

Richland Elementary PTO Treasurer Controls

Purpose: The Richland Elementary Parent Teacher Organization (PTO) Treasurer is responsible for financial controls and keeping accurate books and records for the Richland Elementary PTO. The following are required policies and procedures to be put in place to ensure appropriate safeguards are set in order to protect the financial assets of the organization.

Policies and Procedures

Article 1: PTO Checks & Bank Cards

Only the following officers will be added to the bank account, allowed to sign checks and issued a bank debit card for the PTO: President, Vice President, and Treasurer. Two signatures are required on all checks. \Only those named on the bank debit card are allowed to make purchases with the card. All purchases made by any other member of the PTO should be paid out of pocket and receipts submitted for reimbursement. Bank cards will have a daily limit of \$1000. This can be altered for a day when larger purchases must be made. All PTO executive board members should be made aware of the details of this temporary increase (date, amount, and why) prior to setting it up with the bank.

Article 2: Cash Receipts

Many PTO fundraisers and events will require cash handling by PTO members. Cash should only be handled by PTO Board members and two PTO Board members should always be present around the cash, including the counting of such money.

All cash and checks received from all sources should be counted immediately at the close of an event and a [Cash Box Reconciliation Form](#) filled out. Whenever possible, the cash should be deposited in the bank on that same day. For an event such as the Annual Giving Campaign or Spring Fling ticket sales that takes place over several days, deposits should be made daily where practical. In cases where cash must be held overnight (i.e. a fundraiser held in the evening), all cash and checks will be placed along with a completed Cash Box Reconciliation Form in the locked PTO safe, within a locked closet. In the event that there is no access to the school, the money will be held by the Treasurer, another officer, or the committee chair after it is counted. Document income with a Cash Box Reconciliation Form and have both board members counting the funds sign off when the count is complete. The treasurer should maintain a copy (physical or electronic) of the signed Cash Box Reconciliation Form along with the bank deposit slip showing that the cash was deposited.

Article 3: Authorized Expenditures

Receipts are required for all PTO purchases. All expenditures for any unbudgeted item must be voted on and approved based on the policies outlined in the PTO bylaws for budget approvals. The Treasurer will ensure that any proposed expenditure is an approved expenditure outlined on the PTO's annual budget or that the appropriate PTO members have approved the expenditure as outlined in the PTO bylaws.

Article 4: PTO Bank Accounts

1. Bank Statements are to be mailed to the school address, instead of to an individual.
2. The Treasurer should reconcile the checkbook using the Bank Statement each month.
3. PTO bank account information and bank card access must be updated each year with current board member information by July 1. The treasurer should provide the bank with an updated list of officers (including contact information) and meeting minutes documenting the officer transition, then return the signed Bank Signature Cards to the bank. The bank should remove past officers' access and request a PTO Debit Card for new officers once added to the account.

Article 5: Taxes

In the state of Tennessee. Non-profit organizations are required to file annually with the IRS. The treasurer should ensure that the CPA has access to the financial software and copies of all 1099s and other tax documents by October 1 so taxes and regulatory filings can be completed.

Article 6: Tax Identification Number

The Tax Identification number (EIN) for Richland Elementary Parent Teacher Organization Inc. is to be used only for PTO purchases. . No other groups may use our EIN and PTO Board members should not use another EIN for PTO-related purposes.

Article 7: Annual Budget

The Annual Budget will be prepared by the Treasurer and the Executive Committee each June for the upcoming school year. The budget will be submitted for approval at the first PTO meeting of the school year. Until the Annual Budget is approved, only funds available and spent in accordance with prior year PTO authorization can be spent. For items that are above the prior year's authorization but no more than 10% above this amount, and where the funds carried over are available, purchases can be authorized by the Executive Board of the PTO.

Article 8: Financial Reports

The Treasurer will prepare a monthly summary of PTO income and expenses by category for all accounts, as well as the year-to-date performance to budget. These reports will be updated on the PTO Website monthly. In addition, the Treasurer will present an abbreviated report that includes current balance, overall performance to budget and key financial highlights at Regular PTO meetings for approval by the PTO. The Treasurer will ensure that all funds are accounted for and reported accurately.

Article 9: Check Disbursements

All disbursements must be approved by the Treasurer before funds are committed to be spent. The Treasurer will ensure that the proposed expenditure is a budgeted item in the PTO Budget or has been voted on and approved on by the appropriate PTO members as outlined in the PTO bylaws. The Treasurer will then prepare the check for signature and file the invoice or receipt. Two Authorized Signatories (one may be the Treasurer) will then sign the check once briefed by the Treasurer. All receipts for expenditures will be kept and filed in an orderly fashion.

Article 10: Reimbursement for Expenditures

At times, it may be necessary for members of the PTO to purchase items for the benefit of the PTO. At no time will a cash advance or a blank check be given to any member, officer, or to a school for a purchase. In these instances, the purchase must be made using the member's or officer's personal funds, and the receipt, along with a Reimbursement Form, must be presented to the Treasurer for payment within two weeks of purchase. The receipt must be provided for any reimbursement. The amount of the check should reflect the exact amount of the purchase. Given the PTO's tax-exempt status, all PTO-related purchases must be made using the tax-exempt form. *As such, tax will not be reimbursed.*

In some circumstances, funds may be transferred to the school by check to cover specific needs or expenses that support the objectives of the PTO. The check should be accompanied by a letter or email documenting the intent of the funds, and it is the responsibility of the school to utilize funds according to their intended purpose.

Article 11: Change Fund/Cash Box

During a fundraising event where a change fund will be necessary, the Treasurer will authorize the funding of the change fund. For amounts under \$300, the Treasurer may withdraw money from the bank or ATM. For cash amounts over \$300 the Treasurer and one PTO Officer must be present. The Change Fund should be documented as the Cash Box Opening Balance on the Cash Box reconciliation form. Whenever possible, cash for the change fund should be secured in the PTO safe prior to being used for an event. The starting balance from the change fund should be

subtracted from the profits of the fundraising event and deposited back into the PTO bank account

Article 12: Tax Exempt

The Richland PTO is considered a 501(c)3 and therefore has tax-exempt status on PTO-related purchases. The PTO's tax-exempt status/form should never be used for personal use or any other use other than the Richland PTO.

Article 13: Other PTO Accounts

As deemed appropriate by the PTO executive board, there may be times when the PTO has an account with a business to enhance PTO outcomes (i.e. Sam's Club, Amazon). Any PTO account should never be used for personal use. PTO members noted on such accounts shall ensure that the account stays up-to-date with correct member information and that accounts are passed on to the appropriate board members year-to-year. No PTO associated account should ever be opened or remain open that the current PTO executive board is not aware of.

Article 14: Books & Records

ALL past & present books/financial records are the property of the PTO. The treasurer is only the custodian of them. All records (electronic and paper) should be passed on to the next Treasurer to the PTO President. Richland Parent Teacher Organization Executive Board and the school PTO Board needs copies of **all** of the treasurers' records. A checklist is included to assist in the collection process of records.

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Article 15: Audit

An audit committee will be formed for each school year and will consist of two members, with one serving as Chairman. The Audit Committee will be appointed by the Executive Committee of the PTO. The Chairman should understand accounting and internal controls. An Audit Committee member cannot be related to an executive board member of the PTO. An audit committee member must be a voting member of the PTO, may be a school staff member as long as he/she is a PTO member but may not include the Principal of your school. The duties of the Audit Committee are to complete a review of the finances of the PTO at the end of the school year and provide a timely report to the PTO Executive Board regarding any exceptions to the Financial Controls outlined below. This review will include the following:

- A review of all bank reconciliations to ensure accuracy and timeliness of the reconciliations for all accounts held.
- A review of income to ensure proper accounting of all funds received by the PTO.

- A review of disbursements to ensure proper documentation and accounting of all expenditures by the PTO.
- A review of canceled checks to ensure two signatures are included on each check by Authorized Signatories of the PTO.

Audit Procedures Responsibilities

- To certify the accuracy of the books and records of the PTO Treasurer.
- To assure the membership that the PTO's resources/funds are being managed in a businesslike manner within the regulations established for their use.
- Auditing involves following financial transactions through records to be sure that receipts have been properly accounted for and expenditures made as authorized in the minutes and in conformity with PTO bylaws, standing rules, and budget limitations. While it is not expected that the audit committee follow each transaction through records, the committee should choose enough to follow to gain confidence in the accuracy and documentation methods used by the treasurer.

An audit is to be conducted annually, at the close of the fiscal year. An audit may also be requested anytime someone suspects that anything improper has occurred with the books or finances or when a new person becomes treasurer (other than at the beginning of each fiscal year).

Audit Procedure:

1. Start the audit with the records posted after the last audit, or at the beginning of the fiscal year. Check to see if the amount shown on the bank statement corresponds to the starting balance recorded in the checkbook and ledger.
2. Reconcile bank statements with the canceled checks. For at least one month of records, make sure that every check written is substantiated with a check request or a bill of some kind showing reason for disbursement. Bank account reconciliation should have been conducted on a monthly basis to facilitate this process.
3. Verify that all income and expenditures are allocated into the same categories that constitute the approved budget.
4. Make certain that money collected for a specific purpose (special projects, scholarship funds, dues, etc.) has been disbursed.
5. For at least one month chosen by the audit committee, reconcile each deposit slip with bank statement and checkbook entries. Make sure additions and subtractions are correct in all instances.
6. Check each month's ledger entries for error, and crosscheck against checks issued and receipts posted. Cross-reference checkbook stubs with checks issued.
7. Check treasurer's reports and checkbook entries for accuracy.

8. Ensure that all checks were accounted for – including voided checks; make sure that all checks are imprinted with sequential numbers and that all checks were signed by (2) officers.

Audit Reporting

After any errors have been corrected by the treasurer and the committee is satisfied that the financial accounts are correct, the PTO audit reviewers should submit a report to the PTO President stating that the audit is complete . If the report reflects that additional information and verification is needed, the treasurer should provide any requested information or documentation.

No statements, implicit or explicit, shall be made regarding any person if problems are detected by the auditor(s). If mismanagement of funds is suspected, contact the Richland Parent Teacher Organization Inc. Executive Board immediately for assistance.

The annual audit report is to be kept in the treasurer's records. If the validity of the audit is questioned, an independent certified public accountant should be engaged. At any time during the process, the President or Vice-President may be contacted for information or assistance.

Article 16: Public Review of Records

At any time, a request can be made to the PTO Treasurer for a request of monthly treasurer reports that include a summary of income and expenses, as well as current performance to budget.

Article 17: Misuse of Funds or Violation of Financial Controls

Immediately upon learning of any inappropriate use of funds or violation of these Financial Controls, an Officer or any PTO member will immediately inform the PTO Treasurer or PTO President. The PTO Treasurer or PTO President will be responsible for investigating the facts regarding the situation. A report of the situation will be given to the PTO Executive Board as soon as practical.

Article 18: PTO Purchased Classroom Items

Each year teachers at Richland will receive an allotment of funds if available from the PTO to support the enhancement of their classroom environment and instruction. All items purchased with PTO funds for classrooms will be the property of Richland Elementary School and should remain at the school should the teacher leave for any reason. Items valued at \$100 or more and technology will be added to the school inventory via the school librarian. As such, the PTO Treasurer will ensure that a breakdown of items is submitted to the school librarian for inventory.