



Keeping Funds Safe - CHECKS AND BALANCES

There are a variety of fiscal controls and checks that PTOs have implemented to stave off thievery. In addition, organizations are using insurance, along with just plain common sense; to make sure all the money they're raising for schools is going where it is intended.

Require two signatures on every check. No one person should have the authority to issue PTO checks. At the Northwest Elementary School PTO in Pflugerville, Texas, all checks must carry the signature of the treasurer and the signature of the PTO president or the principal. The policy helps the treasurer, says past president Joy Hall Bryant. She can tell people, "No, I can't just write you a check."

Use financial request and reimbursement forms. Similarly, no PTO member should be reimbursed for out-of-pocket expenses, and no bills should be paid until a member fills out a form detailing what the money was used for and produces receipts. Even if we approve in a meeting that were going to buy 15 microscopes, when the invoice comes in, somebody still has to fill out that cover form and put it with the invoice, says Bryant.

Implement cash controls. Don't put money in Tupperware containers. Don't let members take money home. And ideally, don't even leave cash at school overnight. These may seem like common sense rules, but they are routinely violated by tired volunteers who are closing up an evening event and just want to go home without counting up the money and making a bank deposit.

Another hard-to-follow but simple rule is to never leave people alone with money. We always have two people present to receive cash, says Bryant. That means two people sit at a table to sell tickets. And two people count the money at the end of an event. After the money is counted, each person signs a Funds Received Form and puts the money in a locked box for the treasurer.

At the Thomas Jefferson School PTO in North Arlington, N.J., only board members are allowed to count cash. If there's a money problem, it's the board members who are responsible, says President Kim Costello. Before we created that rule, there were way too many hands touching the money.

Use tickets for cash events. To protect cash collected for admissions to events, it's wise to issue a ticket to every person who attends. That makes it easier to count how many people came through the door and to project how much cash should be collected. Volunteer consultant Helen Little suggests collecting tickets in a fishbowl and choosing one or several to win a door prize. That encourages everyone to turn in his or her tickets and yields an accurate count.



There will rarely be an even match between tickets sold and tickets collected, because not everyone will turn his ticket in. However, if the cash has been collected accurately, there should be more money collected than tickets counted. If not, a red flag should go up.

Create a finance committee. Every group should have a finance committee that reviews all transactions monthly. Helen Little recommends this committee include the president and at least two board members. Each month, the committee should review bank statements for accuracy.

Conduct annual reviews. Reviews are essential to make sure all the numbers truly add up. At the Thomas Jefferson PTO, an audit committee reviews the books annually. Each year, the committee has at least three members who match every financial request form with every receipt. After the volunteer committee finishes its review, the books are then handed to a paid certified accountant who checks its work.

Write down the rules. Some PTOs have been hesitant to create or carry out cash controls because board members are nervous about offending volunteers. But clearly explaining policies and procedures in writing prevents people from feeling singled out or mistrusted. We have a one-page form on cash policies and procedures, says Bryant. We can easily hand it to a volunteer, so they won't feel insulted.

Costello acknowledges that it was touchy when her group first required financial request forms for any reimbursements. Everybody said that they weren't going to take anything, she recalls. But we stressed that we needed the paperwork for the audit committee. This made people feel more comfortable.

Get bond insurance. Even well-crafted cash controls and regular audits cannot protect every PTO from theft. That's where fidelity bonds come in. Fidelity bonds ensure that if any money is stolen, it will be recovered. The most common bonds are \$10,000 bonds. If a PTO had a \$10,000 fidelity bond and \$10,000 were embezzled, the bond would ensure that all the money would be replaced. Fidelity bonds also come in \$25,000 and \$50,000 policies. And even larger bonds can be written for groups that handle greater amounts of cash.

Other insurance companies insure specific PTO officers, such as presidents and treasurers. Some PTOs have balked at those policies, because they require intense background and credit checks. Occasionally, elected officers don't pass muster for bond insurance and are forced to resign. Companies that offer blanket policies for anyone who comes in contact with money, do not require background checks of any members. Those policies also ensure that if a new officer is appointed midyear, the group doesn't have to apply for a new fidelity bond.

Excerpt from a PTO Today Article by Michelle Bates Deakin