SSOs – Internal Controls, Best Practices, and Statutory Requirements

Keep yourself out of trouble!

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TENNESSEE COMPTROLLER OF THE TREASURY

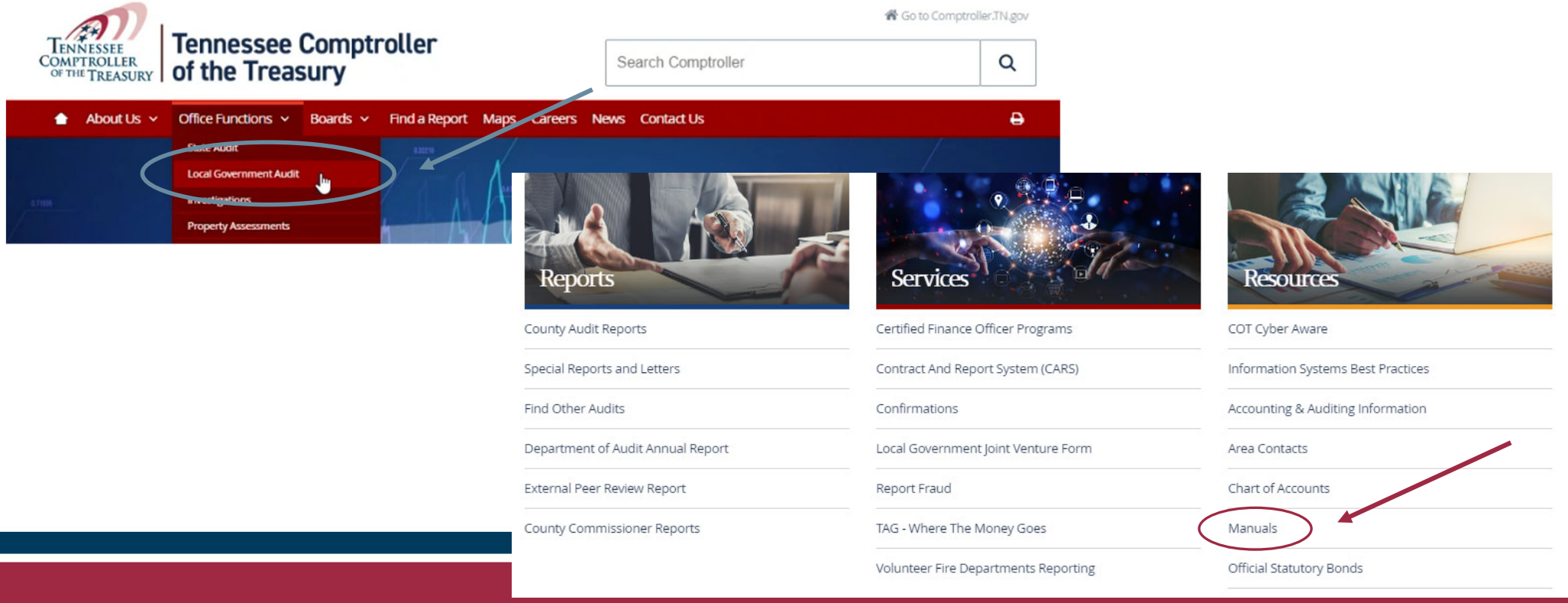
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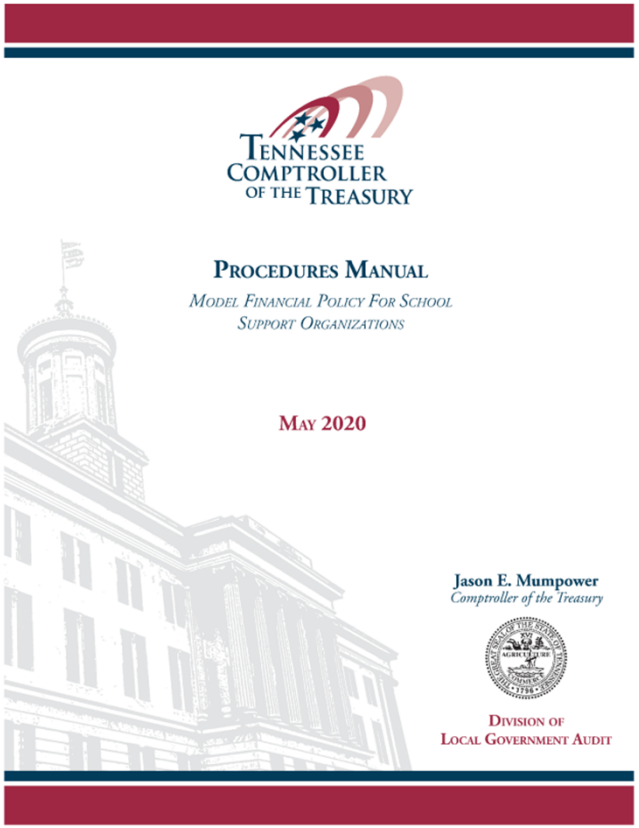
Disclaimer

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Navigating to the *Procedures Manual*

www.comptroller.tn.gov





https://comptroller.tn.gov/office-functions/la/resources/manuals.html

Tennessee Comptroller of the Treasury

Tennessee Comptroller of the Treasury



What should we be doing?



Who are we talking about?

SSO - Defined

School Support Organizations (SSOs) are:

Organizations that collect or receive money, materials, or property from:

- students,
- parents,
- or members of the general public

Their primary purpose is to support a school district, school, club, or any academic, arts, athletic, or social activities related to a school.

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SSO - Examples

- Booster club
- Foundation
- Parent-teacher association
- Parent-teacher organization
- Parent-teacher support organization
- Any other nongovernmental organization

School Representative - Defined

School representatives include:

- School board members
- Director of Schools
- Principal
- Any person primarily responsible for accounting for either the school system or individual school funds
- School employee charged with directing or assisting in directing a related school club or activity
- Any school sponsor of a related club or activity, including:
  - Coaches
  - Band directors

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Can a school be responsible for accounting for the funds of an SSO by mutual agreement?



No

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School Representative:

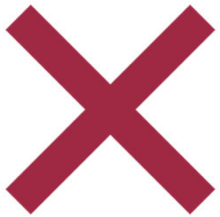
- may not act as treasurer/bookkeeper of SSO
- may not serve as signatory on SSO checks



Who is in charge?



SSOs are legally separate organizations



SSOs do not operate in a vaccum

Is an individual school or principal legally responsible for the actions of an SSO?



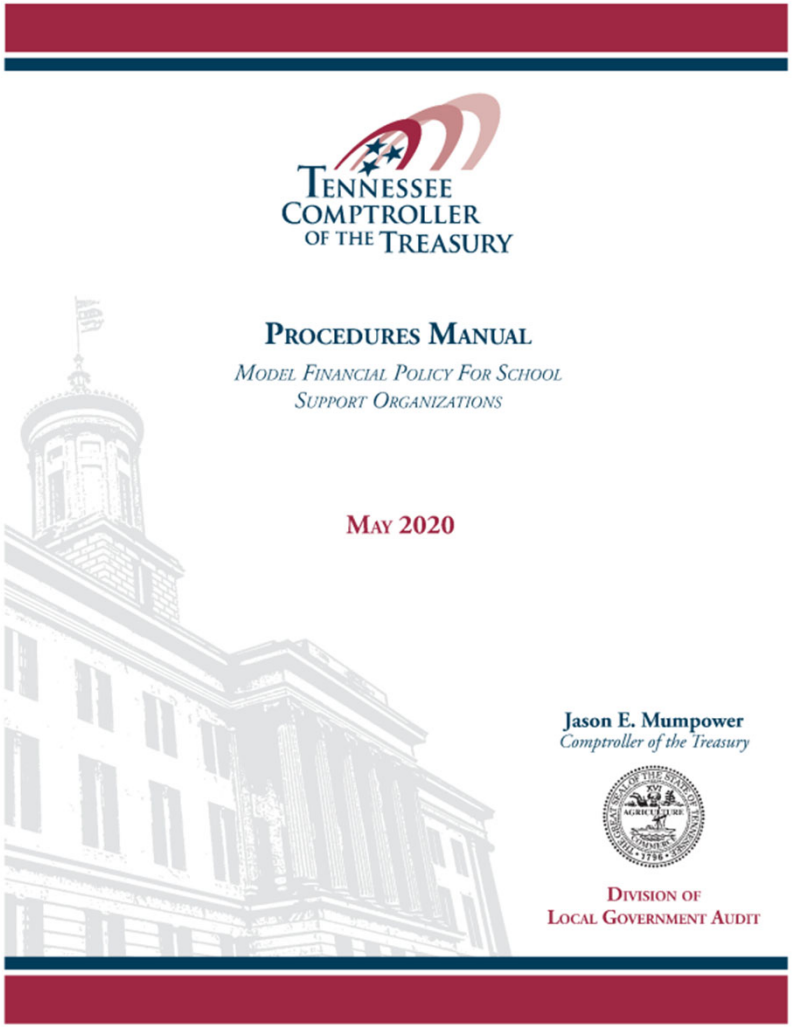
No

TENNESSEE COMPTROLLER OF THE TREASURY

Tennessee Code Annotated § 49-2-604

SSO Policies

SSO shall adopt and maintain a written policy specifying reasonable procedures for accounting, controlling and safeguarding any money, materials, property or securities collected or disbursed by it.



Procedures Manual

- Minimum required policies and internal controls to assist SSOs in improving accountability of funds
- SSOs must follow the required policies and internal controls set forth in the ***Procedures Manual***

Tennessee Comptroller of the Treasury

May a school board establish policies that are more restrictive than the minimum requirements under the Act?



Yes

Tennessee Code Annotated § 49-2-604

Local Board of Education Policies

- Local board shall adopt policies regarding the use of school facilities for fundraising purposes, cooperative agreements, and SSOs.

- Until such policy is in place, an SSO may not raise money, materials or property by using the school district's or school's:
  - Name
  - Mascot
  - Logos
  - Property or facilities

Tennessee Code Annotated § 49-2-604

Local Board of Education Policies



1 & 2.
SSO shall verify accuracy of organizational information with Director of Schools

3.
SSO must obtain fundraising approval from Director of Schools

4.
SSO shall provide statement of total revenues and disbursements to Director of Schools

TENNESSEE COMPTROLLER OF THE TREASURY



We have the policy, now what?

General Requirements

1. SSO must incorporate as a nonprofit or be a chartered member of a nonprofit organization

What's the District's role?

The Director receives the annual SSO information to confirm this status.

What should the District consider?

Do we have a process to monitor which SSOs are active and compliant?

General Requirements

2. SSO must annually provide to the Director of Schools:
   - Confirmation of its status as a nonprofit
   - Description of goals and objectives
   - Address, telephone number and position of each officer of SSO

What's the District's role?

The information comes to the Director or their Designee for review.

What should the District consider?

Are any prohibited school representatives serving in financial roles? Were there any leadership change?

School Support Organization Annual Information Form

*(Pursuant to **Section 49-2-604, TCA**,*
This form must be submitted to the director of schools prior to raising any money
*in the **first year** the SSO begins operation, and at the **beginning of each school year** thereafter.)*

School Year Ending _____
Organization Name _____

Goals and Objectives of Organization

☐ No change from previous year.
☐ First filing or change. Please explain.

_____
_____
_____
_____
_____
_____

Status

☐ Nonprofit
☐ Foundation
☐ Chartered member of nonprofit organization or foundation

(For initial filing, or if status has changed, attach supporting documentation for status, e.g., annual report filed with Secretary of State.)

Officers

President _____ Phone Number_____
Address _____

Vice-President_____ Phone Number_____
Address _____

Treasurer_____ Phone Number_____
Address _____

Secretary _____ Phone Number_____
Address _____

Other _____ Phone Number_____
Address _____

Other _____ Phone Number_____
Address _____

General Requirements

3. **Must obtain approval from Director of Schools before undertaking any fundraising activity**
   - **Shall maintain documentation of approval**

What's the District's role?

Director of Schools needs to approve all fundraising activity before it occurs.

What should the District consider?

Who Approves? Is it documented, and where is that maintained? Are we checking for conflicts with school fundraising efforts?

SCHOOL SUPPORT ORGANIZATIONS
PROPOSED FUNDRAISING ACTIVITIES

(Pursuant to Section 49-2-604, TCA,
To be submitted prior to scheduling any fundraising activity.)

IN COMPLIANCE WITH SCHOOL BOARD POLICY _____ AND TCA SECTION 49-2-601 ET SEQ., OUR SCHOOL SUPPORT ORGANIZATION SUBMITS THIS PROPOSED FUNDRAISING ACTIVITY FOR THE DIRECTOR'S APPROVAL. WE REALIZE THAT THE DIRECTOR SHALL CONSIDER, AT A MINIMUM, THE FOLLOWING WHEN APPROVING OR DENYING A REQUEST BY A SCHOOL SUPPORT ORGANIZATION TO ENGAGE IN A FUNDRAISING ACTIVITY:

1) **Whether the fundraising activity, as scheduled, conflicts with the fundraising activity of the school district or an individual school within the district, and**
2) **Whether the fundraising activity is consistent with the goals and mission of the school and/or the school district.**

The undersigned submits that this fundraising activity is consistent with the goals and mission of the school and/or the school district, as well as the organization's mission, goals, and objectives.

ORGANIZATION: _____

DATE OF PROPOSED FUNDRAISING _____

PROPOSED FUNDRAISING ACTIVITY:_____

ORGANIZATION: _____

DATE OF PROPOSED FUNDRAISING _____

PROPOSED FUNDRAISING ACTIVITY:_____
_____
_____
_____

PROPOSED USES OF FUNDS RAISED:_____
_____
_____
_____

OTHER COMMENTS/CONSIDERATIONS RELATED TO THE FUNDRAISER:
_____
_____

REQUESTED BY _____ DATE _____
Signature/Title

REVIEWED BY _____ DATE _____
School Principal/Designee

APPROVED BY _____ DATE _____
Director of Schools/Designee

General Requirements

4. **Must comply with all Board of Education policies and procedures**
    - **Shall operate within applicable standards set by related state organizations (TSSAA, Tennessee PTA, etc.)**

What's the District's role?

The Board needs to have established policies and procedures related to SSOs.

What should the District consider?

Do our policies actually address issues that our administrators encounter?



What about oversight?

Does the SSO Act require SSOs to have an audit?



No

Overarching Requirements

1. SSOs subject to audit at the discretion of the Tennessee Comptroller of the Treasury
   - Must maintain all records in a way that will allow auditors to follow transaction details
   - Shall provide access to all books, records and bank information
2. SSO must immediately report fraud, waste, or abuse to the Tennessee Comptroller of the Treasury

1. **SSOs subject to audit at the discretion of the Tennessee Comptroller of the Treasury**
   - Must maintain all records in a way that will allow auditors to follow transaction details
   - Shall provide access to all books, records and bank information

What's the District's role?

The district should receive all required reports and review them for abnormalities

What should the District consider?

Who performs the review? Who should request records? What if there is pushback?

Don't confuse oversight with responsibility for operations.



What should we be doing?

Register → Approve → Receive → Review → Follow Up

Reporting Fraud Waste and Abuse

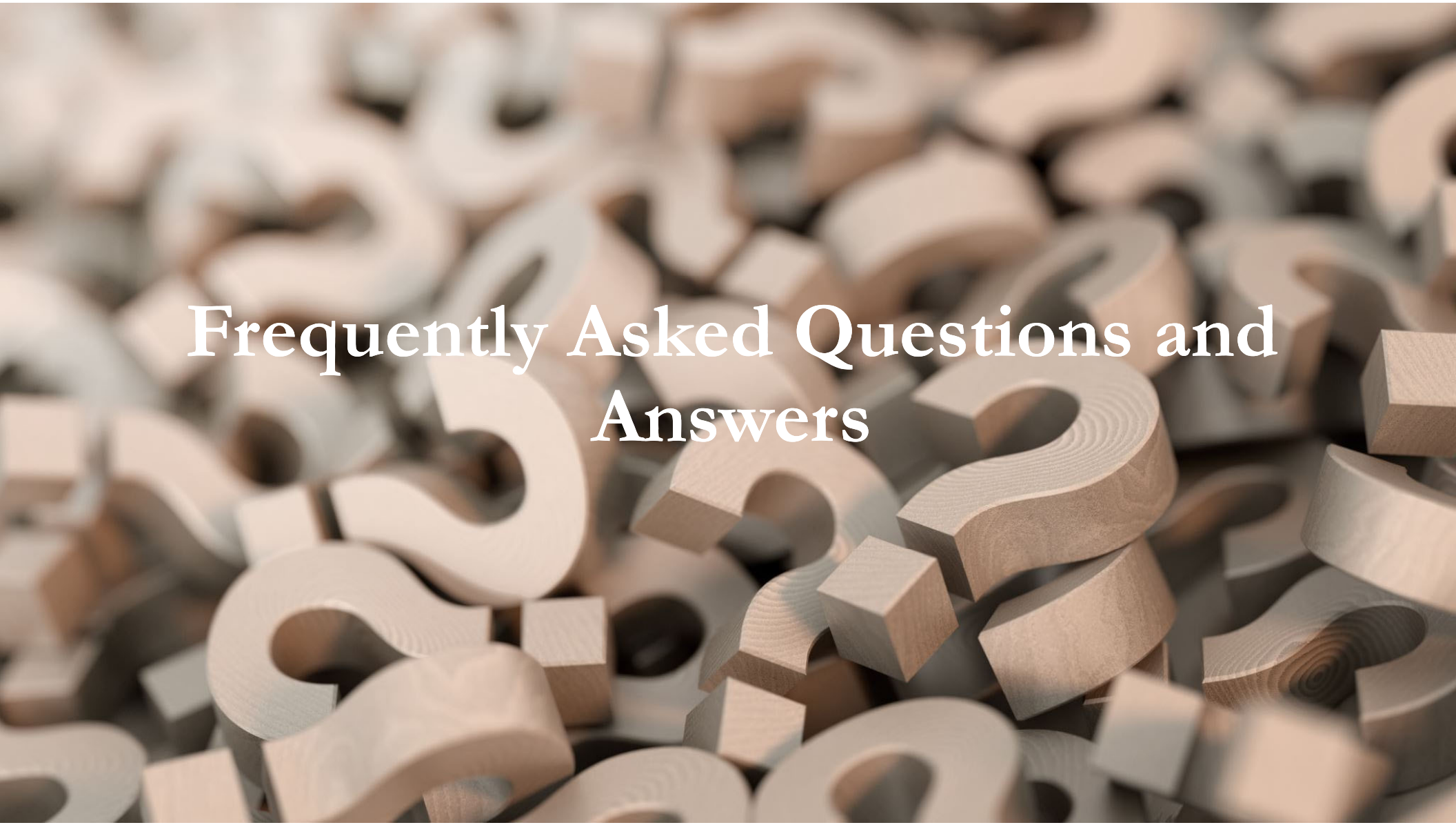
Hotline: 1-800-232-5454

- https://comptroller.tn.gov/office-functions/investigations/fraud-waste-and-abuse.html



Questions?





Frequently Asked Questions and Answers

If money is collected by a school employee acting in his or her official capacity, can this money be considered SSO money?



No

Such money is considered school money and must be deposited into the school's accounts

- (i.e. either the school's general fund or the appropriate school activity fund).

Is there a distinction between school sponsored events and SSO sponsored events?



Yes

If the booster club or SSO sponsors the fundraiser, then the SSO is responsible for collecting and accounting for the money, even if the fundraiser is held on school property during the school day with students and teachers involved

May an SSO operate a bookstore that is located on school grounds?



Yes

A principal can grant permission to a booster club/SSO to operate a bookstore located on school grounds so long as the SSO runs, collects and accounts for the money, and spends 100% of the profits in support of the school. The SSO is required to comply with the *Internal School Funds Manual* when handling, collecting, and accounting for the money at the bookstore.

May an SSO refuse to turn money over to a school after the school has made a request for funding?



Yes

There are no provisions in the Act requiring SSOs to turn their money over to a school for accounting or any other purposes. It should be noted, however, that SSO funds must be used for the purposes for which they are raised.

Can an SSO organization use school facilities to conduct a fundraiser? If so, can such a fundraiser be held during the school day as defined by the Act?



It Depends

On local school board policy

Could the band director (a school employee) sell fruit or other items in a fundraiser sponsored by the band booster organization and turn his/her related collections over to the band booster treasurer for that event?



Yes

According to the Act, the band director would be considered a "school representative" in relation to the band booster club, and therefore, could not act as bookkeeper or treasurer, or be a signatory on the bank account. The Act does not prohibit the band director from individual participation in a resale fundraiser conducted by an SSO as long as the director is not responsible for supervising the event, including the financial activities.

Can an SSO organization hold a steak dinner or auction on school grounds at night with students selling tickets, and with SSO personnel and students working at the event, and the proceeds be considered SSO funds?



Yes

Assuming authorizing local school board policy exists, if SSO personnel are responsible for supervising the planning and operation of the event, including related financial activities, then proceeds from such an event would generally be considered SSO funds.

Can a kick-off assembly be held at the school during the day to promote the start of an SSO resale fundraiser, such as a candy sale in which students will be participating?



Yes

As long as the SSO "sponsors" the event and is solely responsible for every aspect of the event.

Could the soccer coach participate in a car wash fundraiser sponsored by the soccer booster club to benefit the soccer team?



Yes

If the car wash fundraiser is "sponsored" by the SSO, the soccer coach could participate in washing cars. However, the soccer coach could not be responsible for supervising the event for the SSO, including any related financial activities.

Can a booster club give gift cards to players as an incentive to make good grades?



No

Giving cash or cash equivalent incentives to high school student athletes is against the TSSAA amateur rule and could cause the student to become ineligible to play in the sport for 12 months.

Can an SSO pay salary supplements to coaches directly?



It Depends

- No…Payments for salary supplements must not be made directly to the coaches, assistant coaches, or other employees (e.g. teachers, principals) of the Board of Education.
- Maybe…However, we are not aware of law or regulation that would prohibit non-school employees from receiving a salary payment directly from an SSO.

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