

Beyond the Toolkit: PTA financial transactions require procedure safeguards

The California State PTA *Toolkit* is an excellent resource to learn more about running your PTA and to understand and follow PTA financial procedures. The electronic version of the *Toolkit* makes it easy to use the computer's search function to quickly locate all references on a given topic.

Download the entire 2009 *Toolkit* or individual chapters from www.capta.org. Topics may be categorized differently than one would expect, so searching the entire publication may yield better results.

It is difficult to be all-inclusive in the *Toolkit* when anticipating the programs and activities a creative PTA might plan. If a proposed activity is not specifically addressed in the *Toolkit*, make inquiries with the council or district PTA or contact the California State PTA before proceeding to spend PTA funds.

Student incentives or awards:

Fundraising and other student programs often offer incentives for the top walk-a-thon contestant or for students who walk or bike to school a certain number of times, for example. When provided in conjunction with a fundraiser, incentives or awards are a fundraising expense and should be approved in advance by the executive board as part of the committee's plan of work and budget. The plans and budget must also be approved by the association. Programs offering incentives, such as biking or walking to school a certain number of times, should have specific plans, tracking mechanisms, and a separate line item in the budget.

Gift cards: Whenever possible, a PTA check should be used instead of a gift card. Gift cards are the same as cash and must be properly inventoried and accounted for just like scrip (*Toolkit* 5.9.5f). A list of students or others receiving gift cards, the amounts, and the purposes for which they were given should be kept with the financial records.



Some vendors attempt to provide gift cards as payment to the PTA for the proceeds of a fundraiser. If a vendor suggests such payment, explain that PTA financial procedures do not allow for payment by gift card. A check is preferable for accounting purposes, and so that the funds can be used to meet the established goals and purposes of the PTA. Typically, gift cards must be redeemed for merchandise at a particular store, which may or may not be the PTA's intended use of the fundraising proceeds. If an agreement cannot be reached with the vendor in advance of the fundraiser, it is best to do business with a different vendor who will honor the PTA's request for payment by check.

Gifts to schools: All gifts to schools, whether they are financial or material, should be managed per the financial procedures in the *Toolkit* 5.8. The "why" is discussed in the last several paragraphs of section 5.8.1. The section summarizes the school district's fiduciary responsibility to spend donated funds as specified by the donor, and to be responsible for maintenance, etc., when warranted, and the importance of "Fiduciary Agreements" (*Toolkit*, Forms 9).

Contracts for school assemblies and instructors:

School assemblies are often negotiated with a vendor and paid for by the PTA. There is usually a contract that must be signed. PTA bylaws require that all contracts entered into on behalf of the PTA be approved in advance by the association and signed by the president and another elected officer. PTA officers must read and agree to all of the fine print and be very careful not to sign contracts with hold harmless clauses unless they have been vetted by the PTA insurance broker. To protect the individual officer, contracts should be signed as, "ABC PTA, Jane Doe, president," rather than only with a personal signature. Following these procedures ensures that the association is aware of the liability and that PTA insurance will honor claims arising from a covered event/activity.

If there are special, non-district teachers presenting in classrooms during the school day, their presence must be approved by the school district or at least the site administrator. If these individuals are paid, it is recommended the PTA donate the money to the school district for that specific purpose. The individuals would then be paid by the school district so that they and the program are covered by the school district's insurance. This information is stated in the *Toolkit*.

See *Toolkit 5.5.1 Contracts*, and *Toolkit 5.6 – 5.6.9 PTA as an Employer* for detailed information. If a unit reviews this information and is still willing to accept the responsibility for paying non-district teachers, the association must vote to approve the action, which must be recorded in the association minutes. No funds may be committed for more than the current fiscal year.

Credit cards: Unit and council PTAs may not use credit cards or check/ATM (automatic teller machine) cards to pay for purchases. All purchases must be paid by checks signed by two authorized officers. Individuals paying for PTA purchases with a personal credit card must be extremely careful, as they may be held personally liable for purchases made without prior approval.

Fundraising via the Internet: PTAs may wish to accept credit card payments for fundraising projects or even membership dues. A new section in the *Toolkit*, 5.10

Financial Procedures for the Internet, explains the acceptable use of credit cards and online payment systems.

A fundraiser that uses the Internet for orders or sales of products where PTA will receive a percentage of the sales needs the same advance approvals that all fund raisers require. The *Toolkit Section 5.9.3 Standards for Fundraising* must be followed.

Online payment collection systems (PaySchool, PayPal, etc.) are an approved method of collecting revenue. The account must be limited to the collection of funds only. No expenses may be paid from this type of account. A separate bank account must be established to restrict Internet access into the PTA's general fund checking account. An "Authorization to Transfer Form" must be used to transfer funds from the Internet account into the general fund checking account. All revenue must be accounted for and reported in the monthly treasurer's reports. This bank account requires a separate semi-annual and annual audit.

