



## Monetary Policies and Procedures

*[PTA/PTO] funds are intended to benefit the students through the enhancement of school programs and activities. The [PTA/PTO] Officers are the guardians of these funds and have an obligation to see that they are protected and used wisely. It is very important that everyone follow these policies.*

### 1. REIMBURSEMENTS FOR EXPENSES:

- Generally speaking, the [PTA/PTO] prefers to pay bills directly, rather than requiring individual volunteers to pay expenses and then get reimbursed. However, there will be circumstances where reimbursements are necessary.
- All reimbursements require a receipt. There can be no reimbursement of costs without the actual receipt or invoice.
- Please do not eat expenses. We do our budgeting and plan our fundraisers based on prior year's experience; if volunteers do not submit expenses, we underreport our expenses and cause budgeting problems for future years. If someone wishes to donate items they have purchased, please contact the Treasurer to ensure that the donation is correctly accounted for.
- The chair of an event/activity is responsible for collecting and submitting all receipts and completed reimbursement forms to the [PTA/PTO] Treasurer within 2 weeks of the event. Please do not accumulate receipts and wait to submit them; submit all receipts as soon as possible.
- Volunteers must turn in completed "Check Request" forms and the receipts to their respective committee chairperson.
- The officer responsible for the budget line item involved must sign the form before funds will be disbursed; please contact the responsible officer to let them know you have a request form to be signed.
- Blank "Check Request" forms are available in the form folders in the [PTA/PTO] box in the main office, as well as on the [PTA/PTO] website.
- *If payment is needed prior to an event, please contact the treasurer as early as possible to schedule the payment. Please have the "Check Request" form complete with approval signature of the appropriate officer to exchange for the check. The check will not be disbursed without the officer's approval, and our insurance policy requires that all checks have two signatures, so it takes some time to get a check processed. Please plan ahead for these situations!!*

### 2. REQUESTING CHECKS:

- Completed "Check Request" forms can be left in the Treasurer's folder in the [PTA/PTO] office or can be mailed directly to the treasurer.
- Blank signed checks will not be issued for any reason.
- As a general rule, allow two weeks for processing of a reimbursement. If the request is more time critical, contact the Treasurer by phone or email.
- [PTA/PTO]'s books close June 30, when all budgeted accounts revert to the general purposes of the [PTA/PTO].
- All requests for reimbursements must be in the hands of the Treasurer by June 1st to allow adequate time for processing. The only exceptions are end-of-year parties and other June events, which are due by the last day of school.
- No reimbursements will be made after June 30th.

### 3. COLLECTION OF FUNDS:

All committees involved in fund-raising or events handling money should designate volunteers to manage the monies and must follow these procedures. Note that for most events or fundraisers where money is sent in advance or through the classrooms, cash payments should be discouraged as we have no way to safeguard cash moving through the school or in the office.

#### For Events with Cash:

##### Before the Event:

- Cash Box information must be given to the Treasurer at least one week before an event. The [PTA/PTO] has two cash boxes available for use with \$20 cash each in them. Please make additional arrangements needed if this is not sufficient.
- Be sure to have calculators and pens/pencils at each event for calculating totals. There is one [PTA/PTO] calculator available in one of the cash boxes.

##### At Event:

- The Treasurer will give you the cash boxes requested.
- Never leave the money alone. Always have two adults with the money at all times.

##### At End of Event, The Money Must Be Processed As Follows:

- All funds received in cash must be counted by two people, preferably with one of the two being a [PTA/PTO] Committee Chair or Officer.
- Please separate currency by denomination (with a paperclip), and fill in amounts on the "Deposit Voucher" form.
- Please log number of checks and total value on the "Deposit Voucher" form. If a tape calculator is available, please provide a tape of all checks with their total.
- The "Deposit Voucher" form signed by counters, and the money, must be given to the Treasurer within 24 hours. Contact the Treasurer to make arrangements to transfer funds; do not just put them in the Treasurer's mailbox at school. When the Treasurer receives the bank receipt for the deposit and verifies that the deposit is in the [PTA/PTO] account, the receipt will be forwarded to the person who originally wrote up the deposit as a receipt.

Blank copies of the "Deposit Voucher" and "Check Request" forms are in the in the [PTA/PTO] mailbox in the main office and on the [PTA/PTO] website.

#### For Events/Activities with Checks Only:

- If available, please have printing calculator to total checks and print a tape.
- For fundraisers or classes, a spreadsheet showing a class roster or details of the fundraiser should be submitted as backup for the deposit. The Treasurer's files must include sufficient information to support the revenue for the yearend audit.
- Deposits must be given to the Treasurer **within one week** of receiving checks. The exception to this is for classes or events that require a minimum number of persons. Please wait until the minimum number has been received and we know that the event/class will be held.
- It is important to get checks to the Treasurer quickly so that if any checks bounce, we have enough time to recover funds before distribution of merchandise or before a class or event has been held.



#### **4. CHECK ACCEPTANCE POLICY:**

- All checks should be made payable to: XXX [PTA/PTO]
- The [PTA/PTO] utilizes a check re-deposit service to help collect on bad checks. This service is provided at no fee to the [PTA/PTO]. However, it is critical that advance notice of this service is provided to those who write checks to the [PTA/PTO]. The following wording must appear on any fundraising documents where checks may be accepted, or on class registration forms, etc.

*Your personal checks are welcome with valid identification. If your check is returned, NSF, it may be re-presented electronically, and you will be assessed a processing fee of \$20-\$30 or the maximum amount allowed by law. The check writer is also responsible for all other check recovery costs, including all attorney's fees, court costs and taxes.*

#### **5. DEBIT CARD USAGE:**

- Certain officers or committee chairs may be provided with a debit card for [PTA/PTO] purchases. This card is to be used exclusively for [PTA/PTO] purchases.
- Receipts for debit card purchases must be submitted to the Treasurer within 2 weeks, with a completed "Debit Card Record" form.
- Failure to submit receipts in a timely manner can result in the revocation of debit card privileges by the Treasurer.

#### **6. BUDGETARY PROBLEMS:**

- If you have budgetary problems, let the Treasurer know as soon as possible.
- If a revision or over-run is warranted, it needs to be approved by the Board or the general membership (depending on the amount). Such changes should be approved prior to any money being spent.

#### **7. CONTRACTS:**

- The [PTA/PTO] should only enter into written (not verbal) contracts.
- Contracts are valid only when signed by the President or one of the two Vice Presidents.
- Any other person signing a contract can be held personally liable for the full amount.
- For significant purchases, at least three price quotes/bids should be obtained to help ensure that the [PTA/PTO] is receiving the best value.
- Any potential contracts with persons or companies related to a [PTA/PTO] officer or committee chair must receive special review to ensure that no conflict of interest exists. After exercising due diligence, the [PTA/PTO] officers shall determine whether the [PTA/PTO] could obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- Independent contractors earning above \$600 must supply a street address and social security number for IRS purposes; use Form W-9, available at [www.irs.gov](http://www.irs.gov).

## 8. TAX EXEMPTION:

- *The [PTA/PTO] has its own tax ID # for sales tax exemption purposes. Copies of the sales tax exemption certificate are kept in the [PTA/PTO] mailbox in the main office, and are also available on the website. In order to take advantage of the exemption, purchases must be made directly with [PTA/PTO] funds; i.e. either a [PTA/PTO] check or debit card. You cannot purchase items with personal funds or cash and receive the sales tax exemption.*
- *Certain stores (such as Wal-Mart, Staples) require that we apply for sales tax exemption with their store and receive a special exemption card to be used at that store. Consult with the Treasurer for a list of stores with these special requirements.*
- *A copy of our Federal tax exemption paperwork is kept in the [PTA/PTO] mailbox in the main office. If additional copies are needed or if a specialized letter is needed, please contact the Treasurer.*
- *Exemption from Virginia sales taxes is separate from Federal tax exemption; there are two different documents proving our tax exempt status.*

## 9. SOLICITING AND RECEIVING DONATIONS:

Certain committees may have a need to solicit donations in the community, in the form of cash or in-kind contributions. As a Federally tax-exempt 501(c)(3) organization, the [PTA/PTO] has certain responsibilities to donors.

- Donation requests should be submitted to potential donors on letterhead.
- Prior to requesting a donation, check with the 1st Vice President (or whatever officer your parent group designates). The 1st Vice President is responsible for maintaining a list of donations received, and care must be taken to not request donations from the same company on a repeated/excessive basis during the school year.
- Any donor who requests documentation of the [PTA/PTO]'s tax exempt status should be provided with our IRS tax exempt "determination letter." A copy of this letter is available in the [PTA/PTO] mailbox or on the website.
- Report any donations received to the 1st Vice President in a prompt manner.
- Committees who solicit donations are also responsible for producing thank you notes to donors. Depending on the type of donation, certain wording to satisfy IRS requirements may be necessary; check with the Treasurer. All thank you notes should be signed by the [PTA/PTO] President (in addition to or instead of the committee chair who solicited the donation). Copies of thank you notes can be submitted to the Treasurer to satisfy the reporting requirement noted above.



## **When to Audit**

Your regular annual audit should be conducted at the end of the PTO's fiscal year, after the bulk of the school years activity has been completed. For most PTOs, that is in mid-to late summer. Inevitably, you may still have a few checks outstanding, but there should be very little other financial activity at this time. Even if your current treasurer will continue in the position next year and even if she has done a stellar job and even if the task of auditing seems too difficult, complete the audit anyway. It is an essential step in managing the groups financial resources and should be taken seriously, even when everything is obviously in order. Set the precedent now and the audit will become a must-do into the future.

An audit should also be considered when the office of treasurer changes mid-year. In this case the audit is conducted as of a specific cut-off date. The audit will give your new treasurer confidence that she is taking over a clean house.

Finally, if there is ever the suspicion that there has been financial mismanagement, an audit should be conducted immediately.

## **What the Auditor Does**

You can facilitate the audit by providing a checklist of steps and a worksheet for the auditor. These guidelines can make the whole process much easier to grasp, especially if your auditors are volunteers unfamiliar with public accounting. These are the basic audit steps.

- Verify that all checks written during the year are accounted for, approved, signed, substantiated, and not defaced, and that they have been posted to the proper budget category.
- Verify that all deposits made during the year have been logged accurately and assigned to the proper budget category.
- Review the bank statements for any unusual fees or withdrawals (check printing fees, for example). Verify proper recordkeeping for these items. Ensure the account was reconciled each month.
- Verify that IRS Form 990 and any state forms (incorporation renewal or state tax forms, for example) have been filed as necessary.
- Verify that the treasurer reports add up from month to month.
- Complete a worksheet that summarizes the year's financial activity, including beginning cash balance, total receipts during the audit period, disbursements, and ending cash balance, among others. This is often called the financial review worksheet.
- Suggest improvements to internal controls such as record-keeping and cash-handling, if needed.
- Assess the group's performance against its budget, if requested.

## **The Auditor's Report**

The report from the auditor will mark the completion of the review. If you are using volunteers, you should clearly itemize what you expect back, so your auditors know when they have completed their job.

At minimum, the auditor should submit a signed statement that the review has been completed and the books have been found to be in order. If the auditor found any exceptions during the course of the review, such as an unrecorded check or a mathematical error, those should be noted and included in the report, along with the steps taken to correct the exception. The report should also include the completed financial review worksheet.

A more robust report would also include a list of financial control recommendations. Your auditor might recommend that all PTO checks be signed by two officers, for example. Finally, the auditor's report might also highlight unusual financial risks the PTO is taking and suggest ways to mitigate the risk. For example, your auditor might recommend that the PTO use a locking cash box for collecting fundraising checks rather than an open, unsecured basket.

Ensure that your auditor has returned the files you provided, and file the original report in the PTOs permanent archives. At the first meeting of the new school year, you should present the auditors report and move that it be adopted. According to Robert's Rules of Order, once the annual report of the auditor is adopted, it is no longer necessary to move to adopt each month's treasurer's report. The reports are presented and then simply filed for next year's audit.