

Parent Association Fiscal Management and Responsibilities

Department of Education Guidelines for PA/PTA Fundraising and
the Collection of Funds from Students

Developing a PA/PTA Budget

Role of Treasurer

Fiscal Responsibilities: Record Keeping and Maintenance,
Financial Reporting and Disclosure

Use of Fundraising Proceeds

Introduction

- To provide ongoing support and professional development to the District Parent Teams, Borough Directors, District Family Advocates and in turn the school based parent coordinators, the Office for Family Engagement and Advocacy has developed an “All About” series of presentations about a number of pertinent topics related to Chancellor’s Regulation A-660 (CR A-660), “Parent Associations and the Schools.”
- This topic in the series is an overview of Department of Education guidelines for PA/PTA fundraising; collection of funds from students; developing a PA/PTA budget; role of PA/PTA Treasurer; fiscal responsibilities, including: financial reporting and disclosure and use of fundraising proceeds.

Acknowledgement

- The Department of Education acknowledges the invaluable support that parent leaders provide to our schools and to families through their advocacy and fundraising efforts. Many of these resources are used to purchase instructional materials, equipment and learning opportunities for families and students.
- Through this vital collaboration, parent leaders build, support and enhance the learning environment for the entire school community.

Department of Education Guidelines for PA/PTA Fundraising and the Collection of Funds: CR A-610 and CR A-660

In accordance with Chancellor's Regulations A-610, "Collection of Fundraising Proceeds From Students," and A-660, "Parent Associations and the Schools," PA/PTAs must:

- acquire an Employee Identification Number (EIN) and maintain it on file on school premises and in the principal's office (PA/PTAs are prohibited from using the school's EIN for PA/PTA fundraising activities.)
- plan jointly with the principal and obtain written approval from the principal for all PA/PTA fundraisers held during school hours and involving students **or** held on school property

Department of Education Guidelines for PA/PTA Fundraising and the Collection of Funds: CR A-610 and CR A-660, continued

- seek approval by vote of the membership on all decisions concerning fundraisers, including the type and number of fund raiser (s), selection of vendors and how funds will be spent
- use fundraising proceeds to supplement or complement the educational, social and cultural programs of the school
- limit the number of fundraisers involving the students during school hours to two per school year
- report all income and expenditures regarding fundraising activities to the membership, school principal and appropriate superintendent
- keep PA/PTA funds separate and independent from school funds and budgets

Department of Education Guidelines for PA/PTA Fundraising and the Collection of Funds: CR A-610 and CR A-660, continued

- In accordance with Chancellor's Regulation A-610, no parent or teacher may collect money from students unless authorized in writing by the principal.
- The principal shall maintain on file a statement which shall be available for inspection by authorized persons and identify the fundraising activity, the name of the teacher in charge of the collection and the principal's written approval.

Fiscal Responsibilities of the Parent Association: PA/PTA Budget

Each PA/PTA must have a budget process set forth in its bylaws. A budget is a statement of the financial status of an organization that outlines anticipated income and expenses for a specific time period. The Budget Committee must be formed in accordance with the PA/PTA's bylaws. The bylaws must set forth a timetable for adopting a budget each year including:

- preparation of a budget by an outgoing PA/PTA administration;
- review of the prior year's budget and an opportunity for comment by the membership;
- adoption of the budget by the membership prior to the end of the school year;
- a process for subsequent amendment;
- limiting expenditures permitted prior to the first membership meeting to a fixed amount

Fiscal Responsibilities of the Parent Association: Suggested Timeline for Developing a Proposed Budget

- The Budget Committee suggests activities and anticipates expenses for the coming year. A proposed budget is prepared by the **outgoing** PA/PTA for review by the membership in April or May.
- The proposed budget is presented to the membership by the **outgoing** PA/PTA administration for further discussion and then adopted prior to the end of the school year at an official meeting of the association in May or June.
- The adopted budget may be presented for subsequent amendment by the **incoming** PA/PTA Executive Board. The budget can only be adopted by vote of the membership at a scheduled PA/PTA meeting in September or October.
- Copies of the PA/PTA budget and other financial records must be provided to the membership, upon request and reasonable notice.

Parent Association Records

Examples of PA/PTA records include but are not limited to:

- list of officers names, addresses and phone numbers
- Employee Identification Number EIN (must be filed in the principal's office)
- PA/PTA bylaws and amendments
- PA/PTA budget and amendments
- fundraising reports (must be filed in the principal's office)
- cash receipts/ledgers/checkbook

Parent Association Records, continued

- bank statements, cancelled checks and bank deposit slips
- original copies of records (i.e., invoices from vendors, inventory sheets)
- financial accounting reports [Treasurer's monthly and interim and annual] (must be filed in the principal's office)
- receipts, receipt books
- meeting agendas, notices, attendance sheets and minutes (must be attached to the Principal's PA/PTA Status Reports CR A-660 G.1 and G.2)
- all reports and other correspondence

Note: PA/PTA financial records must be kept for six (6) years for audit and tax purposes.

Role of the PA/PTA Treasurer

The PA/PTA Treasurer is one of the core mandatory members of the PA/PTA Executive Board. The role of the Treasurer includes but is not limited to:

- maintaining and safeguarding all financial records of the PA/PTA
- maintaining records of all income and expenses for the association
- preparing and distributing a Treasurer's financial report at each PA/PTA meeting
- preparing and distributing the required interim (January) and annual (June) financial accounting reports to the membership and the principal

Role of the PA/PTA Treasurer, continued

- serving on PA/PTA Committees, as appropriate (Budget and Audit)
- serving as one of the signatories for the PA/PTA's checking account
- writing checks for payment for authorized PA/PTA expenditures
- assisting with the June transfer of PA/PTA financial records to the incoming Executive Board

Use of PA/PTA Fundraising Proceeds

In accordance with Chancellor's Regulations A-610 and A-660, PA/PTAs must use these fundraising proceeds to supplement or complement the educational, social and cultural programs of the school.

- Funds should also be utilized to achieve the objectives of the association and other priorities for improving the level of parent involvement and engagement, as outlined in the school's comprehensive education plan and their bylaws. These priorities should include outreach, parent education and professional development.
- Funds could also be identified to purchase needed instructional materials and other resources to support the education of all children

Fiscal Responsibilities of the Parent Association

PA/PTAs have a responsibility for creating a transparent system of operation that assures accountability and full disclosure to the PA/PTA membership regarding the financial affairs of the association. These responsibilities include but are not limited to:

- ensuring the use of the association's EIN for all financial transactions (**Note: Use of the school's EIN or tax exempt number is prohibited by CR A-660.**)
- making financial records of the PA/PTA available, upon request and reasonable notice, to members on receipt of a complaint, the superintendent or Chancellor, as appropriate, shall have access to the financial records, subject to the requirements of CR A-660
- reporting all income and expenditures to members and the principal (**Note: principals should forward these financial reports to the superintendent with PA/PTA Status Reports, CR A-660 Attachments G.1 and G.2**)

Fiscal Responsibilities of Parent Association, continued

- making timely and full payments to all vendors (**Note: Debts incurred by the PA/PTA are not affected by changes in PA/PTA administration and are the responsibility of the PA/PTA. They are not the responsibility of the school, district, region or the Department of Education.**)
- maintaining and safeguarding the financial records of the PA/PTA on school premises
- conducting an internal audit or requesting an external audit to review PA/PTA accounting procedures and spending (Note: if upon the conclusion of an audit, it is determined that a financial discrepancy exists, a written statement reporting the existence and extent of the shortage and other relevant findings will be forwarded to the Chancellor and to the community and borough superintendent and the PA/PTA. The report may also recommend specific action that must be taken to prevent further financial deficiencies. The superintendent or Chancellor may order disciplinary or corrective action, as appropriate.)
- adhering to PA/PTA's bylaws, Chancellor Regulations A-610 and A-660

CR A-660 Prohibitions

The following activities are strictly prohibited with regard to PA/PTA fiscal matters:

- use of the school's EIN
- acquisition or use of an Automated Teller Machine (ATM) card
- dual PA/PTA check signatories related by blood or marriage
- commingling of PA/PTA funds with school funds and budgets (PA/PTA funds can only be turned over to a school by vote of the membership)
- sale of tickets to movies or theaters for children's attendance (unless the project is directly related to the curriculum)
- door to door solicitation of funds by children (except where parent solicit funds with hi/her children)
- sale or distribution of raffle tickets through children
- bingo or any other form of gambling

Suspension of PA/PTA Fundraising Activities

Upon a finding or determination of financial wrongdoing, as a disciplinary or corrective action, the Superintendent may suspend PA/PTA fundraising activities for any of the reasons listed below:

- misappropriation of PA/PTA funds
- failure to safeguard PA/PTA funds and/or records
- shortages in fundraising proceeds
- inadequate financial record keeping
- failure to provide regular Treasurer financial reports and to submit the interim and/or annual financial statement to the PA/PTA membership and principal
- undocumented and unapproved expenditures of PA/PTA funds

Note: Allegations of PA/PTA financial wrong doing must be reported to the Office of Special Investigations.

Best Practices

- Encourage families and PA/PTA members to use money orders or personal checks when participating in PA/PTA fundraisers – avoid collecting cash, when possible
- provide a receipt to members upon receipt of payment
- make PA/PTA checks payable to the vendor or recipient – never to cash
- avoid signing PA/PTA checks if you are the recipient (i.e., reimbursement to an Executive Board member for approved expenses incurred on behalf of the PA/PTA)

Employee Identification Number (EIN) and Requesting Information About How PA/PTA's Can Obtain Non-Profit Status

CR A-660 requires that all PA/PTAs have their own EIN. PA/PTAs can obtain or make inquiries about an existing EIN by contacting:

- Internal Revenue Service (IRS) at 1 (800) 829-4933 and may download an SS.4 application @ www.irs.gov

PA/PTAs may also apply for Non-Profit status. For more information, contact IRS Non-Profit Organizations at 1 (877) 829-5500

Test Your Knowledge: True or False Quiz

- ✓ PA/PTA fundraisers held during school hours involving student or held on school property require the written approval of the principal.

True or False

- ✓ The school is responsible for paying any outstanding debts of the association.

True or False

- ✓ Parent associations are limited to only two fundraisers per school year.

True or False

- ✓ Parent associations can use their school's EIN.

True or False

Test Your Knowledge: True or False Quiz

- ✓ PA/PTA fundraising reports are only issued to the membership.

True or False

- ✓ Parent association records may be kept in the trunk of the PA/PTA President's car.

True or False

- ✓ The PA/PTA Executive Board makes all decisions regarding PA/PTA expenditures and fundraising.

True or False

- ✓ Parent associations make worthwhile contributions to their school communities.

True or False

Resources

- Presidents' Council
- District Family Advocate, Borough Director, and Director of Special Services
- Parent Coordinator
- Chancellor's Regulations A-610 and A-660
- Office for Family Advocacy and Engagement
- Office of Special Investigations

Additional “All About” Topics

Additional “All About” Topics will include:

- Presidents’ Councils
- Bylaws
- Mandatory Consultation
- Disciplinary Action
- Corrective Action
- Grievances

Inquiries

Additional inquiries regarding this and other “All About” presentations may be addressed to:

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