

School Support Organization Compliance Training



METRO
NASHVILLE
PUBLIC
SCHOOLS

Learning Outcomes

Welcome to the School Support Organization Compliance Training. School Support Organizations are also referenced as SSOs.

The learning outcomes for this training are:

- To provide and inform MNPS SSOs with the necessary tools to operate a successful and financially compliant organization.
- To assist MNPS SSOs on becoming knowledgeable regarding compliance with state law and MNPS district policies for school support organizations.

School Support Organization Financial Accountability Act

- In 2007, the TN Legislature passed the School Support Organization Accountability Act. This law was also amended in 2008.
- This Act prohibits school boards, school employees, or officials from authorizing any group or organization to use a school district's or school's name, mascot, logos, property, or facilities for the purpose of raising money until the local board of education adopts a policy concerning local school support groups.
- All SSOs in the state of TN must follow this law.

School Support Organization Financial Accountability Act (Cont'd)

Important Highlights of the SSO Act that you should know:

- SSOs must provide proof of recognition of the organization, goals and objectives, all Officer's information and by-laws. The organization must come into agreement with the school district prior using a school or school district's name, mascot, logo, or facilities.
- SSOs must obtain pre-approval from the director of schools or his/her designee prior to soliciting, raising, or collecting money, materials, property or securities.
- SSOs must give access to all books, records, and bank account information to the school board, school principal, or auditor of the office of Comptroller of the Treasury upon request.
- A majority of the voting members of any SSO board should not be composed of school representatives.

"The school becomes accountable when money is initially received by employees, officials, or volunteers acting in their official capacity."

School Support Organization Financial Accountability Act (Cont'd)

Important Highlights of the SSO Act that you should know (Cont'd):

- School support organizations are separate legal entities from the school. Therefore, the organization should not use the school's EIN# or tax exemption status. SSOs must have their own EIN# and their own tax exemption #.
- A school representative **cannot** act as a treasurer or bookkeeper or be a signatory for an SSO. For further clarification, the SSO law also defines the meaning of a school representative.
- Last, organizations must keep financial records for at least 4 years.

School Support Organization Financial Accountability Act (Cont'd)

As Defined by the SSO Financial Accountability Act:

SSO means Booster club, foundation, PTA, PTO, PTSA, or any nongovernmental organization or group of persons whose primary purpose is:

1. To support a school district, school, school club, or academic, arts, athletic, or social activities related to a school.
2. And that collects or receives money, materials, property or securities from students, parents, or members of the general public.

SSO Detailed Revenues and Disbursement Report

Per the School Support Organization Financial Accountability Act, a detailed revenue and disbursement report must be submitted at the end of each school year. This report must be received by June 30th each year before the organization can be approved for the following school year.

SSO and MNPS Annual Requirements

In order to classify as a MNPS SSO, the requirements of the School Support Organization Financial Accountability Act and of our district must be completed by the district's annual deadline, August 1st

- Organizations must complete the SSO registration process that includes the following:
 - Organizations must renew with Secretary Of State's Business Office each year & provide a copy of your TN Corporation Annual Report or your organization's renewal receipt to show the organization is up to date.
 - All brand new organizations must provide a copy of their charter and by-laws. All new PTA's must provide a confirmation letter from PTA that you are under the umbrella of the National PTA organization.
 - Prior year SSOs that have revised their by-laws must submit a copy of them with their annual registration documents.
 - If your organization has a 501 (c)(3) status for the purpose of donations, your acknowledgement letter from the IRS must be provided with the annual registration documents. SSOs do not have to be a 501 (c)(3), this is optional.

SSO and MNPS Annual Requirements (Cont'd)

In order to classify as a MNPS SSO, the requirements of the School Support Organization Financial Accountability Act and of our district must be completed by the district's annual deadline of August 1.

- SSOs must complete the SSO Compliance Training. Each SSO President or individuals that share the President position, Secretary, and Treasurer or individuals that share the Treasurer position must complete this MNPS SSO Financial Training Module with 100% completion. The President or officer submitting the registration documents should ensure that the required officers have completed this task. Other SSO officers or members not mentioned above may take the training if the organization deems it necessary. However, it is not required for those particular officers or members.
- SSOs must read and sign the MNPS SSO Agreement with the district. This document outlines MNPS district policies for SSOs and our district's requirements to be an Officer of an MNPS SSO. Please ensure that your officers align with our district requirements listed in the agreement before signing.
- SSOs must provide each Officer's information – Officer title, address, phone number and email address.
- SSOs must acknowledge and initial the SSO Financial Procedure Standard Form that your organization is or will follow the minimum required controls of the TN Comptroller's of the Treasury office.

MNPS SSO Registration Info and Contact

- MNPS SSO information regarding registration requirements and additional documents can be found on the MNPS website [here](#).
- SSO registration information must be submitted on MemberHub.com no later than August 1st of each year. If you have questions during registration, contact MNPSSupportOrganizations@mnps.org.
- Please submit your organization's completed registration packet to MNPSSupportOrganizations@mnps.org no later than August 1st of each year.

Other Requirements & Deadlines of MNPS

- SSO Registration submissions should be received no later than August 1st each year to become an approved SSO of the district. This deadline will be adhered to for the purpose of compliance, equity, and to ensure that all active organizations can be published timely on the MNPS school support organization webpage for the year, as required by law.
- As each organization's documents are reviewed and approved, a notification email will be sent to the organization. A final confirmation email will be sent from the MNPS Audit department informing the organization that they are active and may operate for the school year. Organizations are not to conduct or communicate out any events until this email has been received.
- All MNPS SSOs that plan to conduct events, meetings, or fundraisers on MNPS property must have their own liability insurance coverage to present for facility-use purposes.
- If your organization changes officers during the school year, an email must be sent to MNPSSupportOrganizations@mnps.org with an updated packet of the new officers information that includes: MNPS Officer Registration form, MNPS Agreement and the MNPS SSO Financial Procedure Checklist, if applicable.

MNPS School Support Organization Webpage

Did you know that MNPS has a dedicated webpage for school support organizations?

<https://www.mnps.org/students-families/get-involved/school-support-organizations>

All information regarding registration and the deadline can be found here each year. Other SSO documents and resources that can be found here are as follows:

- Fundraiser Procedures, Examples of FRs, and the SSO Fundraiser Request Form
- Laws, Policies, and website links relevant to SSOs
- Sample SSO financial documents

Prior years SSO Successes in MNPS

We would like to highlight some successes of a few school support organizations of MNPS.

School Support Organizations Celebrations

McGavock High School Theater Booster Club

- Completed their first year (2018-2019)
- Doubled the budget of theater department
- At current growth, will be able to eliminate student participation fees

Dan Mills PTO (2018-19)

- Funded library redesign – phase I
- Purchased picnic tables for the front field
- Purchased 10 new computers for computer lab
- Provided over \$4,500 in Professional Development for teachers
- Provided \$3,500 for field trips and achievement incentives for students

School Support Organization Celebrations

Tulip Grove Elementary School PTO (2018-19)

- Used \$10,000 to purchase Smart Boards for classrooms
- Sponsored Professional Development opportunities for teachers, including Ron Clark Academy
- Purchased new Tennessee paperback textbooks for 2nd grade
- Supplied new headphones for computer lab
- Purchased two new exam beds for School Clinic
- Hosted Teacher Appreciation Week with breakfast, boxed lunches, ice cream, and other activities
- Provided snacks and drinks for TNReady testing and after-school clubs

Prior years SSO Pitfalls in MNPS

We do not want our SSOs to find themselves in difficult situations because of noncompliance.

We will briefly review an example in the recent past with a PTO in MNPS that experienced a major pitfall.



Former President of H.G. Hill Middle School PTO faces theft charges for stealing \$31,490.

In the 2018-19 school year, a former president of a MNPS School Parent Teacher Organization (PTO) was indicted for theft by the TN Comptroller's Office. The president of the PTO is accused of using four schemes to steal at least \$31,490 from August 2014 through August 2017 based on PTO bank records obtained during a TN Comptroller Of the Treasury investigation into the situation.

Former President of H.G. Hill Middle School PTO faces theft charges for stealing \$31,490



Charges include:

Theft of \$8,475 by making 36 personal purchases using the PTO debit card for home rental, car payments, utility and cable payments, and purchases of clothing, furniture, snacks, cigarettes, and other personal items.

\$6,832 through at least 25 ATM cash withdrawals that were not used for PTO purposes.

\$2,000 by transacting a PTO check made payable to cash where the money was kept and not used for PTO purposes.

Withheld \$14,183 from PTO candy bar, coupon book and spirit wear fundraisers. The money was not deposited in the PTO account and was maintained for personal use.



Tennessee Comptroller's Office concluded the investigation by stating - "School support organizations must ensure they safeguard money so that it is only spent for valid purposes. In this situation, more should have been done to separate financial responsibilities, ensure collections were deposited promptly, and require two signatures on all checks."

Ways to help SSOs avoid Pitfalls



Ways to help SSOs avoid pitfalls

- Ensure that all officers and members know proper financial procedures and follow them.
- Ensure that each officer understands their role and operates in the SSO as required for their role.
- Ensure that debit cards are secured properly and that only one person never has access to them.
- Ensure that each check issued has two signatures.
- Ensure that after each SSO meeting, the minutes are documented and the principal is given the information.
- Limit officer terms to two years or less. Have each officer help train their replacement for the next school year.
- Have 2-3 people that are not part of the SSO Board review financial documents periodically (i.e. monthly or quarterly).

Facility Use in MNPS

- MNPS Facility-Use information can be found [here](#). Please note that MNPS facility-use requirements are derived from the policies of Metropolitan Government.
- MNPS External facility use requests start at the school level with the school's bookkeeper. This request must be submitted to the school bookkeeper prior to any SSO events or fundraisers held on school property. This includes all SSO conducted meetings and events. (The usage fee is waived for approved SSOs.)
- This does not apply to your organization IF your organization does not conduct events or meetings on school property.

***NOTE:** School Audit is a separate department from Facility Use. However, School Audit does require facility use approvals (from the school's bookkeeper) before any SSO fundraiser request forms can be approved. If a facility use approval is not received, it will delay the approval of the fundraiser. Consult the school's bookkeeper for further assistance.*

Fundraising in MNPS

SSO Fundraiser procedures and form can be found on the MNPS School Support Organization page, [here](#).

- MNPS external facility use requests must be submitted by the bookkeeper to the facility use department in advance of using the school for fundraisers or meetings. (The usage fee is waived for approved SSOs, but you must show proof of insurance.) Facility use approval must be given before the fundraiser request form is approved by the Audit department.
- MNPS Policy requires that a fundraiser authorization form be submitted 30 days in advance to the Audit department from your school's bookkeeper. This includes all revenue streams such as loyalty reward programs, solicited donations, spirit/restaurant nights, etc. Fundraiser correspondence should also be included with the fundraiser request submission.
- Please ensure that all correspondence regarding SSO fundraisers state that the SSO is the host and that funds be sent to the school in a sealed envelope labeled as SSO funds or the specific SSO fundraiser event title.
- SSO officers and/or members are responsible for the collection of all SSO fundraiser money. School employees must not be involved in the accounting or handling of SSO funds. This means if an SSO fundraiser is taking place one of the following must be implemented:
 - An SSO representative must be present to collect money from each classroom or from parents/students.
 - The SSO must have a secure drop box for parents/students to leave their SSO envelopes. An SSO representative must come to retrieve those envelopes in a timely manner to be deposited. The school is not liable for any missing funds.

Quick tip after completing your fundraiser:

- Always prepare a profit analysis report at the conclusion of each fundraiser to see what profit was expected vs the profit that was actually made. Share the financial documents with officers, members and principal – Transparency is the key ingredient!

IRS Guidance on Fundraising for SSOs

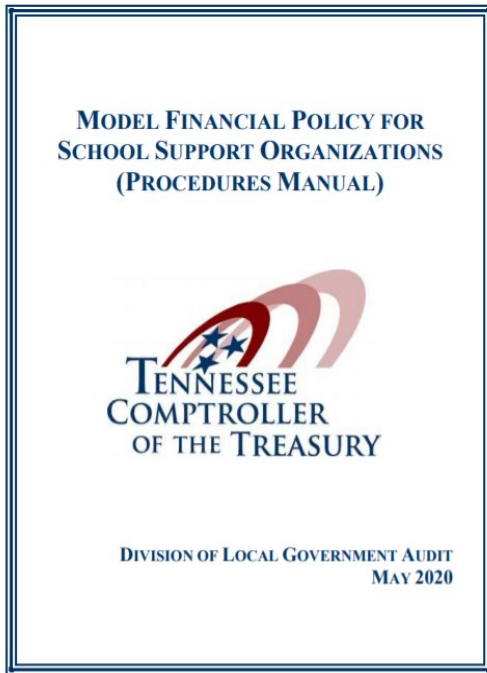
- Fundraisers must be conducted in a way that all students benefit equally. Per the TN Model Financial Policy, “The IRS has found that the use of individual fundraising accounts frequently results in illegal private benefits and strongly encourages its members not to use individual fundraising accounts since they may result in fines and penalties from the IRS and/or loss of tax- exempt status.”

Guidance from the IRS states:

- “An individual fundraising account is any method by which a booster club credits an individual or family for all, or a portion, of the funds raised by the individual, family or organization. When fundraising proceeds are attributed to specific students and used to offset fees or costs incurred by those students based upon the amount sold or the amount of time worked, it represents income to the students/parents.”
 - Disclaimer: MNPS does not recommend that the term “fair share” or “fees” be used when referring to payments that are appropriately collected as it is interpreted as individual benefits of participants.
 - Fees are to be receipted at the school level.

Model Financial Policy Manual for School Support Organizations

- Tennessee Code Annotated Title 49, Chapter 2 (SSO law) required the TN Comptroller's office to adopt a model financial policy for SSOs. This manual was then created.
- This policy manual is intended to provide minimum internal controls to assist members and officers in improving accountability over school support organization funds. It also provides recommendations for procedures that are supplemental to the minimum procedures.
- The *School Support Organization Financial Accountability Act*, at Section 49-2-604(e), Tennessee Code Annotated, requires "The organization shall adopt and maintain a written policy that specifies reasonable procedures for accounting, controlling and safeguarding any money, materials, property or securities collected or disbursed by it."



Student Fees in MNPS

- The TN Model Financial Policy Manual for School Support Organizations states:
 - “SSOs must not charge fees to students to participate in school-sponsored activities or events”.
- *Tennessee Code Annotated* 49-2-603(6)(f) defines fees charged to students for school sponsored academic, art, athletic or social events as student activity funds. As such, they must be accounted for by the school and deposited in the school bank account.
- Also, required or “suggested minimum” financial participation of students or their parents, whether through donations or required fundraising, will be interpreted as charging fees.
- Likewise, state law makes no provisions for SSOs to charge fees to students or their parents for participation in school-sponsored activities or events.
- Membership dues for administrative costs of the organization or similar costs should not be a disguised method of charging fees. This also includes payments that are called “fair share”, etc.



SSO Financial Documents

(Minimum requirements)

The SSO must:

- Issue pre-numbered checks and ensure that all checks have 2 signatures.
- Maintain all invoices and receipts.
- Develop an approval process in writing for making a purchase or for reimbursing an Officer or member for making a purchase.
- Ensure officers are aware of all purchases.
- Document all purchases and financial balances in your minutes.

Again, transparency is very important!



Debit Cards

(Minimum
requirements)

- In today's society, we know that debit cards are used more so than checks for convenience. However, it is highly recommended and preferred by the TN Comptroller's and MNPS that official prenumbered checks are used for disbursements over other methods such as debit cards for SSO purchases to prevent fraud, waste and abuse.
- If your organization chooses to use a debit card to make purchases, written guidelines should be in place regarding the usage and how the card will be secured. Cash withdrawals, cash advances or personal purchases should be prohibited with the debit card, regardless if the intent is to reimburse the organization. A daily dollar limit should be set by the membership in order to make a purchase with the debit card. A log should be kept of all authorized users when a purchase is made. The debit card should stay locked up in a secure place and not in the possession of any officer or member.
- The debit card should **never** be given to an MNPS employee for use or to keep in their possession.



Separation of Duties

(Minimum requirements)

SSOs should:

- Always have two set of eyes for the financial operations of the organization, the more the better.
- Never! Never! Never! have one person in control of all the finances.



MNPS Employees

(Minimum requirements)

- MNPS Employees should never be paid directly from a school support organization. Payments must be made through the MNPS payroll system. Contact your bookkeeper if your organization wants to pay an employee's salary, wages, or supplemental pay to get assistance on the proper steps through our Budget and Finance team.
- MNPS Employees should not be an authorized signer on the SSO checking account, handle SSO funds, or have possession of the SSO debit card, if one is available.



Gift Cards

- School support organizations such as PTO, PTA, booster clubs, or other outside organizations cannot donate funds or purchase gift cards for the school to bypass IRS regulations regarding de minimis fringe benefits. However, School Support Organizations or outside organizations may purchase merchant gift cards from their funds and give them directly to school employees as long as the outside party determines who gets the gift cards.
- Gift cards are allowable for student incentives of \$25 or less and must be a merchant gift card.

SSO Created Websites

- Please ensure that if your organization has an SSO website, the site is clearly advertised as an SSO site and not a school site. This is to help parents & visitors of the site differentiate between the school's official website and the organization's website.
 - **Correct Example:** Sunnyside High School PTA
 - **Incorrect Example:** Sunnyside High School with a picture of the school logo
- Be sure to keep your SSO website updated regularly with current information regarding activities, fundraisers, etc.
 - Disclaimer: All SSO fundraisers must be approved before posting to your organization's site or on social media.

SSO Culture in MNPS



Build a culture of accountability:

- Ensure that your organization's goals and objectives are to support the purpose of your associated school, class, or club that the organization has entered into agreement to support and not just used as a fundraising mechanism.
- Ensure that your organization is operating in a transparent manner and is fiscally responsible.
- Ensure that SSO activities are not conflicting with school activities or events.
- Provide a Treasurer's report, monthly financial report and/or a copy of the bank statement monthly from the SSO to your Principal for review.

SSO Culture (Cont'd)



- Be committed individuals with a mindset of discipline, responsibility, and transparency.
- SSO Officers should know their roles and operate in those respective roles. If you cannot fulfill your duties, make your organization aware.
- Monitor and evaluate your process and have open dialogue about it.
- Link actions or consequences when expectations are not being met.
- Train members that want to be involved as Officers for the next school year. This helps to eliminate confusion or delays for the organization in the next school year.

Resources and Support Available to SSOs

Please reach out to the appropriate entity or departments if questions arise:

✓ **Internal Revenue Service**

- Apply for EIN or 501c3 or get Federal Tax Requirements

✓ **Tennessee Secretary of State – Business Services**

- Register, Renew, or Dissolve a Nonprofit Organization in TN

✓ **Tennessee Department of Revenue**

- Sales Tax

✓ **TN Comptroller's of the Treasury**

- State Compliance
- Fraud, Waste, or Abuse Reporting

✓ **Local PTA Office**

- PTA Information and Compliance

✓ **MNPS Audit Department or MNPSsupportorganizations@mnps.org**

- Compliance with MNPS Policies or Procedures

FRAUD, WASTE or ABUSE

TN Comptroller's Office

- Citizens and agencies are encouraged to report fraud, waste or abuse in State and Local government.
- NOTE: This agency is a recipient of taxpayer funding. If you observe an agency director, employee, or SSO engaging in any activity which you consider to be illegal, improper or wasteful, please call the state Comptroller's toll-free Hotline:
 - **1-800-232-5454**
 - Notifications can also be submitted electronically at www.comptroller.tn.gov/hotline

Training Recap

This concludes the SSO Compliance Training. From the training you should have learned and taken away the following:

- Valuable information regarding the SSO Financial Accountability Act and state requirements
- Other SSO requirements and deadlines of MNPS
- Fundraising guidelines in MNPS
- TN Model Financial Policy Manual information for SSOs and its requirements
- Tips for a healthy and successful SSO culture
- Successes and Pitfalls of MNPS SSOs
- Resources available to SSOs

SSO Financial Training Assessment

- Please click the following link to access the required training assessment:
- <https://forms.office.com/r/9L16DvyGEr>
- REMINDER: Each President or individuals sharing the President position, Secretary, Treasurer or individuals sharing the Treasurer position must click the link above to complete the assessment. Make sure that you review your results and that you receive a score of 21 out of 21 or you will need to retake it. The President or officer submitting the organization's registration must ensure that the required officers completed this task before submitting registration information.