

# PTA PITFALLS AND ETHICAL DILEMMAS

Some of the most common financial concerns that arise for PTAs are the direct result of failure to have policies in place to create a check and balance system that protects the financial security/integrity of the PTA. Below is a “top ten” list compiled from reported experiences:

10. No policy on insurance—liability, bonding or incorporation;
9. No policy on collecting funds, counting money or depositing funds—who should actually receive the funds? How many people should count the funds? How often should funds be deposited? Where should funds be deposited?
8. No policy on fundraising—little discussion on making changes to activities that are being undertaken to raise money, little research on potential new activities to raise money, little evaluation of activities, little discussion on how much is actually necessary, little discussion on sales tax implications;
7. No policy on returned checks—accounting system used to track returned checks, recovery policy, standards of accountability;
6. No policy on signatories on accounts—are two signatures required on ALL checks? Who is authorized to sign? How are accounts updated at the bank when officers change? Is there an “alternate” in case of the absence of the president or treasurer?
5. No policy on using a voucher system—a practical approach to tracking both receipts and expenditures, a deposit voucher system can be used to document receipts from every activity and provides the treasurer with information; an expense voucher (or check request system) documents amounts and line items for payments as well as providing receipts for out-of-pocket expenses for PTA members requesting reimbursement;
4. No policy on issuing a blank check—defining WHAT constitutes a blank check: completely filled out with only amount missing, partially filled out, or signature and nothing else? What does your PTA think is allowable?
3. Incomplete audits—bylaws require each PTA to complete an audit at the close of each fiscal year. Are the books audited? Do the amounts balance to the bank statements? Are the gross receipts in agreement with the deposit voucher system? Are the expenditures in agreement with the expense voucher system? Are there receipts to document reimbursements?

2. Failure to file appropriate forms—IRS, AG, Secretary of State—do you know which, forms you are required to file and when? Have you done so? Have you kept accurate, up-to-date records? What happens if the IRS contacts you?
1. Use of PTA funds for non-PTA activities or purposes—are you being asked to fund other governmental agency responsibilities? Are you being asked to purchase “capital assets” for the school or school district? Are you being asked to contribute to campaigns for other not for profit organizations?

The list could be endless—this is just a small sampling of things that can happen in a PTA to jeopardize your financial security. This opens an opportunity for your PTA to talk about creating policies that will protect your good name and financial security.