

## MCCPTA – Update on Financial Practices

As the investigation into theft from the MCCPTA accounts during the period of time from July 1, 2016 through March 31, 2017 continues, the 2017-18 Executive Committee is fully cooperating with the MCPD Financial Crimes Unit investigation, and is working with MCCPTA's insurer to pursue all available options to recover stolen funds. Those investigations include an inquiry into any unauthorized use of MCCPTA's EIN.

In addition, the Executive Committee has reviewed the findings and recommendations of the three-member Audit Committee (Stefania Clerici, Oriole Saah and Laura Stewart). Pursuant to that review, here is a summary of the actions taken, in process, and planned as of May 4, 2017.

(Note many of the actions recommended by the Audit Committee are already contained in the MCCPTA bylaws, MDPTA “Cash Encounters: Guide for Money Management”, and the MCCPTA Treasurer’s Guidebook. All PTAs, including MCCPTA, should follow the practices and procedures outlined in these resources.)

### Actions Taken

The 2017-18 MCCPTA officers were sworn in immediately following their election on April 25.

A new MCCPTA account was opened at Eagle Bank on April 14. On April 28, all prior signatories were removed from the account, and all new signatories installed.

The old MCCPTA Eagle Bank account was closed on April 28, 2017.

MCCPTA's three account signatories – President Lynne Harris, Treasurer Cheryl Peirce and VP Programs Erin Clegg each have unique online usernames and passwords, permitting 24/7 access to view all MCCPTA Eagle Bank account activity.

Ms. Clegg is the authorized account user. Ms. Peirce maintains the MCCPTA books and financial documents. Two signatories are required on all checks.

MCCPTA's bank account does not permit online transactions.

Each time a transaction greater than \$0.99 (99 cents) clears the MCCPTA account, Ms. Clegg receives a text message notifying her of the transaction, including check # and amount.

All account signatories are bonded through MCCPTA's insurance.

Henceforth, MCCPTA will no longer receive monthly paper statements from Eagle Bank. Monthly statements will be accessed electronically, and shared at all monthly Board of Directors meetings and Delegates Assemblies.

### Financial practices adopted/reinforced

All three account signatories will review MCCPTA's online bank statements at least monthly, and each month will periodically review account activity online.

Monthly treasurer's reports presented to the BOD and DA will include a reconciled financial report reviewed and signed by all three account signatories. A copy of the monthly online statement will be attached.

Under no circumstances will MCCPTA checks be written to "cash".

Damaged/voided checks will NOT be destroyed. These will be maintained or returned to the bank in accordance with standard financial practices. Ms. Peirce started a "voided/damaged check" file on May 3. Damaged/voided checks or record of their return will be available for viewing on demand.

The treasurer will photocopy all deposits, and maintain those photocopies with the financial records. These will be available for review at all Board of Directors meetings and Delegates Assemblies.

### Budgeting Practices

In accordance with the recommendations of the Audit Committee, the MCCPTA Executive Committee proposes that each summer a Finance Committee, working with the Treasurer, create a proposed budget for the fiscal year. The proposed budget will be presented to the Executive Committee for review, then presented to the Board of Directors for discussion and approval. The Board of Directors will present the budget to the Delegates' Assembly for ratification.

In accordance with standard business practice, the proposed budget must include a year-end carryover amount at least equal to three months' worth of MCCPTA operating expenses.

Each quarter, the Finance Committee will review the budget with the Board of Directors, presenting the year-to-date projected vs. actual expenditures of the organization, and proposing any budget amendments deemed necessary.

The Audit Committee recommends that MCCPTA purchase and use a financial software program. Treasurer Cheryl Peirce is investigating and pricing financial software options

### Financial Training

MCCPTA will continue to provide financial training at its annual Spring and Fall trainings. Every training will include Treasurer's and President's training sessions, emphasizing fiduciary responsibilities and practices.

The Audit Committee strongly recommends that all members of the MCCPTA Board of Directors be required to take annual training in boardmanship, budgeting, and preventing theft. All are available online on the National PTA website, free of charge. We will take up the question of requiring all members of the Board of Directors to take this training at the June Board of Directors meeting.

We strongly encourage all local PT(S)As to take advantage of the excellent, free online training resources available on the National PTA website, in addition to attending annual MCCPTA and/or MDPTA training.

### Recommendations requiring MCCPTA Bylaws amendments

The MCCPTA treasurer may NOT simultaneously serve as treasurer of any local PT(S)A. If applicable, upon taking office the MCCPTA treasurer must resign as treasurer of any local PT(S)A. MCCPTA will implement this policy immediately, and proceed with amending the bylaws in the Fall.

**The Audit Team recommends a bylaws provision to be triggered any time the Board of Directors deems an audit of MCCPTA finances necessary. Such provision would require MCCPTA account signatories to immediately provide written account authorization to a designated Audit Committee, so that investigations can proceed without delay.**