

SUMNER COUNTY BOARD OF EDUCATION SCHOOL SUPPORT ORGANIZATIONS

INFORMATION AND GUIDELINES FOR THE OPERATION OF SCHOOL SUPPORT ORGANIZATIONS (SSO)

ALL INFORMATION PROVIDED HERE IS GATHERED FROM SOURCES WHICH ARE THOUGHT TO BE CURRENT AND RELIABLE. THIS INFORMATION SHOULD NOT BE CONSIDERED LEGAL ADVICE. THE INFORMATION AND RESOURCES MENTIONED HERE ARE OFFERED AS A SERVICE. SUMNER COUNTY BOARD OF EDUCATION DOES NOT ASSUME RESPONSIBILITY FOR ERRORS, AND THE INFORMATION IS SUBJECT TO CHANGE WITHOUT NOTICE. THE MOST CURRENT INFORMATION AND UPDATED FORMS CAN ALWAYS BE FOUND ON THE SSO PAGE OF THE SUMNER COUNTY SCHOOLS WEBSITE. SUMNERSCHOOLS.ORG

IT IS THE RESPONSIBILITY OF THE SSO OFFICERS AND/OR BOARD TO OPERATE THE SSO AND TO COMPLY WITH ALL APPLICABLE LAWS, GUIDELINES, AND POLICIES. IT IS THE RESPONSIBILITY OF EACH SSO TO BECOME FAMILIAR WITH AND INFORMED ABOUT CHANGES TO THE MODEL FINANCIAL POLICY FOR SCHOOL SUPPORT ORGANIZATIONS. THIS RESPONSIBILITY CANNOT BE DELEGATED.

SCHOOL SUPPORT ORGANIZATION VOLUNTEERS - THANK YOU!
YOU ARE A VALUABLE RESOURCE AND ARE APPRECIATED

VOLUNTEERS

Always Needed

★ **FOREVER** ★

APPRECIATED

HISTORY, PURPOSE, AND THE OPERATION OF SCHOOL SUPPORT ORGANIZATIONS

- TCA Title 49, Chapter 2, Part 6 – The School Support Organization Financial Accountability Act (S.S.O.F.A.A.)
 - In 2007 the General Assembly passed legislation to create and regulate School Support Organizations.
 - The law was amended in 2008.
- The legislation was in response to substandard handling of cash raised for schools and school organizations.

“The general assembly recognizes the importance of school support organizations in providing financial support to help carry out academic, arts, athletic, and social programs to further the educational opportunities for the children of this state. The general assembly also recognizes concerns that parents and other persons who support these organizations have in ensuring that money raised by these organizations is safeguarded by them and used to further the activities for which the money is raised. It is therefore, the intent of the general assembly to ensure the continued support of academic, arts, athletic, and special programs, which help to educate the children of this state, while also ensuring fiscal accountability of school support organizations.” (TCA 42-2-602 Legislative intent)

- The Act “is designed to establish accountability and regulation of booster organizations and other school support organizations that have, heretofore, been unregulated” (OAG 08-174 – 11/18/08)

-
- The Act defines a School Support Organization (SSO) as a parent-teacher association, parent-teacher organization, booster club, foundation, alumni group, or any other nongovernmental organization or group of persons whose primary purpose is to support a school district, school, or a club, academic, arts, athletic, or social activity related to a school, that collects or receives money, materials, property, or securities from students, parents, or members of the general public.
 - Also included in the definition is a group of persons who merely request donations to be made directly to a school district, school, or school activity or assist in the raising of funds for a specific purpose under the sponsorship of a school employee where the funds are turned over to the school to be used for a specific purpose for which the funds were raised, shall not be considered a school support organization. (TCA 49-2-603)
 - The Act also strives to maintain an “arms length” separation between schools and school support organizations.
 - A SSO is a separate, stand-alone entity and is required to file a charter (non-profit corporation) with the Tennessee Secretary of State.
 - Maintain compliance with federal, state, and local laws and regulations related to non-profits and SSO.
 - Maintain an organizational structure (bylaws, officers, rules for meetings and membership, etc.)
 - Maintain and follow minimum procedures for accounting and for protecting the money raised.
 - Maintain adequate records and documentation. (annual financial records and permanent organization records)
 - Maintain adequate separation of duties between SSO officers and between the SSO and school employees.
 - The Act does not create liability on the part of the school district or its employees when a SSO experiences misappropriation of funds.

-
- It is the responsibility of each SSO officer to server with a *duty of care, duty of loyalty, and duty of good faith*. This includes, among other things, that each officer does their due diligence to ensure policies, procedures, guidelines, and requirements are reviewed, up-to-date, and are being followed in the day to day operations of the School Support Organization.
(*What Every Board Member Should Know – A Guidebook for Tennessee Nonprofits*)
 - Sumner County Schools has an information page available for SSO on the Sumner County Schools website, under the Parents & Students tab. www.sumnerschools.org where the below information and additional resources to assist school support organizations may be found.
 - All SSO officers should be familiar with the following documents and resources:
 - School Support Organization Financial Accountability Act (Tennessee Code Annotated, Title 49-Chapter 2, Part 6)
 - Model Financial Policy for School Support Organizations (Procedures Manual) issued by the Tennessee Comptroller of the Treasury.
 - Sumner County Board of Education Board Policy – 2.404 - School Support Organizations
 - SCBOE - School Support Organization (SSO) Start Up Instructions and General Information
 - Tennessee Secretary of State, Division of Business Services - sos.tn.gov/business-services
 - Internal Revenue Service, Charities & Non-Profits - irs.gov/charities-and-nonprofits
 - Tennessee Department of Revenue – tn.gov/revenue
 - Comptroller of the Treasury, Division of Local Government Audit – comptroller.tn.gov

SCHOOL SUPPORT ORGANIZATION FINANCIAL ACCOUNTABILITY ACT – (S.S.O.F.A.A.)

The Act contains guidelines and information on the following:

- Defines what certain terms are considered in the context of the law, such as “donations”, internal school funds”, “school representatives”, “school support organizations and “SSO funds”, and “student activity funds”
- Outlines minimum guidelines that a school board is required to adopt concerning approval of SSO fundraising.
- Requires the school district to post or publish a list annually of SSO that have complied with the school district requirements to operate and to fundraise in conjunction with there schools.
- Outlines minimum requirements for the collection of money.
- Outlines minimum requirements for the disbursement of donations.
- Outlines prohibited actions for school support organizations.
- Indicates that the Office of the Comptroller of the Treasury is authorized to adopt a model financial policy for SSO and that SSO or any group representing itself as a SSO are subject to audit by the Comptroller’s office.
- Outlines the initial registration and renewal fees.
- Defines charitable school foundation requirements.

THE MODEL FINANCIAL POLICY (PROCEDURES MANUAL)

- The Policy was adopted by Tennessee Comptroller of the Treasury to fulfill the requirement of the S.S.O.F.A.A. It provides *minimum* required internal controls that all SSO are required to follow. School districts may set additional requirements and guidelines for the operations of SSO working with their schools.
- The purpose of the Policy is to help ensure that the money raised is safeguarded and used to further the activities for which the money was raised.
- The Policy contains 19 required controls and 6 other recommendations for procedures to supplement the required procedures. In addition, the manual includes basic contact information and sample forms.
- School Support Organizations are subject to audit by the Tennessee Comptroller of the Treasury and the Sumner County Board of Education (SCBOE). During an audit, the internal controls and procedures in the manual are used when reviewing records and to note deficiencies when a school support organizations transactions are under review or when reports of fraud, waste, or abuse have been reported and records are requested for an investigation.
- The Policy does not address guidelines and requirements for non-profit organizations from the Internal Revenue Service (IRS), the Tennessee Department of Revenue, or the Tennessee Secretary of the State which also have operating requirements that SSO members should be familiar with and follow. The SCBOE policy regarding SSO may also contain additional guidelines beyond those in the policy.

The Model Financial Policy - Review of the Required Controls & Recommendations

1. To comply with the statute, the organization must register (incorporate as a non-profit) with the Secretary of the State.
2. Organizations must annually confirm its status as a non-profit; describe its goals and objectives; and provide SSO officer position and contact information to the director of schools or the director's designee.
3. Organizations must not use the schools' Employer Identification Number (EIN) or sales tax exemption for any purchase.
4. The identity of the authorized banking institution, authorized bank account(s), and authorized signatories should be included in the minutes.
5. The name on any bank account, security, or other investment should be that of the incorporated school support organization.
6. The titled owner to any property (vehicle, computer, land, etc.) should be the incorporated support organization.
7. Materials, supplies, and fundraising product inventory should be stored at a location and in a manner to prevent spoilage or pilfering. An effort should be made to account for supply and inventory items.
8. All bills should be paid by check, never cash. Pre-signing blank checks should be prohibited.
9. For disbursements, prenumbered bank checks should be used that require two signatures.
10. Each check written should have a receipt or invoice filed by check number. The treasurer should write the check number and date paid on the invoice or receipt. When a receipt or invoice is not available, a written document, signed by the treasurer, describing the expenditure and explaining why no other documentation is provided, should be created and filed.

11. A receipt should be issued any time, and at the time, cash is turned over to or collected by the treasurer acting in his/her capacity as treasurer of the school support organization. The receipts should be prenumbered and kept in a bound book. One copy should be maintained in the receipt book.
12. For certain events or mass collections (e.g., concession, parking, car wash, candy sale), a record of the total collections each day must be created. Two individuals should count the collections and prepare a count sheet, signed by both counters. When the collections are turned over to the treasurer, he/she and the individuals should recount the collections. The treasurer should then immediately issue a receipt to the individuals. The count sheet should be filed by the treasurer.
13. When a school support organization operates a concession stand or parking at school related academic, arts, athletic, or social event on school property, the SSO must provide the school with all relevant collection records required by the *Tennessee Internal School Uniform Accounting Policy Manual*. (sections 4 and 5 of the manual) – manual access is available from the school (Admin. or Bookkeeper) or online at the TN Comptroller website.
14. Collections should be deposited in the bank in a timely manner. Deposit slips should include an itemized listing of all checks.
15. The treasurer should provide a signed summary of collections and disbursements to organization officers on a monthly basis.
16. Bank accounts should be reconciled promptly. A copy of the bank statement and imaged checks should be included in the minutes.
17. All collection records, bank statements, canceled checks and invoices, along with copies of the monthly treasurer's report, should be organized and maintained by the treasurer by fiscal year. Records should be maintained for at least four (4) years.
18. The organization should maintain documentation of any **written** conditions on any donations to the board of education or the school. Pursuant to state law, the school board or school must, in good faith, disburse the funds in accordance with those conditions.
19. The organization should contact the Comptroller of the Treasury, Division of Local Government Audit, if fraud is suspected.
** The school administration or the SCBOE Internal Audit Department may also be contacted.

- The TN Sales and Use Tax Exemption does not exempt school support organizations from paying sales and use tax on items purchased for resale. To avoid liabilities for sales tax due and any related penalties, the SSO should comply with the state sales tax statutes.
- Financial responsibilities should be separated whenever possible. One person should not have complete control of the organization's finances. Periodic review of bank statements and other documentation by other officers or members helps detect errors and enhances the integrity of financial information.
- Systematic analysis of fundraising events should be performed whenever possible to help identify the most successful events.
- To assist in the transition for incoming treasurers, a treasurer's manual (simply a checklist of monthly and annual duties) should be prepared
- Designate a support organization officer as custodian of records. This officer would maintain the financial and other entity records in an organized manner and protect them from damage. The records would be turned over to the subsequently elected and designated officer.
- To provide an independent review of the organization's records and financial activity, the organization should form a financial review committee or designate a member as financial reviewer. The role could also function to ensure compliance with Internal Revenue Service, non-profit, or other state laws and regulations. The treasurer should not serve on the financial review committee or be designated the financial reviewer.

The Model Financial Policy was written by the Comptrollers Office in 2008. All guidelines and policies are still in effect and should be followed. A SSO may adopt the policy (or use it to write their own) to comply with the S.S.O.F.A.A. requirement to maintain minimum procedures for accounting for and protecting SSO funds.

If the SSO chooses to allow an operation that is not covered or mentioned in the policy (Example - having a debit card for SSO use, note this is not encouraged or included in the SSO law) the SSO must first develop a policy for use of a debit card that details the controls that will be used to keep the SSO in compliance with the procedures that are in the policy. E.g. - dual purchasing authorization, restricted access to SSO funds, detailed invoice/receipt documentation requirements, etc.

SUMNER COUNTY BOARD OF EDUCATION

SSO POLICY AND PROCEDURES

SCBOE Board policy 2.404 – School Support Organizations

This policy outlines the minimum procedures and reporting guidelines for school support organizations who wish to organize and operate in conjunction with Sumner County Schools (SCS) and fulfills the districts requirement outlined in the S.S.O.F.A.A. (section 49-2-604).

- Only a group or organization that has entered into a written agreement with the SCBOE may use the name, mascot, logo of a school or the school district to solicit or raise money, services or other things of value.
- Annual paperwork is required to be submitted to the SCBOE each year for review and verification prior to the SSO operating and conducting fundraising activities. All paperwork submitted becomes public record and is available for review and inspection by the public:
 - SSO annual information report,
 - SSO annual financial report,
 - SSO annual agreement with SCBOE, which is basically an agreement to operate according to applicable SCBOE, local, state and federal guidelines, and verification of continued compliance with state and federal guidelines for non-profits and 501(c)3 organizations as applicable to the specific organization.

-
- If the principal allows a SSO or outside civic organization to operate a concession stand or parking at a school related academic, arts, athletic, or social event on school property there must be a signed agreement on file and the SSO must provide appropriate collections and inventory documentation to the school, per the *Tennessee Internal School Uniform Accounting Policy Manual*.
 - The SSO is required to obtain approval prior to any fundraising activity or event, this includes any promotion, or advertising of the activity or event, at least 2 weeks to process the SSO Fundraiser Request Form is needed.
 - Selling of food, merchandise, or services, solicitation of donations, ad sales, spirit nights, community reward programs (Kroger Cares, Amazon Smiles), tournaments, contests, carnivals, etc. are all examples of fundraising activities.
 - SSO membership dues and unsolicited donations are not considered fundraisers.
 - All fundraising activities must be in compliance with SCS board policies, and state and local laws.
 - Food items sold to students during the school day must comply with the Smart Snack Law. (Healthy, Hunger-free Kids Act of 2010)
 - The SSO shall abide by the S.S.O.F.A.A. (state law) and the Model Financial Policy (issued by the TN Comptroller of the Treasury).
 - A school representative cannot act as a treasurer/bookkeeper for a SSO or be a signatory/have access to the SSO bank account or funds. A majority of voting members or officers may not be school representatives. A school staff member board position should be limited to school liaison. Spouses/family members may not service as officers (main positions) on the same SSO board, unless they are co-officers of the same position.
 - SCBOE, director, or school principal may enact procedures to suspend or revoke the authorization of any school support organization for a failure to abide by policies and procedures regarding school support organizations.

SCBOE SCHOOL SUPPORT ORGANIZATION (SSO) START UP INSTRUCTIONS AND GENERAL INFORMATION

The SCBOE Internal Audit Department has compiled information to assist individuals interested in forming a SSO, the information includes the process to form a SSO and some of the basic guidelines and information regarding the ongoing operations of a SSO.

- Step - by - step instructions for the formation and set up of a school support organization.
- Instructions for submitting the required annual paperwork to the SCBOE and contacts for other required annual paperwork (Secretary of the State and the Internal Revenue Service).
- The information and guidelines are subject to change. The most current versions of the materials, information, and forms can be found on the School Support Organization page of the Sumner County Schools website.
- www.sumnerschools.org – SSO page is located under the Parents & Students tab.
- SSO officers and members are encouraged to reach out to school principals, bookkeepers or the SCBOE Internal Audit Department with any questions or concerns.

The information provided in the SSO Start Up Instructions and General Information materials has been compiled from several sources for the assistance and convenience of those interested in forming or operating a SSO. The instructions are in no way to be construed as legal advice. Consultation with an attorney, CPA, or other professional familiar with SSO, non-profit, and 501(c)3 operations is encouraged.

School Support Organization Fundraising and Spending Reminders

- Fundraiser profits must benefit the entire program (all members) and cannot benefit individual students or other individuals. This is “cooperative fundraising” and is considered a violation of the “public benefit” guidelines for a 501c3 organization which could result in the IRS revoking the tax exempt status if a significant part of the SSO activities involve cooperative fundraising.
- School Support Organizations may not charge a fee or require a donation, or dues/membership, etc. to participate in a school activity or program. Only schools are authorized to charge a fee to participate in an extracurricular school activity or program.
- Fundraiser participation must be optional. All Fundraisers must be pre-approved by the SCBOE. SSO annual paperwork must be completed and reviewed by the SCBOE each year (due August 1) prior to any fundraising by a SSO.
- All purchases/spending must be appropriate and be in support of the SSO goals and objectives as related to supporting the school district, school, school club, or school activity.
- Sales tax must be paid on items purchased that will be resold to students, parents, teachers, or the general public, regardless of whether the items are sold for a profit or if funds are collected to cover the cost of the item.
- Exemption from sales tax *only* applies to items purchased *directly* by the SSO that they will *use, consume, or give away*.
 - Individuals may not use the SSO tax exemption certificate when making a purchase, even if they will be reimbursed by the SSO.
- When items are purchased to be resold:
 - Sales tax is paid to the vendor at the time of purchase or directly to the Tennessee Department of Revenue (e.g. using an out of state vendor). SSO are exempt from collecting sales tax (at the time of sale to a consumer) and remitting the sales tax.

- A SSO or individuals may not use the schools EIN or tax exempt status for any purpose.
 - This includes schools placing an order with a vendor (using their EIN or sales tax exemption) and having the SSO pay the vendor directly. The SSO may choose to make a donation to the school to make a specific purchase or help cover the cost of specific expenses.
 - When funds are given to a school, school personnel determine how the funds are spent unless the SSO makes a stipulation in a letter regarding the use approved or requested use of the funds.
- A SSO may not pay a SCS employee or any other contracted coach, or trainer working directly with students or for a school program without pre-approval.
 - There are HR and payroll guidelines that must be adhered to and completed prior to any work being performed.
 - All payments to SCS employees (other than a reimbursement) must be thru the SCS payroll department.
- All SSO spending and activities are required to be within the goals and objectives, and purpose of the SSO.
 - The goals and objectives of the organization must relate to supporting a school district, school, school club or academic, art, athletic or social activity.
 - A SSO should not support or make donations to other clubs or groups with which they are not affiliated. This is outside the scope of the SSO purpose, the listed and approved purpose of their existence as a non-profit support organization.
- A SSO should vote on a budget at the beginning of the operating year/season.
 - Unbudgeted expenditures must be voted on by the SSO board and/or membership, per the organization bylaws.
 - The SSO may not obligate the school or school district to any contract in which it enters, and the school may not create a financial obligation for the SSO without the prior approval of the SSO.
- All capital improvements, construction, permanent fixtures, painting, etc. to any SCS property must be pre-approved by the SCBOE.

SCHOOL SUPPORT ORGANIZATION WRAP - UP

- Groups are required to register as SSO and abide by certain guidelines to operate or “act” as a SSO.
- SSO are required to provide certain information and be approved to operate with SCS annually. Deadline to submit the annual paperwork to SCBOE is August 1st each year.
- SSO must receive permission to use SCS names, logos, mascots, facilities, etc. and when fundraising that involves students, school programs or any of the aforementioned.
- SSO work hand in hand with school principals, athletic coaches or club sponsors. School bookkeepers are also a great resource for SSO. School employees are limited in the roles they can have and actions they can take within the SSO.
- Information, resources, contact information, current forms, and examples of SSO documents and forms are available on the School Support Organization page of the Sumner County Schools website, under the Parents & Students tab.
- The director has named the Internal Audit Department the SCBOE designee, to work with SSO to provide information, answer questions, review fundraising requests, and collect and review the required annual paperwork. If you have questions after viewing the training presentation feel free to contact the SCBOE Internal Audit Dept.



Sumner County Board of Education

www.sumnerschools.org

Internal Audit Department
Dia Hall

695 E. Main Street
Gallatin, TN 37066
(615)-230-6949

dia.hall@sumnerschools.org