Theft Prevention in School Organizations

Investigator John Burns

Ft. Bend ISD Police Department

Uniform Services Division

281-634-5500

What Types of Organizations

→ PARENT-TEACHER ORGANIZATIONS

1. PTO's

2. PTA's

3. PTE's

→ BOOSTER CLUBS

1. Band

2. Athletic

3. FFA

4. ROTC

5. Orchestra

6. Drama

Types of Fundraisers

→ Holiday Gift Sales

→ Dinners & Banquets

→ Concessions

→ Cookie Dough

→ Athletic Apparel

→ College Theme Mats

→ Silent Auctions

SHOP BY SPORT

Holiday Fundraising

silent AUCTION

CONCESSIONS

116 Parent Organizations in FBISD

→ 2005/2006 alone, these clubs generated

    → $4,566,000.84 in revenues and

    → $4,376,269.34 in expenditures

→ Some Elementary Schools raised in excess of $150,000

→ Some High Schools raised in excess of $500,000

Why Do People Steal From Children?

→ **MOTIVE:** Large amount of money, "They won't miss just a little." Financial Distress

→ **OPPORTUNITY:** Created by intimidation, extreme trust, no safeguards, inadequate safeguards, failure to implement safeguards, improper accounting

News Media – Avoid it!

USING CASHLESS PAYMENT APPS

→ **COMMON RISKS**

- Lack of documentation (no invoices, receipts)

- Personal accounts used for organization funds

- Transfers without dual authorization

- No oversight or reconciliation with bank statements

- No transaction history saved or backed up

EXAMPLES OF FRAUD W/ CASHLESS APP

→ Booster Club Treasurer transfers funds to their personal Cash App account and deletes the app.

→ Funds raised via Zelle sent to a parent's personal account with no receipt or record.

→ A fake vendor invoice paid via Venmo, later discovered to be a relative of the Treasurer.

→ Reimbursement requests paid via Cash App without validating original expense.

HOW TO PREVENT FRAUD W/ CASHLESS APPS

→ **Use Only Official Organizational Accounts**

- Never allow use of personal Cash App, Venmo, or Zelle accounts for school-related funds.

→ **Enable Dual Authentication**

- Require two officers (e.g., President & Treasurer) to approve electronic payments.

→ **Keep All Receipts & Documentation**

- Screenshots of transactions + backup documents (invoices, fundraiser logs).

→ **Reconcile Regularly**

- Match app transactions to the Treasurer's Report and monthly bank statements.

→ **Restrict App Access**

- Limit login access to Treasurer and one other designated officer.

→ **Require Approval Process**

- Pre-approve all reimbursements or outgoing payments in writing.

→ **Set Digital Controls**

- Turn on notifications for every transaction.
- Export monthly summaries from the app for the audit file.

→ **Educate & Monitor**

- Train all officers on secure handling of digital payments.
- Review app use in every meeting.

RECOMMENDED APPS W/ BETTER CONTROLS

→ PayPal for Nonprofits

→ Square

→ Zelle for Business (if supported by your bank)

Handling Cash

→ Always have two members count cash

→ Verify cash receipts to the deposit slips <u>and</u> bank statement

→ Address fundraiser shortages immediately

→ Do NOT make checks payable to CASH!

→ Utilize Bank/Credit Cards Properly…Keep Receipts and Provide them for Accounting Purposes

How to prevent Problems?

→ DO NOT PRE-SIGN CHECKS! PLEASE!

→ Develop and apply the appropriate By-Laws for each organization, submit updates to Internal Audit annually

→ Require a Treasurer's Report immediately after the reading of the minutes from previous meeting

→ Complete a Financial Recap after a Fundraising event takes place. Reconcile the cash and inventory.

→ Reconcile Online Purchases and Sales

RECONCILIATION
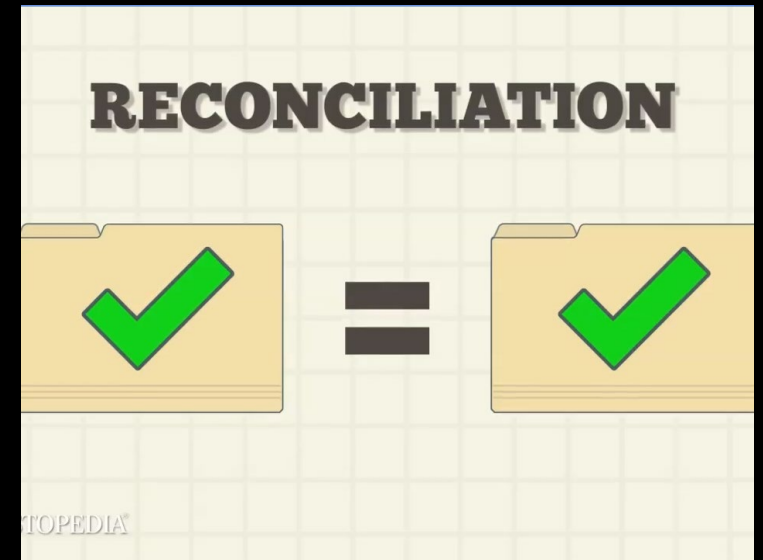
How to Prevent Problems?

→ Require proper backup: receipts, service orders, invoices, receiving slips etc.

→ Reconcile the bank statement

→ Be transparent about accounting records

→ Multiple signers on checks

→ Do not deviate from procedures set out in the By-Laws

TRUST
BUT
VERIFY
- RONALD REAGAN

Checking Accounts

→ Protect your checkbooks at all times

→ Reconcile bank account with receipts and invoices (match them up)

→ Be aware of checking account scams and Craig's List scams

→ Report any suspected fraud or scam attempt to Ft. Bend ISD Police 281-634-5500

→ Consider "Positive Pay" or other similar service (Electronic Register Confirmation)

Misapplication of Fiduciary Property

WHAT IS IT?

A fiduciary who is entrusted with managing assets or property to a client's utmost benefit mishandles the property to the client's harm.

PUNISHMENT & OFFENSE LEVEL

This offense is punishable at every offense level from class C misdemeanor to first degree felony, depending on the monetary value of the property or asset involved.

WHAT ARE THE DEFENSES?

There is no specific defense, so an accused must negate one of the offense elements, like arguing absence of "fiduciary" relationship or lack of the necessary mental state.

DID YOU KNOW?

A common application of this statute is when a fiduciary converts a client's funds to their own use for no valid reason.

WHAT IS THE STATUTE OF LIMITATIONS?

The Statute of Limitations for this provision is 7 years, which means a person can be prosecuted for 7 years after the offense.

Protect Yourself, Protect Your School

→ Demand integrity and proper accounting

→ Provide integrity and proper accounting

→ Participate in the process

→ Ask others to participate

→ Be transparent

→ When a problem is discovered, don't wait, notify the Principal, Internal Audit and the Police if necessary 281-634-5500