NVUSD

NAPA VALLEY UNIFIED SCHOOL DISTRICT

SCHOOL-CONNECTED ORGANIZATIONS 2025-26

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AGENDA

- Introduction
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- Bylaws
- Internal Controls
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  - Purchases
  - Inventory
  - Cash & Deposits
  - Reconciliations
- Student & Parent Involvement
- Solicitation on School Premises
- Conflict of Interest
- District Employees
- Advertising
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- Questions

DISTRICT RELATIONSHIP

District Relationship

- Legally separate from NVUSD.
- Must have own Employer Identification Number (EIN).
- Must remain completely separate from district's Associated Student Body (ASB).

If booster clubs and parent organizations operate separately from the district and are not controlled by district officials or students, why should NVUSD care about their operations?

DISTRICT RELATIONSHIP

District Relationship Defined by Education Code

Education Code Section 51521 states: “No person shall solicit any other person to contribute to any fund or to purchase any item of personal property, upon the representation that the money received is to be used wholly or in part for the benefit of any public school or the student body of any public school, ***unless such person obtains the prior written approval*** of either the governing board of the school district in which such solicitation is to be made or the governing board of the school district having jurisdiction over the school or student body represented to be benefited by such solicitation, or the designee of either of such boards.”

DISTRICT RELATIONSHIP

District Relationship Defined by Education Code

- Education Code Section 51521 means that a school-connected organization may not legally operate unless and until it has the prior written approval of the governing board or designee.
  - NVUSD will provide written notification from Business Services Department.
- District has fiduciary responsibility.
  - The legal duty to act solely in another party's interests. This legal duty includes the duty to act with care, competence, and diligence.
  - A fiduciary duty is the strictest duty of care recognized by the US legal system.

GOVERNANCE

Governance

- All members of a school-connected organization's executive board are legally obligated to be prudent and reasonable in conducting themselves to preserve the organization's funds and legally protect the organization.
- All executive board members must actively participate in the management of the school-connected organization including attending meetings, evaluating financial reports, and reading minutes.

Compensation: No member, management, executive, governing board member, committee member, etc. should be compensated to participate in the booster club or parent organization.

BYLAWS

What Bylaws Should Include

Minimally, the bylaws should include the following six elements:

1. Duties and powers of Executive Board and Officers.
2. The composition and membership of committees.
3. Successions.
4. Elections and qualifications for office.
5. Finances.
    a. Statement of internal controls, authorization of financial activities
    b. Who shall approve prior to any commitment
    c. Statement determining distribution of assets upon dissolution; should align with framework of the organization's original purpose.
6. Meeting schedule.
    a. For regular and special sessions
    b. Time, manner, frequency
    c. What constitutes a quorum
    d. Who shall conduct meetings

INTERNAL CONTROLS

Internal Controls

- Booster clubs and parent organizations need internal controls just as do ASBs, school districts and any other well-managed business.
- Because booster clubs and parent organizations tend to experience a higher turnover of management and business staff, consistently following good business practices and internal controls can be challenging.
- Such turnover, the collection of a lot of cash, and many other reasons are also why booster clubs and parent organizations are often thought of as good targets for financial fraud.

INTERNAL CONTROLS

What Are Internal Controls?

- Foundation of sound financial management.
- Policies and procedures designed to provide the governing board and District reasonable assurance that the school-connected organization achieves its objectives and goals.
- They include:
  - Ensuring that operations are effective and efficient.
  - Safeguarding and preserving the organization's assets.
  - Promoting successful fundraising ventures.
  - Protecting against improper fund disbursements.
  - Ensuring that unauthorized obligations cannot be incurred.
  - Providing reliable financial information.
  - Reducing the risk of and promoting the detection of fraud and abuse.
  - Protecting the board and volunteers.
  - Ensuring compliance with applicable laws and regulations.
  - Ensuring the accurate documentation of all transactions.

INTERNAL CONTROLS

Internal Controls: Segregation of Duties

- At least two individuals should be involved in each transaction
- No single individual can execute all of the following:
  - Initiate a transaction
  - Approve a transaction
  - Record a transaction
  - Reconcile balances
  - Handle assets
  - Review reports
- Examples
  - The person who approves the purchase of goods or services should not be able to obtain custody of checks.
  - The person who maintains and reconciles the accounting records should not be able to obtain custody of checks.
  - The person who opens the mail and prepares a listing of checks received should not be the person who makes the deposit.

INTERNAL CONTROLS

Internal Controls: Purchases

- Board approves in advance of any purchase.
  - SCO Agendized List of Expected Purchases
    - Cost estimates based on quote, shopping cart, itemized list.
  - Reimbursements should be a last resort.
- Emergency Purchases should be rare occurrence.
  - In the event there is an urgent purchase needed that has not been approved by the board, then this SCO Authorization to Make Purchase form or something similar should be used to get authorization from the president, vice president, or secretary (if no one else is available).
  - The form should be signed and shared with all members of the SCO board.
  - The purchase should be listed on the upcoming meeting agenda for ratification as well.
- Documentation including original receipts and invoices must be retained
  - Once purchase is made (if not done by Treasurer) receipts / invoices provided to Treasurer.

INTERNAL CONTROLS

Internal Controls: Purchases

- Receive the service/product/goods before making payment.
  - Person purchasing may not be same as person verifying receipts or that goods reflected on receipt have been received.
- Treasurer writes the check.
  - Two individuals sign the check.
- A copy of the check is taken and retained (digital or hard copy).



- ➢ *Never pay expenses out of cash receipts.*
  - *Deposit cash and then write a check.*
- ➢ *Never sign checks in advance.*
- ➢ *Never make payments to district employees including cash, check, or gift card.*

INTERNAL CONTROLS

Internal Controls: Purchases



- Keep the checkbook and extra check stock in a safe, secure place.
  - Limited individuals should have access.
- Void checks that are incorrect or not issued.
  - Keep them.
- Use checks in proper sequence.

INTERNAL CONTROLS

Internal Controls: Inventory

Inventory must be established and maintained for concessions or items purchased for resale. Below are standard procedures for ensuring inventory is adequately accounted for and protected.

1. As soon as the goods or supplies are purchased, a different individual needs to verify the receipt matches the physical goods taken into inventory.
2. The items are entered into an inventory spreadsheet, such as this one.
    a. Please copy the Google sheet as this is shared with several school-connected organizations.
3. Inventory should be recounted and compared to the inventory spreadsheet at least once a year.
    a. This could be done at the end of a sports season if applicable.

INTERNAL CONTROLS

Internal Controls: Cash & Deposits

Proper cash handling is a significant component of internal controls. Below is a cash handling procedure that establishes an audit trail from the initial transaction to the final deposit at the bank.

1. Prenumbered tickets purchased and stored in a safe location with limited access.
2. Prior to using the ticket roll for an event, the beginning ticket number should be notated on a Cash Count Form such as this one or a similar document.
    a. These forms need to be retained in your records.
3. Cash collection should be divided into two duties.
    a. One person collects the cash and distributes the tickets as proof of purchase.
    b. Another person collects the tickets at the event entrance.
    c. If holding a fundraiser and selling items or goods, tickets or receipts should be given with each item sold to provide verification of the number sold.
4. At the conclusion of the event, the final ticket number needs to be recorded on the cash count document.
5. Cash needs to be counted by two individuals either counting together or counting separately and then verifying their counts are the same.
    a. The count should reconcile to the number sold.

INTERNAL CONTROLS

Internal Controls: Cash & Deposits

6. Cash needs to be immediately deposited or stored in a safe or other secure location.
7. Treasurer recounts the cash prior to depositing to verify it matches the original counts.
8. Cash is then deposited in the bank and the deposit receipt must be maintained with the cash count documentation.
    a. Cash (and check) received from various events should be deposited separately or in a manner that matches all of the supporting documentation.

Copies of all checks received need to be taken and kept prior to deposit (digital or hard copy)



- *Coaches and students should not be collecting cash from parents on their own.*
- *Process needs to be established for the collection of donations.*

INTERNAL CONTROLS

Internal Controls: Cash & Deposit Discrepancies

- It is crucial that cash collection procedures are strictly adhered to in order to avoid fraud or unintended loss.
- If a discrepancy is identified at any point in the process, then the individual counting needs to document the amount and initial / sign on the cash count form.
- Subsequently, the previous counter needs to be informed.



- ➢ *Board should be informed of consistent discrepancies.*
- ➢ *Board should be informed of large discrepancies even if they occur one time.*

INTERNAL CONTROLS

Internal Controls: Reconciliations

- An appropriate software needs to be used such as quickbooks or quicken.
- Treasurer must reconcile bank statements monthly
- Such reconciliations include verifying all deposits, checks, and bank transactions coincide with pre authorized purchases and documented receipts.
- Reconciliations along with bank statements need to be agendized and provided to the full SCO board.
- Any unauthorized bank transactions must be immediately addressed with the financial institution.
    - Such transactions should be identified during the board meeting as part of the reconciliation review.

STUDENT & PARENT INVOLVEMENT

Student & Parent Involvement

- School-connected organization fundraising should be handled by adults, not students.
- Membership is limited to parents, community members, and school staff.
- School-connected organizations may never discriminate against students on the basis of a family's membership in, contributions to, or fundraising for the booster club or parent organization, or the family's time spent on booster club or parent organization activities.
- Point or token systems representing volunteer time and / or exchanged for monetary value are NOT permitted.
- No student can be excluded from an activity due to lack of funds or participation.
- Membership fees may be used to raise funds for specific projects for the schools, but parents or students cannot be required to pay fees to participate in school activities.

SOLICITATIONS

Solicitations on School Premises

Education Code 51520, Prohibited Solicitations on School Premises, states the following:

> During school hours, and within one hour before the time of opening and within one hour after the time of closing of school, pupils of the public school shall not be solicited on school premises by teachers or others to subscribe or contribute to the funds of, to become members of, or to work for, any organization not directly under the control of the school authorities, unless the organization is a nonpartisan, charitable organization organized for charitable purposes by an Act of Congress or under the laws of the state, the purpose of the solicitation is nonpartisan and charitable, and the solicitation has been approved by the county board of education or by the Governing Board of the school district in which the school is located. Nothing in this section shall be construed as prohibiting the solicitation of pupils of the public school on school premises by pupils of that school for any otherwise lawful purpose.

SOLICITATIONS

Solicitations on School Premises

Education Code 51521 discusses solicitations on behalf of a school. Ultimately, the school district's superintendent and governing board have authority over whether any such activity occurs on school district property.

The following are general criteria fundraising on school premises:

- The purposes of the fundraising activity must be nonpartisan, nonpolitical, nonsectarian, and nondenominational.
- The way the fundraising activity will be conducted is limited. For example, there should be no demands made on employee time and district materials, and the activity must not encroach on instructional time.
- Identification of the sponsors, officers, and individuals participating in the fundraising activity is required.
- Disclosure of the identity and location of any school-connected organization with which the soliciting organization is affiliated or of which it is a subsidiary is required.

CONFLICT OF INTEREST

Conflict of Interest & District Employees

If a school-connected organization wishes to pay for additional and/or extracurricular services using school district employees, the person to provide the services should be approved through the school district. Below are the steps required:

1. The school-connected organization must sign the district's form.
2. Once expenses are incurred, the District will invoice the SCO to cover the cost of the employee's salary and benefits for the time worked.
3. Payment must be remitted to the District within 14 days of the invoice date.
    a. Next school year, school-connected organizations will be required to pay a specified percentage upfront (prior to the employee working).
4. School district employees are <u>not</u> employees of the school-connected organization, and the school-connected organization should be aware of the following:
    - While serving as district employees, they have no authority to work for the school-connected organization during their district work schedule.
    - A district employee acting in their official capacity and during work hours may interact with school-connected organization officials when this is a required part of their duties as a district employee.

CONFLICT OF INTEREST

Conflict of Interest & District Employees

- School-connected organization cannot directly pay District employees (this includes gift cards).
- A district employee acting in their personal capacity and on their personal time is free to establish a school-connected organization or to participate in it.
- The employee must ensure that participation in the school-connected organization does not present a conflict of interest with their duties as a school employee.
    - The employee should also make it clear that their participation is in their personal capacity and not in their capacity as a district employee.
    - School district employees may not to be officers of a school-connected organization that operates on the same campus where the employee works.

ADVERTISING

Advertising

- School / district logos may not be used by the organization.
- Do not imply any form of responsibility for or sponsorship of fundraising events by the district, school site, or ASB.
- Using any district facilities for events requires a facilities use agreement and must be approved in advance.
    - Done through Facilitron
- No individual may personally benefit from the school-connected organization’s activities.

GAMES & GAMBLING

Games of Chance & Gambling

- If a booster club or parent organization wants to operate bingo or raffle fundraising events, the organization must understand that these events are strictly regulated by California Penal Code Sections 326.5 and 320.5, and by county and city ordinances.
- Operation of bingo games, raffles, or poker night fundraisers without legal authorization to do so is considered gambling under California law and can be charged as a crime by the District Attorney.

GAMES & GAMBLING

Games of Chance & Gambling Cont'd

- California Penal Code Section 330 provides that: "Every person who deals, plays, or carries on, opens, or causes to be opened, or who conducts, either as owner or employee, whether for hire or not, any game of faro, monte, roulette, lansquenet, rouge et noire, rondo, tan, fan-tan, seven-and-a-half, twenty-one, hokey-pokey, or any banking or percentage game played with cards, dice, or any device, for money, checks, credit, or other representative value, and every person who plays or bets at or against any of those prohibited games, is guilty of a misdemeanor, and shall be punishable by a fine not less than one hundred dollars ($100) nor more than one thousand dollars ($1,000), or by imprisonment in the county jail not exceeding six months, or by both the fine and imprisonment."

GAMES & GAMBLING

Games of Chance & Gambling Cont'd

- Nonprofits may register with the Attorney General for promoting nonprofit organization gambling under the fundraiser registration program at https://oag.ca.gov/gambling/charitable.

- The OAG website states, "The State of California's Business and Professions Code Sections 19985-19987 allow for eligible nonprofit organizations to hold "charity poker night" fundraisers. Qualified nonprofit organizations and suppliers of equipment and/or services for such fundraising events must submit an Annual Registration Form to the Bureau of Gambling Control for prior approval."

GAMES & GAMBLING

What is a Raffle?

If participants are required to purchase a ticket in order to have a chance to win a prize, the drawing is subject to the provisions of Penal Code section 320.5 and related regulations.

GAMES & GAMBLING

Raffles

- Must be a nonprofit.
- 90% of profits per raffle must be distributed to a beneficial or charitable purpose (This is why 50/50 raffles are illegal).
- Detached tickets must have #’s.
- Only adults supervise drawing.

And More, so read the rules!

GAMES & GAMBLING

Raffles

- There is a raffle webinar available here (scroll down a bit).
- Nonprofit Raffles Checklist, pdf
- **Nonprofit Raffle Annual Registration**
  Form CT-NRP-1 & Instructions, pdf
  - This form is required from all raffle registration applicants.
- **Nonprofit Raffle Annual Report**
  Form CT-NRP-2 & Instructions, pdf
  - Raffle registrants must report annually using this form.

GAMES & GAMBLING

Raffle Timeline

- As of **April 1, 2023**, the new Raffle Registration year will be the calendar year (January 1 – December 31).
- All Organizations with a current expiration date of August 31, 2023 will have expiration date extended to December 31, 2023. Four extra months for raffle fundraising.
- The Raffle Report (CT-NRP-2) form is due by February 1, 2024.
- New CT-NRP-1 and CT-NRP-2 forms were made available April 1, 2023.
- 2024 Raffle Applications will be accepted starting on October 1, 2023.

GAMES & GAMBLING

Bingo!

- California law and city and county ordinances provide that it is a criminal misdemeanor to violate bingo ordinances, or to pay or receive a profit, wage, or salary from any bingo game.
- City ordinances, rules, and forms apply. Check your city bingo ordinance.
- Minors are prohibited from any participation in any bingo game.
- Total value of prizes awarded cannot exceed $250 in cash or kind, for each game held.

GOVERNANCE

Governance Committees

Audit Committee

- An annual external audit conducted by a certified public accountant is highly recommended.
- Annual internal reviews or independent external audits of the booster club's or parent organization's financial records must be conducted.
- The annual review should be performed by at least two individuals who are independent from the booster club's or parent organization's day-today financial activities.
- If two independent individuals are not available, the treasurer may conduct the review with one other independent individual.
- All review reports should be signed by those conducting the review and the organization president.

GOVERNANCE

Governance Committees

Audit Committee

- All financial discrepancies discovered during the review or audit must be brought to the booster club or parent organization president's attention.
- A plan for resolving all review or audit exceptions and financial discrepancies must be proposed to the booster club or parent organization's governing board immediately.
- The organization must make all booster club or parent organization financial records available upon request of the audit committee, any organization board members or the school site principal or designee.

ALCOHOL & TOBACCO

Alcohol & Tobacco

Possession and Sale of Alcohol

- NO ALCOHOL IS ALLOWED AT ANY SCHOOL-CONNECTED ORGANIZATION EVENT ON DISTRICT PROPERTY.
- California Business & Professions Code Section 25680(a) states: “Every person who possesses, consumes, sells, gives, or delivers to any other person, any alcoholic beverage in or on any public schoolhouse or any of the grounds of the schoolhouse, is guilty of a misdemeanor.”
- This prohibition includes possession and consumption of alcohol and alcohol prizes, gift baskets and auctions.

ALCOHOL & TOBACCO

Alcohol & Tobacco

Possession and Sale of Tobacco

- NO TOBACCO IS ALLOWED AT ANY SCHOOL-CONNECTED ORGANIZATION EVENT ON DISTRICT PROPERTY.
- Under California Health and Safety Code Section 104420 and California Labor Code Section 6404.5, United States Code Section 6083, the use of any form of tobacco products at any time in district-owned or leased buildings is prohibited on district property and in district vehicles.
- The prohibition of tobacco applies to all employees, students, and visitors at any school-sponsored instructional program, activity, or athletic event held on or off district property.

