

**BYLAWS OF****BENTONVILLE PARENT TEACHER ORGANIZATION, INC.****AND ITS MEMBER ORGANIZATIONS**

The BPTO Treasurer and the member PTO Treasurers are responsible for financial controls and keeping accurate books and records. The following are required policies and procedures to be put in place for the organization:

1. **Internal Audit Committee.** An Internal Audit Committee will be formed for each school year and will consist of three members. A Chairman will be named to lead the committee. The Internal Audit Committee for the BPTO and each school PTO will be appointed by its respective Board. The chairman of the Internal Audit Committee should have a financial background and understand accounting and internal controls. The Internal Audit Committee members cannot hold an officer position in the BPTO or school PTO, for the year the audit is being conducted (ie current President may not serve on the audit committee). In addition, an Internal Audit Committee member and chair person cannot be related to an officer of the respective BPTO or school PTO. An Internal Audit Committee member must be a voting member of the respective BPTO or school PTO and may be a school staff member if he/she is a PTO member. Any exceptions to internal audit committee member must receive prior approval from the BPTO Board. It is the current fiscal year BPTO/PTO Board's responsibility to ensure the audit is completed. The duties of the Internal Audit Committee are to complete a review of the finances of the BPTO or school PTO at the end of the fiscal year and provide the internal audit report to the BPTO regarding any exceptions to the Financial Controls outlined below. This review will include the following:
  - A review of all bank reconciliations to ensure accuracy and timeliness of the reconciliations for all accounts held,
  - A review of all cash receipts to ensure proper accounting of all cash received by the PTO,
  - A review of all cash disbursements to ensure proper documentation and accounting of all expenditures by the PTO,
  - A review of canceled checks to ensure two signatures are included on each check by Authorized Signatories (defined below) of the PTO,
2. **Annual Budget.** The Annual Budget will be prepared by the BPTO or school PTO Treasurer and the respective Board at the beginning of or prior to the start of the fiscal year. The budget will be submitted for approval at the first PTO meeting of the school year or the last PTO meeting of the prior year. Until the Annual Budget is approved, only funds available and budgeted in accordance with prior year PTO authorization can be spent. Budgets can be submitted for approval at the last meeting of the fiscal year for interim planning before the first meeting of the fiscal year. Budgets can be amended accordingly throughout the fiscal year with membership approval. Expenses shall not

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surpass 10% of approved budgeted amount. No PTO funds shall be spent prior to receiving membership approval. "General" or "Miscellaneous" Expense line items are permitted and cannot exceed 10% of the total expense budgeted.

3. Corresponding forms, such as fundraiser approval request forms, must be completed.
4. **Bank Balance.** To provide for the PTO, a minimum start up of \$1,500 is to be left in the checking account for the next year. A "Carry Over" Expense Budget Line item can earmark the \$1500 as a reminder throughout the year.
5. **Authorized Signatories.** Only the Board will be allowed to sign checks for the BPTO or school PTO. If a board member does not meet the bank criteria to be on a school account that individual must contact the BPTO president with in three (3) business days of being notified by the financial institution. One Board member must be a non-signer, typically the Secretary, but the Board may designate accordingly. District employees cannot be signers on BPTO or PTO accounts. Board members shall not sign or authorize checks written to relatives.
6. **Cash Receipts.** All cash received from all sources (i.e. membership drive, fundraisers) shall be counted immediately at the close of the event, the BPTO deposit form prepared, and the cash deposited in the bank on that same day if the bank is open or as soon as possible. All funds will be counted by at least two people to include an officer or the committee chair. All Cash Receipts Forms will be filed with the Treasurer.

A BPTO Deposit Form will also be filled out. For an event such as a membership drive that takes place over several days, deposits should be made daily where practical. In cases where cash must be held overnight (i.e. a membership drive over several days or a fundraiser held in the evening), all receipts will be placed in the secured PTO safe. If there is no access to the school, the money will be held by the Treasurer, another officer, or the committee chair after it is counted by at least two people and the BPTO Deposit form is completed and signed by both counters. Funds shall be kept in a secure place and deposited as soon as possible.

If a check is returned from the bank, you should first attempt to call the person who gave you the check and ask them for a cash payment. If within a reasonable amount of time, a cash payment is not received, the check may be redeposited. If returned again, the school PTO board or the BPTO board should determine if the amount of the check warrants any further action including, but not limited to, legal assistance. Discretion should be followed when handling financial matters.

6. **Credit Card Transactions.** Payments and point of sale platforms can be used that will directly deposit funds into the PTO's bank account (examples include Square or PayPal). Funds cannot be maintained in any other account other than the PTO's bank account. Reports of all transactions from any point of sale accounts must be pulled for the fiscal year to accompany the end of year audit. No purchases or debits can be made on behalf of PTOs through these accounts. No person-to-person/peer-to-peer (P2P) payment transactions can be used as PTOs and BPTOs must follow business rules. Personal payment platforms (for example Venmo or Cash App) cannot be used.
7. **Gifts to the school.** All items must be purchased with a P.O. Number and reimbursed to the school with a reimbursement check request form, a PTO member may purchase for reimbursement with a

reimbursement check request form and receipts, or the PTO may pay from the vendor invoice directly. The school can provide a receipt for records for any reimbursements directly to the school. Refer to district guidance on appropriate gifts to schools.

8. **Authorized Expenditures.** All expenditures for any unbudgeted item must be voted on and approved by the PTO members at a regular meeting or an authorized special meeting where members are notified at least **forty-eight (48)** hours in advance of the meeting and the meeting topic. The special meeting may be implemented through email, teleconference, or web-conference. The Treasurer will ensure that any proposed expenditure is an authorized expenditure as defined here and is recorded in the minutes of the meeting prior to committing to the expenditure of the funds. If a vote is conducted through email, all information needed for the vote must be sent to the email address on the membership roster to all PTO members with at least forty-eight (48) hours to respond instead of the 48 hour advance notice. A majority of the votes received will suffice as quorum.
9. **Debit Cards.** BPTO or PTOs shall not have any debit or credit cards. Debits are not allowed through online payment platforms (for example, PayPal or Square) and no reoccurring debit shall be scheduled for any account.
10. **Check Disbursements:** All disbursements must be approved by the Treasurer before funds are committed to be spent. The Treasurer will ensure that the proposed expenditure is a budgeted item in the PTO Budget. The Treasurer will then sign the invoice or receipt to authorize payment and will prepare the check for signature. **Two (2)** Authorized Signatories will then sign the check. The person receiving the check cannot be one of the two people who sign the check. The two signors of the check cannot be related to the payee. All receipts for expenditures will be filed with the Treasurer as deemed in an orderly and timely fashion for review by the Audit Committee.
11. **Reimbursement for Expenditures.** At times, it may be necessary for members of the PTO to purchase items for the benefit of the PTO. At no time will a cash advance or a blank check be given to any member, officer, or to a school for a purchase. In these instances, the purchase can be made one of two ways:
  - The purchase can be made using the member's or officer's personal funds, and the receipt, along with a BPTO Reimbursement Form, must be presented to the Treasurer for payment.
  - Two officers with signing rights can go to purchase the items and can sign the check at the time and place of purchase.

The receipt must be an electronically printed receipt or a written receipt with a printed letterhead or tax ID number. The Treasurer will sign the BPTO Reimbursement Request Form to authorize payment of the reimbursement. If a purchase is made for a school through the bookkeeper and a P.O. is issued for the item, a copy of the P.O. should be used as a receipt for the purchase. The amount of the check should reflect the exact amount of the P.O. All reimbursements must be made within **thirty (30)** days of the purchase and the check should be issued within **seven (7) days** of receiving the Reimbursement Form.

## **Appendix A: Treasurer's Controls**

12. **Change Fund.** During a fundraising event where a change fund will be necessary, the Treasurer will authorize the funding of the change through the issuance of a BPTO Cash/Change Disbursement Form. A check made payable to "Cash" will be signed by two PTO Officers and will be presented to the bank by a PTO Officer. The Change Fund will be secured in a safe location until the event. At least two people should be present the entire time money is collected with at least one of them being a PTO officer or the event chair. At the end of the event, the money should be counted and a Deposit form prepared in the presence of at least two people to include an officer or the event chair. Any change fund used should be re-deposited, as its own deposit, separate from any other funds and noted on the Cash/Change Disbursement Form.
13. **Bank Statements.** Bank Statements are to be mailed to the school. A PTO member will open the bank statement and review the following, the account balance, **two (2)** signatures on all checks, validate expenses paid, and match all receipts and disbursements from the account to supporting documentation as outlined above. A member that does not have signing privileges on the checking account should review the reconciliation report and all documents monthly. All statements should be available at PTO monthly meetings for member information.
14. **Financial Reports.** The Treasurer will maintain an up-to-date electronic check register, reconcile accounts monthly and prepare a summary of cash receipts and disbursements of the PTO for all accounts, including the previous month ending balance and year-to-date actual expenses and income compared to budgeted. These reports along with the bank statement will be presented at regular PTO meetings for approval by the PTO. The Treasurer will ensure that all funds are accounted for and reported accurately. The Treasurer will organize all financial reports and documentation throughout the year.
15. **Mid-Year Review.** A mid year financial review should be conducted by the BPTO liaison for each school PTO by February 15th. Any policies not being followed must be corrected after mid year review is completed. Additional training and follow-up may need to be provided on corrections needed. See attachment A
16. **Member Review of Records.** A binder is to be maintained for each school and to be made available for member review. This binder should include copies of each monthly bank statement, approved Treasurer's Reports, approved minutes, and approved budget. Any year-end tax forms received should be kept with financial records. All financial records and minute meetings are to be kept for a minimum of 7 years at the PTO School, typically in the PTO storage area.
17. **Tax status.** The BPTO is exempt from income tax, but not sales tax. Any vendor a PTO uses for anything the PTO is going to sell, for example: concession items, spirit wear, holiday stores, etc. must charge PTOs sales tax.
18. **Raffle Law State laws must be followed regarding Bingo and Raffles.**
19. **Property of PTO.** All items purchased for the PTO and their use, become the property of the school and must be stored at the school. Prior approval must be received by the PTO Board for other uses. No personal use allowed. It is recommended school PTOs keep a property inventory list.

20. **School PTO Board Vacancies.** If no school PTO board is elected by June 30<sup>th</sup> all PTO records are to be turned over to the BPTO President, including, but not limited to the checkbook, keys to the safe, safe code, officer binders, financial records, meeting minutes, passwords, etc. The BPTO Vice President will assist with recruiting new Board members and the BPTO can appoint qualified candidates to fill vacancies.
21. **Misuse of Funds, Assets, or Violation of Financial Controls.** An Officer or any PTO member will immediately inform the BPTO Treasurer and BPTO President upon learning of any inappropriate use of funds or violation of these financial controls. The BPTO Treasurer or BPTO President will be responsible for investigating the facts regarding the situation. A report of the situation will be given to the BPTO Board within ten business days and updated as necessary. After Board review, the Board will determine if the report should be shared with the District Administration. If any officer has knowledge of a misuse of funds or a violation of these controls and does not follow these guidelines in reporting to the BPTO Treasurer or BPTO President, they along with the person in violation are subject to removal from their position and banned from holding an office in any Bentonville Schools PTO organization. The district administration may also ban the person from holding any positions within any school organization. Legal actions can be taken. No benefit shall accrue to any individual at the PTO's expense.
- 22 **Exceptions.** If, in the course of business, there are circumstances that require a deviation from these policies and procedures, these exceptions must be approved by the BPTO Board. However, these exceptions should only be approved in urgent situations in which the PTO may be harmed by adhering to these guidelines. The BPTO Treasurer should inform the BPTO President and/or the BPTO Board prior to authorization of any exception to the Financial Controls policies and procedures. Provide as much documentation as possible.

## **CERTIFICATION OF ADOPTION**

The foregoing Appendix A: Financial Controls of the Corporation have been duly adopted this \_11th\_ day of \_May\_, \_2023\_, by action of the board of directors of the Corporation pursuant to the laws of this state. A majority vote of a quorum of the BPTO Membership, as outlined in Article 6 and Article 10 of the bylaws, was held on this day to approve these Appendix A: Financial Controls.

IN TESTIMONY THEREOF, witness the hand of the undersigned as Secretary of the Corporation on such date.

APPROVED:

\_\_\_\_\_  
Secretary of the Corporation

\_\_\_\_\_  
President of the Corporation

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)

# BPTO Mid-Year Financial Review Checklist

School PTO: \_\_\_\_\_

- ☐ Review all bank reconciliations to ensure accuracy and timeliness of the reconciliations for all accounts held.

Comments: \_\_\_\_\_

- ☐ Review canceled checks to ensure two signatures are included on each check by Authorized Signatories of the PTO and ensure the payee does not match the signatories noted on canceled check.

Comments: \_\_\_\_\_

- ☐ Review monthly Treasurer Reports to ensure summary of cash receipts and disbursements of all PTO accounts and that the prior month ending balance agrees to the subsequent month beginning balance. Additionally ensure that expenditures are tracked against their budget, all credits and debits recorded in an electronic check register, and all income and expenses reported monthly.

Comments: \_\_\_\_\_

- ☐ Review all cash receipts to ensure proper accounting of all cash received by the PTO including the inclusion of a BPTO Deposit Form and accompanying bank deposit slip.

Exceptions: \_\_\_\_\_

- ☐ Review all cash disbursements to ensure proper documentation and accounting of all expenditures by the PTO including the inclusion of a BPTO Reimbursement Form and accompanying purchase receipt or PO.

Comments: \_\_\_\_\_

- ☐ Verify that any monies left at any time at the school are maintained in a secured and locked cabinet/safe.

Comments: \_\_\_\_\_

Mid-year Review Checklist completed by: \_\_\_\_\_

Mid-Year Review conducted with: \_\_\_\_\_

Date of Mid-Year Review: \_\_\_\_\_