premium \$ _____

Newsletter and publicity \$ _____

Council/district PTA leadership workshops \$ _____

Convention (State/National PTA) \$ _____

Officers' and chairmen's reimbursement \$ _____

Past president's pin \$ _____

Honorary Service Award \$ _____

Program expenses

Programs and assemblies \$ _____

Reflections Program \$ _____

Parent Involvement \$ _____

Emergency preparedness \$ _____

Hospitality \$ _____

Fundraising

Carnival \$ _____

Book fair \$ _____

Gift wrap \$ _____

Carry-over to next year

Unallocated reserves \$ _____

TOTAL \$ _____

DISBURSEMENTS NOT BELONGING TO UNIT

Council, district, State and National PTA membership per capita \$ _____

Founders Day freewill offering \$ _____

TOTAL \$ _____

TOTAL DISBURSEMENTS \$ _____

BALANCE ON HAND \$ _____

Treasurer's Signature Date _____

Fig. 5-1 Budget (Sample)

ANNUAL FINANCIAL REPORT (SAMPLE)

FISCAL YEAR _____

Name of Unit _____ IRS EI # _____

Council _____ District PTA _____

BALANCE ON HAND from previous year \$ _____

RECEIPTS

Savings account interest \$ _____

Checking account interest \$ _____

Membership dues (unit portion only) \$ _____

Fundraising (list total gross income individually) \$ _____

xxx \$ _____

xxx \$ _____

Donations \$ _____

TOTAL \$ _____

RECEIPTS NOT BELONGING TO UNIT

Council, district, state, and National PTA membership per capita \$ _____

Founders Day freewill offering \$ _____

TOTAL \$ _____

TOTAL RECEIPTS \$ _____

DISBURSEMENTS (List Budget Categories)

Operating expenses

Membership envelopes \$ _____

Insurance premium \$ _____

Newsletter and publicity \$ _____

Council/district leadership workshops \$ _____

Convention (State/National PTA) \$ _____

Officers' and chairmen's reimbursement \$ _____

Past president's pin \$ _____

Honorary Service Award \$ _____

Program expenses

Programs and assemblies \$ _____

Reflections Program \$ _____

Parent Involvement \$ _____

Emergency preparedness \$ _____

Hospitality \$ _____

Fundraising

Carnival \$ _____

Book fair \$ _____

Gift wrap \$ _____

TOTAL \$ _____

DISBURSEMENTS NOT BELONGING TO UNIT

Council, district, state, and National PTA membership per capita \$ _____

Founders Day freewill offering \$ _____

TOTAL \$ _____

TOTAL DISBURSEMENTS \$ _____

BALANCE ON HAND

Signature _____ Date _____

Fig. 5-6 Annual Financial Report (Sample)

UNIT REMITTANCE FORM

Units must use this sheet when submitting monies to council.

Date _____

Unit Name _____ State PTA ID Number _____

Unit Address _____ City/Zip _____

Council _____ District PTA _____

Total membership on this report: _____

DESCRIPTION	AMOUNT
Membership dues: # _____ @ \$ _____	
(Council, district, State, National PTA portions)	\$
Insurance Premium (through channels to State PTA by 12/20)	
Late Charge Insurance (assessed by State PTA if after 12/20)	
Workers Compensation Surcharge and form (through channels to State PTA by 1/31)	
Founders Day Freewill Offering	
Council Assessments	
District PTA Assessments	
Membership Envelopes	
CHECK #	TOTAL \$

Treasurer _____ Telephone (____) _____

Address _____

City/Zip _____ E-mail _____

Make check payable to: _____ Council.

Mail to council treasurer: Name _____

Address _____ City/Zip _____

All checks must have TWO SIGNATURES.

Make a copy for your records.

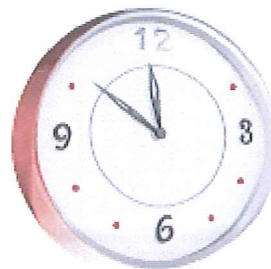
The following statement must appear on all local remittance statements in order that the National PTA publication, **Our Children** may qualify for second-class entry mailing:

*"A portion of the total sum sent for the National portion of PTA membership dues is payment for one year's subscription to **Our Children** of the National Congress of Parents and Teachers, which will be sent to the president of each local unit."*

Fig. 5-7 Unit Remittance Form

PTA Volunteer Hours Tally

Record the hours spent on PTA organizational work and services to children and youth. Include hours spent planning and participating in unit meetings, attendance at council and district meetings and workshops, telephone time, hours spent at committee meetings, and travel time to and from PTA functions. Count time spent on paperwork, writing articles for newsletters, making reports, etc. If convention was attended, count ALL TIME except time spent eating and sleeping.

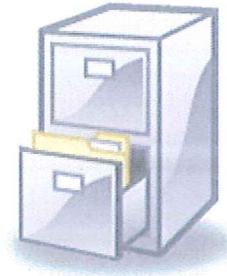
[illegible]

HELP YOUR SUCCESSOR SUCCEED: *THINGS TO TURN OVER DURING TRANSITION*

Resources

A Procedure book which should include the items in the categories below, job descriptions from both the Toolkit and bylaws/standing rules, and *Communicator* or newsletter articles pertaining to the position.

- California State PTA *Toolkit* (hard copy)
- *Parents Empowering Parents (PEP) Guide*
- National PTA's *Quick Reference Guides*
- *Our Children* magazine (past issues)
- *PTA in California* (past issues)
- *Communicator* (past issues)
- CD of Convention Handouts
- Insurance and Loss Prevention Guide
- List of "where things are" (storage facility, mailbox, etc.)



Contact Information

- Current, outgoing board list (and previous year's lists)
- Copy of Nominating Committee Report
- Contact information for the district PTA and council PTA (if in council)
- Names and contact information for school districts, county office of education, and allied agencies in the area
- List of relevant websites

Data and Reports

- Calendar of due dates for current year
- Membership totals for current year and several previous years
- Annual Historian Reports (with supporting pictures, etc.)
- Reports and samples/flyers of invites/programs from any events or programs

Financial

- Budget for (at least) current year (and last 3 years)
- Audits for at least one year (and finalized arrangements for summer audit)
- Year End Financial Report (arranged for)
- 990s and other legal filings (as part of the permanent records)

Communications

- Copies of all newsletters from at least one year
- Agendas from meetings for past year
- Copies of minutes from past years (as part of the permanent records)

Bylaws

- Copy of current adopted bylaws and standing rules

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