# INFO MEETING PARENT ORGANIZATIONS 

AIKEN COUNTY PUBLIC SCHOOL DISTRICT 2022-2023

## BOARD POLICY KBE

## An excerpt:

"...For those organizations that are involved in fundraising activities on behalf of district and student endeavors, the board supports the administration's right to request that reasonable financial safeguards be utilized by such groups and to request periodic review of financial records. The administration may provide guidelines for prudent financial management and is authorized to provide some training assistance to those officers in parent organizations who are authorized to handle funds and keep records."

## KEY REALITIES

\#1 Many schools/programs rely on support from parent organizations
\#2 Any organization can be the victim of embezzlement/theft
\#3 Public perception of responsibility is not always accurate

## RELIANCE

- School district has limited resources and wide-ranging needs/wants across all programs
- Have frequently utilized "one-time funds" in recent years
- Parent organizations support academic and athletic programs
- Fundraising is necessary to bridge gaps


## EMBEZZLEMENT

- Parent organizations are often vulnerable
- Why?
- Lack of segregation of duties
- Lack of controls
- Controls in place but not being followed
- Inexperience with financial matters
- Trust with lack of supervision


## PERCEPTION

- Perception of the general public is that the District oversees and controls
- Widespread harm when misappropriation or embezzlement occurs
- Hurts the District's reputation
- Hurts other PTOs and booster clubs at your school and other schools
- Hurts students
- Trust/recovery can take years to reestablish


## INTERNAL CONTROLS

## General

- Parent organizations should establish and utilize internal controls
- Processes designed to provide safeguards
- No guarantee against fraud, but lessens the chances
- Organizations should have full Boards
- Provide updated listing to principal each year
- Organizations should have written by-laws
- Keep them updated
- Share with new officers
- Follow them
- Set a minimum number of required meetings each year (min. quarterly)
- Share financial data with the membership, keep minutes


## INTERNAL CONTROLS

## General

- Segregation of duties
- Different individuals to receipt cash, make deposits, issue checks, reconcile bank account(s)
- Someone besides the Treasurer to open mail and review bank statements for unusual or suspicious transactions
- Provide copies of bank statements to principal on monthly basis and share financial reports periodically (at least twice a year)
- Timely reconciliations of bank accounts
- Have an annual audit. If you have gross receipts and/or disbursement of $\$ 55,000.00$ or more you must have a professional audit performed.
- Background checks for individuals handling money


## INTERNAL CONTROLS

Parent organizations may not influence or otherwise cause third party entities to compensate ACPSD employees. Influencing includes donating or contributing to another entity.
Check Disbursements/Wires

- Consider two signers/approvers
- Review invoices or supporting documentation before signing checks
- Don't sign blank checks
- Use pre-numbered checks
- Examine endorsements
- Be on the lookout for scams (folks outside of your organization)


## INTERNAL CONTROLS

## Cash/Check Deposits

- Utilize pre-numbered receipt booklets
- Receipt everything
- Make daily deposits
- Have two individuals count cash prior to deposit
- A count "team", in each other's presence
- Rotate individuals or teams who count
- Compare receipt booklets to deposits per the bank statement


## FORMS

- Electronic versions can be found on School District website
- Various examples/samples
- Fundraiser form, ticket reconciliations, cash reconciliations, cash box reconciliations, financial report, budget worksheet, sample check disbursement forms, credit/debit authorization
- More documentation = less questions and uncertainty = more assurance and certainty
- Fundraisers must be approved by the principal and executive director
- No fundraisers without prior approval


## PROJECTS

- Parent organizations often desire to sponsor facilities-related projects, either fully or as a joint venture with the District
- Facilities projects fall under Chief Officer of Operations \& Student Services
- Having/anticipating sufficient funding is not the only requirement
- Processes have been established
- Guidelines must be followed
- Use of School Improvement Project Form


## RAFFLES

- SC Code of Law Section 33-57-120(A) made nonprofit raffles legal
- Visit SC Secretary of State website, raffle page for additional details
- https://sos.sc.gov/online-filings/charities-pfrs-and-raffles/raffles
- Recommend viewing the Powerpoint at:
- https://sos.sc.gov/sites/default/files/Documents/Charities/Nonprofit\% 20Raffles\%20Power\%20Point\%20Website\%20Revised\%20May\%202021 \%202.pdf
- Exempt vs. non-exempt raffles
- Exempt raffles do not require raffle registration
- Be mindful that noncompliance can result in fines or criminal charges


## OTHER INFORMATION

- Booster clubs and PTOs should have their own tax I.D.
- IRS and State registration
- Will not operate under the District's tax I.D.
- Cannot make any purchases using the District's tax I.D.
- Cannot set up bank accounts under the District's tax I.D.
- Must have 501(c)(3) status for tax deductible donations
- Preparation of IRS form 990, if needed (most won't meet threshold)
- Use of IRS form 1099 for vendors paid more than $\$ 600$ annually
- Annual reporting to SC Secretary of State
- Visit http://www.scsos.com (see link to public charities)
- Registration Statement (sc.gov)
- Annual Financial Report for a Charitable Organization.pdf (sc.gov)


## RECAP- KEY POINTS

- Establish and adhere to internal controls
- Establish adequate segregation of duties
- Oversight is imperative
- Consider bonding individuals
- Have regular meetings with membership and share financial information
- Organizations are expected to provide bank statements and financial information
- Perform tasks in a timely manner
- Conduct annual audits
- Ask questions if something appears unusual or unexpected


# QUESTIONS \& COMMENTS 

