



Internal Control Procedures for Fundraising Groups

**Presented to PTO President's Council by
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Topics to be Covered

1. Board of Education is responsible for all Troy School District sponsored activities
 2. Governmental immunity
 3. Sharing information
 4. Title IX – Discrimination
 5. MHSAA Regulations
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Topics to be Covered (cont.)

6. Tax-exempt status
 7. Liability – Insurance
 8. What's New
 - Ground Water Rules
 - Smart Snacks – Food Sales
 9. Best Practices
 - Accounting Procedures
 - Forms
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1. Purpose

- The Board of Education is ultimately responsible for all School District sponsored activities, including extracurricular activities that occur on School District premises, and any outside organization that wishes to support or participate in a School District sponsored activity on School District premises is accountable to the Board of Education.
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Purpose (cont.)

- ❑ Booster clubs support school sponsored activities and do not control them.
 - ❑ The Board is the entity authorized to sponsor extracurricular activities.
 - ❑ The Board and School District are responsible for the accounting of any School District money received or expended on school sponsored activities.
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2. Will governmental immunity law protect the school district?

- Provides that all governmental agencies shall be immune from tort liability wherein the government agency is engaged in the exercise of a *governmental* function.
 - School districts waive governmental immunity when performing a *propriety* function, which is an activity conducted primarily for the purpose of producing a profit, excluding any activity normally supported by taxes or fees.
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3. Sharing Information

- Booster clubs and parent groups should receive information on policies relating to sexual harassment, nondiscrimination, fundraising, alcohol and smoke-free schools, facility use, donations, advertising and other issues that could affect the organizations. These policies can be found on the district's website (www.troy.k12.mi.us – sections C, G and K) under Board of Education
 - The athletic booster should also be made aware of pertinent MHSAA regulations covering undue influence, compensating coaches and out-of-season activities.
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4. Discrimination: Title IX

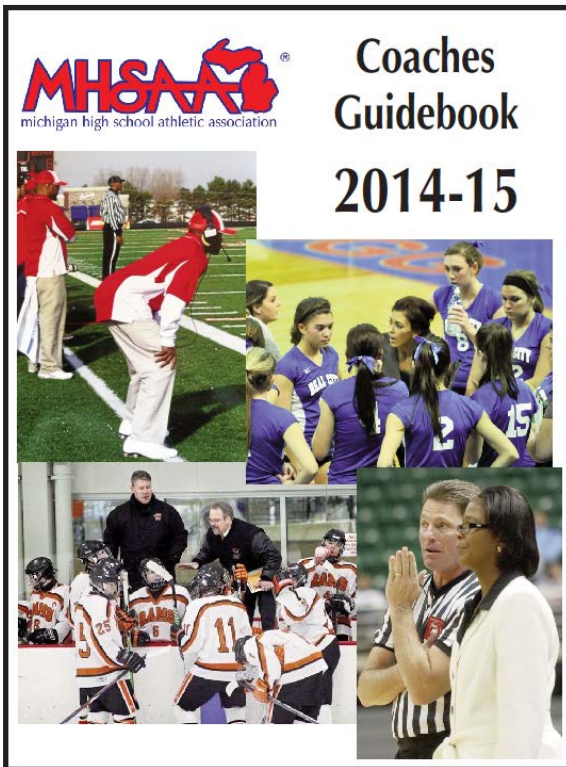
- ❑ A school district that accepts outside financial assistance and allows vast gender differences to emerge at the hands of a third party (the private booster club) may face claims that it violated Title IX.
 - ❑ Title IX compliance places an obligation on school administration to monitor the distribution of all benefits to athletic teams provided by the school district and booster clubs.
 - ❑ Instead of having separate booster clubs for the individual athletic teams, the best practice is to have one school-wide booster club.
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5. Michigan High School Athletic Association Regulations

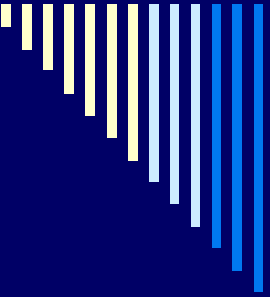
- The regulations prohibit a coach from receiving financial compensation from any source except the school district.
 - Booster clubs and parent groups are also prohibited from sponsoring or supporting out-of-season programs or performing out-of-season functions on the same basis as MHSAA member schools.
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Michigan High School Athletic Association Regulations (cont.)



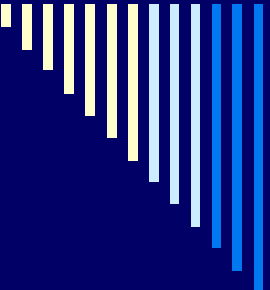
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6. Clarifying the relationship between the school district and its parent groups

- Groups and clubs that are not incorporated under law as not-for-profit corporations could be categorized as “internal groups” under the school district policies.
 - Other groups and clubs that have incorporated could be classified as “external groups” or “independent organizations” with bank accounts separate from those of the school district.
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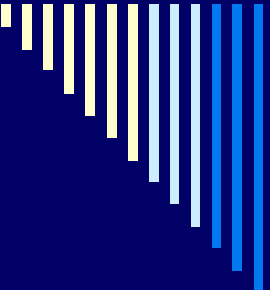
Urge groups to incorporate and file for tax-exempt status

- ❑ Formalizes booster clubs and parent groups and provides structure.
 - ❑ Requires creating a board of directors and adopting bylaws.
 - ❑ Need to incorporate in order to apply for a tax ID number.
 - ❑ Clarifies tax liability.
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Urge groups to incorporate and file for tax-exempt status (cont.)

- Officers, directors and volunteers have immunity under Michigan law (MCL. 450.2209).
 - PTO members are covered under the TSD policy for liability coverage as volunteers. PTO's do not have employee dishonesty coverage under the TSD policy.
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Causes of Inappropriate Handling of Funds

- ❑ Accounts are controlled by one “trusted” individual.
 - ❑ Checks are deposited into a personal checking account and then group checks are written to make payments on another account held by the individual.
 - ❑ Unaccounted for debit/credit card purchases.
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7. Insurance

- ❑ Internal groups enjoy protection through the District's insurance carrier. This includes employee dishonesty coverage.
 - ❑ Michigan Compiled Law (MCL 450.2209) states that officers, directors and volunteers of a nonprofit organization have immunity under Michigan law if they were acting in good faith and conduct did not amount to gross negligence. **However, the PTO must be incorporated for this to take effect.**
 - ❑ Members of PTO's are considered volunteers; so they would have liability coverage with the District in excess of other coverage available.
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8. What's new?

□ Storm Water Management

- As part of the Troy School District's General Watershed permit, discharge water from non-commercial car washes is prohibited. See the district's storm water management plan at www.troy.k12.mi.us under Community for additional information.
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What's new? (cont.)

□ Smart snacks

- Under Healthy Hunger Free Kids Act of 2010 (HHFKA), Section 208, Smart Snacks standards recently published by the USDA became effective 7/1/2014. All snacks sold during the school day must meet nutritional standards.
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Time and Place of “Smart Snacks” Regulations

Nutrition Standards have been established for all foods and beverages sold:

1. on the school campus
 2. any time during the school day from midnight to 30 minutes after the end of the official school day.
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What do the nutrition standards for “Smart Snacks” look like?

Specific Snack Item Criteria:

- Whole grain, fruit or vegetable, combination foods must have at least $\frac{1}{4}$ cup fruit or vegetable
- Contain 10% DV of Ca, Potassium, Vit D, Fiber)

Specific Nutrient Requirements:

- Limits on Calories, Sodium, Fat and Sugar
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What do the nutrition standards for “Smart Snacks” look like?

Nutrition Standards for Beverages:

- Restrictions by grade level
 - No portion size restrictions for plain water
 - **Other Requirements:**
 - Fundraisers and Accompaniments
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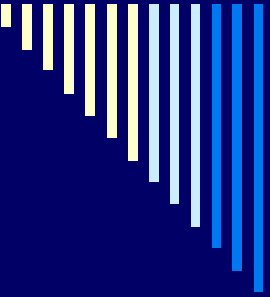
What programs & foods will be affected?

Programs & Foods Affected

1. Foods Sold in School Stores
2. Food Sold in Vending Machines
3. Foods Sold for Fundraisers that are ready-to-eat (bake sales, etc.)
4. Foods Sold in the cafeteria that are not part of the reimbursable meal.

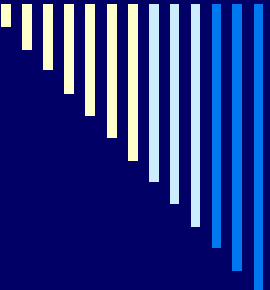
Programs & Foods Not Affected

1. Foods sold in concession stands after the school day.
2. Foods brought in from home by students (school lunch, snacks or class treats)
3. Foods served/sold as part of student culinary program.
4. Foods sold for fundraisers distributed after the school day for home consumption (i.e. Pizza Kits, Market Day, Cookie Dough).



9. Require Accounting Procedures for “External Groups”

- ❑ Treasurer shall handle all funds.
 - ❑ Two signatures are required on all checks.
 - ❑ Two people count the money and provide the treasurer with a signed proceeds receipt.
 - ❑ Funds are always deposited into the authorized bank account immediately after the event is completed.
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Require accounting procedures for “external groups” (cont.)

- ❑ School employees shall not be authorized to sign checks drawn on the bank account.
 - ❑ Sales slips, receipts or invoices are provided for every expenditure.
 - ❑ Bank statements are reconciled by the treasurer and reviewed by someone who does not have check signing authority.
 - ❑ A copy of the budget shall be provided to the school or district at the beginning of each school year.
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Policies and procedures

- Require prior written approval of the group's activities by a building principal. Announcements should clearly indicate that the activity is sponsored by the group and not the school district.
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Forms Required to Conduct Fundraising Activities

- Request for Permission to Conduct a Fundraising Activity should be completed by the teacher/advisor responsible for the fundraising activity and submitted to the building administrator.
 - Fundraising Activity Summary Report should be completed by the teacher/advisor responsible for the fundraising activity and submitted to the building secretary for account number assignment and approval by building administrator.
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**REQUEST FOR PERMISSION TO CONDUCT
A FUNDRAISING ACTIVITY**

School: _____ Date of Activity: _____

Group to Profit: _____ Person Responsible: _____

Description of Activity (including purpose):

Names of all supervisors/chairpersons of the event and responsibilities:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

For Building Use Only:

Approved: _____ Not Approved: _____

Administrator Signature: _____

This form must be filled out before any fund raising event and distributed to the Building Principal for approval.
A signed copy must be returned to the Business Office prior to the event and again with the financial statement.



Fund Raising Activity Summary Report

Name of Event _____ School _____

Person Responsible: _____ Date of Activity: _____

*Total Gross Sales (Total money taken in): _____ Ck # _____ Date _____

Less Sales Tax: _____

Net Sales: \$ _____ -

Deposits:

Prepared by	Date	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Total Deposits \$ _____ -

Difference (Explain Variance below): \$ _____ -

General Ledger Account Number (Internal Groups Only) _____

Expense Detail				
Date	Vendor	Description	Cost	Total Expenses
	State of Michigan	Sales Tax		

Explain any vendor bonus program (cash back for volume sales, free products, etc.):

Prepared by _____ Date _____ Verified by _____ Date _____



Questions



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