

TREASURY101: PROTECTING THE \$\$ FOR OUR KIDS

COPAC PARENT CONFERENCE
HOLLYWOOD ROAD EDUCATION SERVICES SAT, NOV 24, 2018
PREPARED AND PRESENTED BY: TAMARA EBL (SMS PAC TREASURER 2018-2019)

WHY ... PAC?

- ✚ Ultimately, for benefit of our kids.

WHY ... PAC Treasurer Role?

- ✚ Good ideas are only that.
- ✚ To bring good ideas to life, time (volunteer) and \$ (fundraising / grants) is required.
- ✚ Someone – preferably someone with financial acumen and specific financial training – needs to manage, track, and report the \$.
- ✚ The role of PAC Treasurer should not be taken lightly.

Who Benefits from Success?

- ✚ Ultimately, for benefit of our kids.

Who Suffers Consequence if “Off-the-Rails” (i.e. Lack of Fiscal Responsibility)

- ✚ Ultimately, our kids miss out on best intentions the \$ could have supported.

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Fraud Risk Triangle



Source: smallbizclub.com

Opportunity

- Blank signed cheques
- Cash
- Lack of fiscal scrutiny / review / audit
- Continuous role (e.g. same Treasurer K-6)
- Other

Incentive / Pressure

- Lifestyle (living beyond means / gambling / addictions, frequent / lavish vacations)
- Unfortunate / Unexpected Circumstances (illness of self / family member, separation / divorce, loss of job)
- Financial Hardship (support payments in arrears, tax bill, bankruptcy)
- Other

Attitude / Rationalization

- It's not much (Risk: Slippery Slope)
- I'll just borrow it for a bit, then pay it back
- I've contributed a lot, so I deserve a "cut"
- Nobody will notice
- Everybody does it
- Other

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Reducing the Risk (i.e. Protecting \$ for Our Kids)

REDUCE the Opportunity

- DON'T ... Blank signed cheques
- DO ... Consider alternate process for paying vendors (e.g. SMS PAC hot lunch)
- DO ... Require minimum 2-to-sign for cheques, Gaming and General account(s)
- DO ... Install (and use) locked box for Cash
- DO ... Double-count all Cash (s/b 2 people, at least)
- DO ... Reconcile all Cash receipts (e.g. to hot lunch reports, etc)
- DO ... Encourage and support fiscal scrutiny / review / audit
- DO ... Ensure a detailed budget is approved, preferably in advance of spending
- DO ... Expect detailed Treasurer Report to be presented at each PAC meeting
- DO ... Initiate periodic request(s) for review / audit of records (see below re: Audit ...)
- DO ... Have maximum term for Treasurer role

BE AWARE of Incentive / Pressure

- DO ... Watch for red flags
 - Lifestyle (living beyond means / gambling / addictions, frequent / lavish vacations)
 - Unfortunate / Unexpected Circumstances (illness of self / family member, separation / divorce, loss of job)
 - Financial Hardship (support payments in arrears, tax bill, bankruptcy)

BE AWARE of (and Challenge) Attitude / Rationalization

- DO ... Scrutinize / review / audit even the small amounts
 - *"It's not much" (Risk: Slippery Slope)*
- DO ... Review bank statement(s) and bank reconciliation(s)
 - *"I'll just borrow it for a bit, then pay it back" (Risk: Unauthorized)*
- DO ... Watch for red flag comments
 - *"I've contributed a lot, so I deserve a cut" (Risk: Rationalization)*
- DO ... Initiate periodic request(s) for review / audit of records (see below ...)
 - *"Nobody will notice" (Risk: Maybe nobody will notice! 😏)*
- DON'T be afraid to promote a fiscally responsible culture
 - *"Everybody does it" (Risk: Rationalization ... What if everybody DID it?!)*

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Audit

s/b welcome ... Treasurer is inherently a position of scrutiny, for good cause ... s/b nothing to hide

WHO Can Request a Review / Audit of a PAC's Financial Records?

- ✓ ANY parent / guardian within the school community serviced by the specific PAC

WHAT is Required to be able to Conduct a Review / Audit of a PAC's Financial Records?

- ✓ Simply an interest and an inquisitive nature
- ✓ The reviewer does NOT need to have financial expertise or formal training

Suggestions

Ask to see supporting receipts for

1. "Misc" or "Other" line items (Risk: Often the most common place fraudulent activities start)
2. Pick a line item at random (... Power of element of surprise)
3. Pick a line item that has already been recently reviewed (Risk: Easy place to try to "hide" something if someone feels safe the line item won't be looked at again)
4. Double-check that "Approved Budget" column agrees to the actual Approved Budget per Approved Minutes (Risk: "Padding" a budget line item)

Review

1. Bank statement(s) and bank reconciliations (Risk: outs = borrowing / ins = paying back, unexplained transactions)
2. General ledger (e.g. transactions recorded in spreadsheet or in accounting software)

Note: Records could be in hard copy (e.g. paper) or digital (e.g. downloaded / scanned), generally equally acceptable.

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Other Thoughts: Budgets (PAC and COPAC)

Suggestions to improve Budget Process for PACs?

- Spending s/b only after Approval of Budget

Current Situation:

- PACs: Spending often occurring before Approval of Budget (e.g. Welcome Back BBQs in Sept, Budget not approved until Nov/Dec)
- COPAC: Spending also occurring before Approval of Budget (e.g. COPAC Conference, Budget not even being discussed until Dec)
- RISKS:
 - ✚ Over-commitment to funding requests before funding secured
 - ✚ Unauthorized spend, with budget then used as “remedy”
 - ✚ Heightened fundraising pressure on PAC Exec / parents / volunteers to cover unauthorized / over-committed spending
 - May result in parents with good intentions ultimately distancing themselves from PAC for fear of being pressured to fundraise ... = decreased engagement
 - Important to recognize that fundraising is not a comfortable role for many

Issues Going Forward:

- PAC: June may be too early for funding requests for teachers / staff?
- PAC: Grant funding is not guaranteed ... Budget may be heavily dependent on Gaming Grant, not confirmed until late Sept / early Oct
- COPAC: SD23 funding is not guaranteed ... Sole source of funding for COPAC
- COPAC: What is timing of SD23 funding?
- PAC and COPAC: Turnover of Treasurers ... Incoming Treasurer may need time to familiarize themselves with financial situation (e.g. Opening Balance for Sept?)
- Other