

## AUDIT REPORT

Date \_\_\_\_\_ Fiscal Year \_\_\_\_\_  
 Name of Unit \_\_\_\_\_ IRS EI Number \_\_\_\_\_  
 Council \_\_\_\_\_ District PTA \_\_\_\_\_  
 Bank Name \_\_\_\_\_ Account # \_\_\_\_\_  
 Bank Address \_\_\_\_\_ City/Zip \_\_\_\_\_

**Dates covered by this audit** \_\_\_\_\_

**Check numbers reviewed in this audit** \_\_\_\_\_

**BALANCE ON HAND** at time of last audit \_\_\_\_\_ (date) \$ \_\_\_\_\_  
**RECEIPTS** since last audit \$ \_\_\_\_\_  
**TOTAL** \$ \_\_\_\_\_  
**DISBURSEMENTS** since last audit \$ \_\_\_\_\_  
**BALANCE ON HAND** \_\_\_\_\_ (date) \$ \_\_\_\_\_\*

**BANK RECONCILIATION**

Last **BANK STATEMENT** balance \_\_\_\_\_ (date) \$ \_\_\_\_\_  
**DEPOSITS** not yet credited (**add to balance**) \$ \_\_\_\_\_  
 \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

**CHECKS OUTSTANDING** (List check number and amount)

#	\$	#	\$	#	\$

**TOTAL** outstanding checks (**subtract from balance**) \$ \_\_\_\_\_  
**BALANCE** in checking account \_\_\_\_\_ (date) \$ \_\_\_\_\_\*

\*These lines must balance

I have verified that all tax forms, PTA- and government-required forms have been filed, if required.

The following is all that needs to be read when the auditor's report is given:

I have examined the financial records of the treasurer of \_\_\_\_\_ PTA/PTSA and find them

- correct
- substantially correct with the following recommendations
- partially correct more adequate accounting procedures need to be followed so that a more thorough audit report can be given
- incorrect

Audit completed \_\_\_\_\_ Auditor's Signature \_\_\_\_\_

Audit adopted \_\_\_\_\_

**(Copies: unit president, secretary, and treasurer; council treasurer or auditor and district PTA treasurer or auditor as directed by the district PTA. Attach copy of tax form(s) to next level PTA, if required to file.)**

Submit separate report of explanation and recommendations to executive board.  
 A separate audit form must be completed for each bank account.

## AUDIT CHECKLIST

DESCRIPTION	YES	NO
<input type="checkbox"/> Bylaws & Standing Rules <input type="checkbox"/> Budget(s) <input type="checkbox"/> Last Audit Report <input type="checkbox"/> Ledger <input type="checkbox"/> Checkbook register <input type="checkbox"/> Cancelled checks (including voids) <input type="checkbox"/> Authorizations for Payment <input type="checkbox"/> Cash Verification Forms <input type="checkbox"/> Bank statements, bank books and deposit slips <input type="checkbox"/> Receipts/bills <input type="checkbox"/> Cash receipts <input type="checkbox"/> Executive board minutes <input type="checkbox"/> Association minutes <input type="checkbox"/> Committee reports <input type="checkbox"/> Monthly Treasurer Report <input type="checkbox"/> Monthly Financial Secretary Reports <input type="checkbox"/> Annual Financial Report <input type="checkbox"/> Workers' Compensation Annual Payroll Report form <b>If required:</b> <input type="checkbox"/> IRS Forms 990/990EZ <input type="checkbox"/> IRS Form 941 <input type="checkbox"/> IRS Form 1099 <input type="checkbox"/> State Form DE-6 <input type="checkbox"/> State Form DE-542 <b>Required of council and district PTAs only:</b> <input type="checkbox"/> State Form 199 <input type="checkbox"/> State Form RRF-1	<input type="checkbox"/>	<input type="checkbox"/>
<b>Financial records provided:</b> (Originals)	<input type="checkbox"/>	<input type="checkbox"/>
<b>Beginning Balance Records</b>		
1. Check to see if amount shown on first bank statement (adjusted for outstanding checks and deposits) corresponds to the starting balance recorded in checkbook register, ledger, treasurer's report and ending balance of last audit	<input type="checkbox"/>	<input type="checkbox"/>
<b>Bank Reconciliation</b>		
1. All bank statements reconciled since last audit by treasurer and one other person	<input type="checkbox"/>	<input type="checkbox"/>
2. Ending balances (checkbook register, ledger and treasurer report) agree with last bank statement (adjusted for outstanding checks and deposits not posted to bank statement)	<input type="checkbox"/>	<input type="checkbox"/>
3. Deposits and Checks Written: (signed by two: president, treasurer and one other elected officer)		
a) Recorded in checkbook register	<input type="checkbox"/>	<input type="checkbox"/>
b) Recorded in ledger in proper columns		
c) Agree with treasurer reports		
4. Bank charges and interest recorded in checkbook register, ledger and treasurer reports	<input type="checkbox"/>	<input type="checkbox"/>
<b>Membership</b>		
1. Amount recorded and deposited equals total number of memberships # _____ (members) @ \$ _____ (membership dues listed in bylaws)	<input type="checkbox"/>	<input type="checkbox"/>
2. Amount forwarded to council/district PTA equals total number of memberships # _____ (members) @ \$ _____ (amount listed in bylaws)	<input type="checkbox"/>	<input type="checkbox"/>
<b>Insurance</b> – premium(s) forwarded to council/district PTA by due date	<input type="checkbox"/>	<input type="checkbox"/>
<b>Minutes</b>		
1. All expenditures approved and recorded in executive board minutes (List those expenditures not approved on recommendation report)	<input type="checkbox"/>	<input type="checkbox"/>
2. All expenditures approved/ratified in association minutes (List those expenditures not approved on recommendation report)	<input type="checkbox"/>	<input type="checkbox"/>
3. Committee minutes record plans, proposed expenditures, and total of monies earned	<input type="checkbox"/>	<input type="checkbox"/>
<b>Authorizations for Payment</b> (signed by two: secretary and president or financial secretary)		
1. All authorizations written for approved amounts (List missing authorizations on recommendation report)	<input type="checkbox"/>	<input type="checkbox"/>
2. All authorizations have receipt/bill attached (List missing receipts/bills on recommendation report)	<input type="checkbox"/>	<input type="checkbox"/>
<b>Income</b>		
1. Cash receipts used	<input type="checkbox"/>	<input type="checkbox"/>
2. Cash Verification Forms used with two people counting money	<input type="checkbox"/>	<input type="checkbox"/>
3. Income received matches deposits recorded in checkbook register, ledger and treasurer reports	<input type="checkbox"/>	<input type="checkbox"/>
4. Designated income spent as approved	<input type="checkbox"/>	<input type="checkbox"/>
<b>Financial Secretary Reports</b>		
1. Filed monthly	<input type="checkbox"/>	<input type="checkbox"/>
2. Receipts/Deposits agree with ledger & register	<input type="checkbox"/>	<input type="checkbox"/>
3. Authorizations match checks written	<input type="checkbox"/>	<input type="checkbox"/>
<b>Treasurer Reports</b>		
1. Filed monthly	<input type="checkbox"/>	<input type="checkbox"/>
2. Agree with ledger and checkbook register	<input type="checkbox"/>	<input type="checkbox"/>
3. Annual Financial Report	<input type="checkbox"/>	<input type="checkbox"/>
<b>Committee Reports</b>		
1. Committee reports for all fundraisers submitted.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Reporting Forms and Tax Returns</b>		
1. Verify on Audit Report that all forms have been filed annually (if required)	<input type="checkbox"/>	<input type="checkbox"/>
<b>Audit Reports</b>		
1. Audit done semiannually	<input type="checkbox"/>	<input type="checkbox"/>
2. Prepare and present written report with recommendations to executive board	<input type="checkbox"/>	<input type="checkbox"/>
3. Present audit report to association for adoption	<input type="checkbox"/>	<input type="checkbox"/>
4. Forward report to the next level PTA (See Bylaws, Duties of Officers, Auditor)	<input type="checkbox"/>	<input type="checkbox"/>
<b>Audit Recommendations</b>		
All "No" answers should be included in the report as recommendations to change financial procedures. At the completion of the audit, meet with president and financial officers to discuss recommendations and any corrections as needed. When errors have been corrected by a financial officer and accounts are accurate, draw a double line in red ink where the audit concludes on all records. Sign & date the audited materials.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Mismanagement</b> – If suspected, contact district PTA immediately for assistance.	<input type="checkbox"/>	<input type="checkbox"/>

### 5.3.13 Non-Dues Revenue

*National PTA Money Matters Quick-Reference Guide*

PTAs may need non-dues revenue to carry out the programs that members want. *E-commerce* and *affinity programs* are popular non-dues revenue sources. They work by contributing a portion of the sale of a product or service to a particular charitable cause. The amount of the contribution is usually governed by the sales or the usage of product or service.

*E-commerce* purchases are made through the Internet. PTAs can enter into agreements with companies whereby the companies return a percentage of member and nonmember purchases to PTAs as a contribution. PTAs also can be designated as recipients of charitable contributions whenever a customer is asked to designate a charity.

Affinity programs, such as PTA-logo credit cards, are based on the usage of the card. Each time a holder of the credit card makes a purchase using the card, a percentage of the purchase or a set fee may be received by PTA. PTAs may also receive an enrollment fee for each card issued.

When either type of agreement is formulated, a PTA should verify that the agreement is structured to protect the PTA's tax-exempt status and does not compromise PTA policies. Either agreement can be structured to avoid unrelated business income. The money received by PTAs should be accounted for as contributions on their financial statements.

### 5.3.14 PTA Funds vs. School Funds

Only PTA funds shall be deposited into the PTA treasury. A PTA shall not act as a depository for funds of other organizations. School funds or funds belonging to outside groups shall not be commingled with PTA funds in any way. If a PTA sponsors a project or program in cooperation with the school, all funds shall be accounted for and separated prior to the immediate deposit of the PTA portion into the PTA bank account. All funds deposited in the PTA account become the property of the PTA, and all expenditures require a vote of the association.

**PTA funds** are private monies; **school funds** are public monies.

### 5.3.15 Commingling of Funds

A unit PTA is a nonprofit, private organization. To comply with all requirements, regulations and laws, a PTA must handle only those funds over which it has full control. All PTA monies and other assets are the property of the unit and shall be administered through its own accounts.

A PTA SHALL NOT

- Deposit funds from other groups or organizations in the PTA account;
- Deposit PTA funds in a personal account; or

- Deposit PTA funds in school or school district accounts.

For tax reporting and filing purposes, the IRS considers all monies deposited to the PTA account as that PTA's gross receipts, excluding funds forwarded through channels (e.g., per capita dues).

## 5.4 The PTA Audit

All unit, council and district PTAs must conduct audits semiannually or upon resignation of the treasurer, financial secretary, any check signer, or at any time deemed necessary by the executive board.

An audit is a formal examination of the financial books and records of the financial officers of the PTA. It serves to certify that receipts and expenditures, as authorized in the minutes, are in conformity with bylaws, Standing Rules, and budget limitations. The PTA audit serves as an official examination of the financial records conducted by the auditor, appointed audit committee, or paid auditor at the times specified in the Bylaws and when there is a change in financial officers.

### 5.4.1 Audit Schedule

At the beginning of the year, the treasurer should set up the books from the perspective of an auditor. The auditor should meet with the financial officers and explain what is required to conduct an audit.

### 5.4.2 Purpose of an Audit

An audit determines the accuracy of the books, detects inconsistencies or errors, provides recommendations for corrective action, protects the financial officers, verifies that funds were sent through channels as appropriate, and assures the membership that the association's resources were managed in a businesslike manner within the regulations established for their use.

The person conducting the audit should always be impartial and not related by blood or marriage nor reside in the same household as the president or other financial officers or any chairmen handling funds.

The auditor is often a member of the budget, programs, or fundraising committees, but is never the one authorized to sign the PTA's checks. It is permissible for the PTA to hire a professional to conduct the audit.

The auditor may be an elected officer, appointed individual or committee, or a professional hired by the PTA in accordance with the procedures listed in the Bylaws. The president, treasurer, financial secretary, secretary, or committee chairmen handling funds may not audit the finances.

### 5.4.3 Preparation for an Audit

Collect all financial books, records and reports from the treasurer, including:

- A copy of the last audit report;

- Current bylaws and standing rules;
- Originals of checkbook register, whether handwritten or computer generated, and canceled checks (including voided checks);
- Originals of bank statements, bank book and deposit slips;
- Cash receipts;
- Authorizations for payment;
- Itemized statements and receipts of bills paid;
- Monthly Treasurer's Reports;
- Original treasurer's books/ledgers including back-up files (external storage device) if books are kept on a computer;
- Annual Financial Report;
- Copies of board, executive committee and association minutes, which would include an adopted budget, any amendments that were approved during the year, approval of expenditures, and ratification of payments;
- Committee reports from chairmen (e.g., fundraising, membership, etc.);
- Any other information requested by the auditor;
- Copy of PTA-required Workers' Compensation annual Payroll Report form;
- Copies of all required state and federal report forms if PTA hires employee(s);
- Copies of all required federal report forms if PTA hires independent contractor(s);
- Copies of the most recently filed IRS Form 990, if required;
- Council and district PTAs must also include copies of the State Form 199 and RRF-1.

#### 5.4.4 Audit Procedure

Audit each account separately. Check off items in red ink as they are reviewed. Do not correct errors. Ask the responsible financial officer to correct errors after presenting the report. After errors have been corrected, and the auditor is satisfied that the financial accounts are correct, draw a double line across the ledger and checkbook register where the audit concludes and sign and date using red ink, "Audited by (name) on (date)."

The auditor ensures that the association's financial records are accurate:

- Check to be sure all financial materials requested are available.
- If the PTA has more than one account, audit each account separately.
- Include bank name, bank address, type of account and the account number on each report.
- Check off items in red ink as reviewed. Make sure additions/subtractions are correct in all instances.
- Do not correct errors. Make notes as to how to correct errors and include in the report.
- Start audit with records posted after the last audit. Check to see if the amount shown on the first bank statement (adjusted for outstanding checks and deposits) corresponds to the starting balance recorded in the checkbook register, ledger, and treasurer report, and the ending balance of the last audit.
- Check to see that the ending balance of the last bank statement, checkbook register, ledger and treasurer report agree.
- Confirm reconciliation of each month's bank statement to the checkbook register by someone other than the treasurer. Make sure every check is substantiated with an authorization for payment with reason for disbursement, appropriate payee and a receipt or bill. If no authorization can be found, verify it was a transfer payment, such as council dues. Note missing checks. (Void checks are filed.)
- Check that all bank charges and interest earned are recorded in the checkbook register, ledger and treasurer reports.
- Ensure that checks (see bylaws) and authorizations are signed by approved officers.
- Reconcile each deposit slip with bank statement and checkbook entries. Ensure money was deposited promptly.
- Ensure collection process is in place for returned checks that includes reimbursement of applicable bank charges. A returned check is treated as reverse income and reimbursed bank charges are treated as reverse expenses.
- Reconcile checkbook register to the ledger. Check each month's ledger entries for error, and cross-check against checks issued and receipts posted. Cross-reference checkbook register with checks issued.
- Verify that all income and expenditures are allocated into the same categories that constitute the approved budget.
- Make certain that council, district, State and National PTA portions of the membership dues have been kept separate from other receipts and forwarded immediately.
- Make certain that the number of memberships agrees with membership chairman's report, and verify that membership monies collected correspond to membership monies forwarded.
- Ensure payment for insurance premiums.
- Make certain the money collected for a specific purpose (special projects, Founders Day, scholarship funds, council dues, etc.) has been so disbursed.

- Check association and executive board minutes to see if expenditures were authorized. No motion is required for payment of transfer funds – per capita, Founders Day freewill offering, and insurance premiums.
- Check event reports to verify receipts and expenditures.
- Check all cash receipt slips issued, and verify proper entry in ledger.
- Ensure that Cash Verification Forms (Forms 9) are being used and two people are counting money.
- If an advance has been given, ensure that advance amount matches the approved expense.
- Compare figures on monthly treasurer and annual financial reports against ledger for accuracy.
- Ensure proper tax returns have been filed, if necessary.
- Prepare copies of written report, including recommendations, for president, secretary, financial officers, and council/district. When called upon, read only the statement “The auditing committee has/I have examined the records of the treasurer of \_\_\_\_\_ PTA and find
  - them to be correct, or
  - them to be substantially correct with the following recommendations, or
  - more adequate accounting procedures are needed so that a more thorough audit report can be given, or
  - them to be incorrect.
- Verify that the PTA-required Workers’ Compensation Annual Payroll Report form has been filed through PTA channels.
- Verify that all required state and federal report forms have been filed if PTA hires employee(s) or independent contractor(s).
- Verify that all tax forms have been filed, if required.
- Council and district PTA auditors only: verify that council and district PTAs have filed the required State Forms 199 and RRF-1.

Each committee member must sign the report. If questions are raised by the membership, the president should state that a committee has been appointed to look into any problem, and that the members will report back to the association at the next meeting. The audit report is adopted by the association with the motion “I move that the audit report be adopted.”

- Ask the responsible financial officer to correct errors after presenting the report.

For more information about PTA audit procedures, refer to *Bylaws for Local PTA/PTSA Units*, Article VI, Section 8

- After any errors have been corrected and all are satisfied that the financial accounts are correct, draw a double line across the ledger and checkbook register where the audit concludes and sign and date using red ink “Examined by (name) on (date).”

#### 5.4.5 Audit Report

Audit Reports are to be forwarded to the next level PTA. (See Bylaws, Duties of Officers, Auditor.)

At the completion of the audit, meet with the financial officers and president to discuss recommended corrections. When errors have been corrected by a financial officer and accounts are accurate, draw a double line in red ink where the audit concludes. Sign and date the ledger (Audit Report Form, Forms 9).

#### 5.4.5a AUDIT REPORT CHECKLIST

- Prepare written report.
- Report should include bank name and address, type of account, account number, EIN, beginning balance (ending balance from last audit), a total of all expenditures, all deposits, outstanding checks, outstanding deposits, and an ending balance (Audit Report Form, Forms 9).
 

Include a statement at the bottom of the report to be read upon presentation of the report, “The audit committee has/I have examined the records of the treasurer of \_\_\_\_\_ PTA and find— them to be correct, or— them to be substantially correct with the following recommendations, or—more adequate accounting procedures are needed so that a more thorough audit report can be given, or—them to be incorrect.” Each member of the committee or the auditor should sign the report.
- Attach any recommendations to the report. List errors in arithmetic or posting. List unpaid bills and payments authorized, but not paid.
- Present the audit report with recommendations to the executive board, and attach the report to the executive board minutes.
- Present the audit report to the association, and read the statement given on the report (from the form).
- Formally adopt the audit report with a motion: “I move that the audit report be adopted,” and record the action in the association minutes. Any PTA member may make a motion to adopt the audit report.
- Attach a signed copy of the audit report to the association minutes.
- Forward copies of adopted audit to the next level PTA.

If there are questions raised by the membership, the president should appoint a committee to look into the problems and report back to the association at the next meeting (Mismanagement of Funds/Embezzlement 5.4.7).

If assistance is needed, contact the council or district PTA. At any time during the process, the California State PTA also may be contacted for information and assistance.

For more information on audit procedures, see *National PTA Quick-Reference Guide*, Money Matters.

#### 5.4.6 Internal Revenue Service (IRS) Audit

The IRS examines the records of PTAs on a random sampling basis. The notification of an IRS audit of the PTA records will include a list of items that must be made available. If a PTA letter of exemption is required, the state office will furnish a copy upon request.

Do not make any implicit, explicit, oral or written statements or accusations.

A notification of intention to audit from the IRS should not be cause for panic. All PTA financial records should be kept up-to-date, so that an audit can be conducted without a problem. If contacted for an IRS audit, notify the district and California State PTA treasurers. After the audit is completed, provide the district and California State PTA treasurers with the results.

#### 5.4.7 Mismanagement of Funds/Embezzlement

Mismanagement of funds refers to the potential loss of PTA funds and raises questions about the integrity of the individual(s) in charge of the PTA funds. PTA funds are protected by following correct financial procedures. The PTA executive board must safeguard the association's assets and potentially clear the individuals who may be involved.

There are several signs of possible mismanagement: lack of receipts and/or treasurer's reports; payments made in cash rather than by check; missed meetings by financial officers; and unanswered phone calls or mail. However, these are merely signs, not proof of wrongdoing, so be discreet. Do not make any implicit, explicit, oral or written statements or accusations. Such actions could result in a lawsuit for libel or slander.

##### 5.4.7a PROCEDURE

Notify the district PTA president and with guidance from the district PTA president, review the information, and determine the appropriate course of action.

Call a special meeting of the unit executive board and principal to confidentially review the facts and determine the actions to be taken.

Exclude the individual(s) who might be involved in the mismanagement of funds.

Notify the council/district PTA presidents of the scheduled meeting date, so they can attend. The president will invite the council/district PTA treasurer to attend, if necessary.

Convene the meeting.

Instruct the secretary to take minutes of the special meeting. These confidential minutes must reflect all

actions authorized by the executive board. However, be careful not to accuse any specific individual. File these minutes with the minutes of the executive board.

Review the information presented. Conduct the discussion. A motion and vote are needed to authorize any proposed action(s), which could include:

- Obtaining the books and financial records from the treasurer;
- Requesting the bank to freeze the account pending the results of an audit. Provide the bank with a statement from the executive board authorizing the bank to take such action;
- Appointing appropriate person(s) to audit the books and records of the unit immediately and thoroughly; or
- Adjourning the meeting. Remind all present that the matter is confidential and must not be discussed.

When an audit is authorized, obtain a written report from the auditor and call a second special meeting of the executive board and the principal to review the audit findings. Evaluate the audit findings to determine if there are indications of carelessness or inaccurate or improper record keeping or the more serious matter of missing funds.

If the results of the audit indicate that money is missing from the account, the executive board shall

- Notify the council or district PTA president, who will notify the insurance company immediately;
- File a complaint with the local law enforcement agency or district attorney's office requesting an investigation;
- Provide copies of all substantiating documents;
- Request appropriate legal action; and
- Request direction as to the next steps, including meeting with the individual(s) concerned to discuss the results of the audit.

Do not make a direct accusation. Do not accept any offer of direct repayment from an individual, unless payment of the full audited amount is to be made with cash, certified check or money order. It is important to report the loss to the district PTA and insurance broker right away. The bonding company will pursue reimbursement from the individual.

##### 5.4.7b NOTIFICATION OF INSURANCE COMPANY

Claims must be reported in a timely manner. As soon as a mismanagement incident is being investigated, it should be reported to the insurance broker by the district PTA.

If there is a preliminary determination that embezzlement or misappropriation has occurred, be careful not to commit a crime known as "compounding."

"Compounding" is a form of extortion that occurs when one says to someone, "I will not turn you into the police

provided that you do the following...” Seek advice from the district attorney’s office on ways to avoid compounding.

#### 5.4.7c REMOVING THE OFFICER

Consult with the council/district PTA prior to beginning the following process.

If removing the officer from office is a consideration, the executive board must make a formal request through channels to the council/district PTA for assistance in determining whether a hearing should be conducted to remove the officer from office before proceeding with any action. The council/district PTA hearing panel following a two-thirds (2/3) affirmative vote, may recommend that the executive board meet and remove the officer from office.

Notice Procedures Concerning Removal: Following the two-thirds (2/3) affirmative vote by the council/district PTA hearing panel recommending that the officer be removed from office: (1) The officer must be given fifteen (15) days’ written notice of the hearing by the executive board to remove the officer from office; (2) The written notice shall contain the reasons for the proposed removal, and shall be mailed by certified mail, return receipt requested, to the last address of the officer shown on the association’s records; (3) At the hearing, the officer must be given an opportunity to address the executive board, either orally or in writing; (4) If the hearing panel recommends removal from office, the executive board shall convene not less than five (5) days following the hearing and vote whether the officer will be removed from office; (5) A two-thirds (2/3) vote of the executive board shall be sufficient to remove the officer from office; (6) The removal vote shall be recorded in the executive board minutes and shall specify the number of members voting in favor of and against such removal; (7) The council/district PTA shall be notified in writing of the action taken by the executive board; (8) The officer is notified by certified mail, return receipt requested.

#### 5.4.7d LEGAL ACTION

Once the unit president has notified the council or district PTA, the district attorney’s office will weigh the evidence and determine whether to proceed with the case and whether to detain the alleged suspect.

Embezzlement, the stealing of money entrusted into one’s care by means of fraud for one’s own use, is considered to be the same as theft under the law. Criminal charges must be filed with the police or sheriff’s department.

See *Bylaws for Local PTA/PTSA Units*, Article VI, Section 12, for detailed information on removing an individual from office.

Do not make any implicit, explicit, oral or written statements or accusations.

Theft in any form is a violation of the law and should be handled as a serious offense. If money is stolen from an individual’s car or property, a police report should be filed immediately and contact made with the individual’s insurance company to determine coverage.

## 5.5 General Operating Information

### 5.5.1 Contracts

Contracts are a legally enforceable agreement between two or more persons or organizations. All contracts must be approved by the PTA membership and signed by **two elected officers**, one of whom must be the president.

When entering into a contract, the president is responsible for the agreement and should clearly identify that it is the PTA entering into the contract and not the president as an individual. The signature on a written contract should read, “\_\_\_\_\_ PTA by \_\_\_\_\_, President and (name), officer.”

Receive the contract in writing. Understand the terms and conditions of the contract. Have the contract reviewed by legal counsel if needed. Ensure that the length of the contract is limited to the current membership year and does not encumber future boards.

Do not sign a contract that makes the PTA responsible for injury or damages.

Independent contractors must provide current certificates of insurance, which the PTA must retain in its files. Directors, teachers, or instructors hired as independent contractors must carry their own general liability insurance and Workers’ Compensation Insurance.

All contracts must be approved by the association prior to being signed.

### 5.5.2 Hold Harmless Agreement

A Hold Harmless Agreement means that the signer assumes total liability for a facility while the signer is using it. Many school district Facility Use Permits include a Hold Harmless Agreement which, if signed, would mean that the PTA assumes the total liability for that facility during PTA’s usage, whether the cause of an injury or accident is due to anything under the control of the PTA or not. If the school district requires the PTA to sign a Hold Harmless Agreement for use of school premises, the PTA should contact the California State PTA insurance broker. The insurance broker may then direct the signing of a Facilities Use Permit Addendum (Forms 9).

PTA is required to obtain a Hold Harmless Agreement and Evidence of Insurance from each vendor, concessionaire, or service provider who is used. Instead of providing Evidence of Insurance to each individual unit, the vendor, concessionaire, or service provider may file an annual copy of coverage with the California State PTA insurance broker.