



Theft, Fraud & Embezzlement Policy

What to Do If You Suspect Theft, Fraud, or Embezzlement

1. **Move expeditiously.** Do not wait.
2. **Notify PTA mentors.** Immediately notify your Council President and Field Service Representative. Visit the [Local PTA Roster](#) to determine their email addresses. Also, notify the Texas PTA Treasurer by completing [this form](#) or emailing treasurer@txpta.org. In addition to this group being able to support you through this process, the Texas PTA Treasurer will track the situation and be better able to help prevent future occurrences.
3. **Notify the executive board.** The president or the next in succession notifies the executive board that theft, fraud or embezzlement is suspected and that this policy will be followed. Ensure the executive board has signed the Confidentiality, Ethics, and Conflict of Interest Agreement. If not, get the document signed immediately. Remind everyone to not discuss, make accusations, or make assumptions.
4. **Collect all materials on the [Financial Reconciliation Checklist](#).**
5. **Secure accounts.** This could include restricting online access, closing the account, reporting debit or credit cards lost or stolen, and removing signers if necessary. Determine your bank's process and requirements to remove signers. If removing signers, appoint new signers to replace.
6. **Appoint Financial Reconciliation Committee.** The president or the next in succession needs to appoint a Financial Reconciliation Committee per the bylaws. In this situation, it is recommended that at least one Financial Reconciliation Committee member is not part of the executive board to promote impartiality and transparency. If this issue was discovered based on the results of a recent Financial Reconciliation Committee, keep the committee in place to assist with this process. The Financial Reconciliation Committee information and discussions are confidential and only the report is shared.
7. **Ensure account statements are clean.** If it is believed that the account statements have been tampered with, the Financial Reconciliation Committee should obtain a clean set directly from the bank or electronic payment collection system.
8. **If theft, fraud or embezzlement has not occurred, conclude the process.** If the Financial Reconciliation Committee determines that theft, fraud or embezzlement **has not occurred**, the Financial Reconciliation Committee can present the financial reconciliation report when possible to the executive board as a courtesy and shall present to the membership for adoption so that they know that the process was followed. This process is then concluded.
9. **If theft, fraud or embezzlement has occurred, continue the process.** If the Financial Reconciliation Committee determines that theft, fraud or embezzlement **has occurred**, the Financial Reconciliation Committee chair works with the Council President and/or Field Service Representative to determine who may be involved based on the facts presented during the reconciliation. This process should proceed. Some of these steps may happen simultaneously to move the process along as expeditiously as possible.
 - A. **Contact your insurance company.** Based on the information from the financial reconciliation, the president or the next in succession should contact the PTA insurance company to determine if a claim can be filed. If the insurance company determines that the policy applies, the president or the next in succession should file an insurance claim.
 - B. **File a police report and consider reparations.** When evidence of theft, fraud or embezzlement has occurred in amounts over \$500, the president or next in succession is **required** to file a



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police report. For amounts under \$500, the responsible person may be provided with the opportunity to immediately rectify the situation. If not rectified within one week, proceed with the above mentioned filing of a police report.

- C. **Cooperate with police.** Compile any information requested by the police department including:
 - i. Items on the Financial Reconciliation Checklist
 - ii. Training conformation (or lack of)
 - iii. Copies of any other relevant information
 - iv. A copy of the insurance claim
- D. **Remove executive board member(s).** If theft, fraud, or embezzlement is found and an executive board member(s) is (are) involved, prepare for removal of the executive board member(s) by the remaining executive board members. Prepare to replace the executive board member(s). See bylaws for instructions.
- E. **Protect funds.** Determine the remaining board members' responsibility in protecting the funds of the PTA.
- F. **Notify campus administration.** The Principal should have been notified as the Principal is part of the executive board. If this hasn't happened, present information to campus administration.
- G. **Present financial reconciliation report to membership.** The chair of the Financial Reconciliation Committee presents the report at the next regular or special membership meeting. All names and identifying language are excluded from the report. The Council President and Field Service Representative are invited to the meeting.
- H. **Announce the results of the police report to membership.** Immediately after the report is read, the presiding officer announces to the members that a police report was filed based on the findings from the report. All names and identifying language are excluded from the report.
- I. **Allow membership to vote on options.** After the police investigation is over and if the authorities provide options to the PTA, present the options to the membership. The membership votes to determine which option is followed.
- J. **Communicate recovery steps to the community.** When the president or next in succession is communicating with the community, focus on the steps you are taking to recover the money and prevent theft, fraud, and embezzlement in the future. Do not comment on past actions, including the allegations and any current or pending charges, unless the person has been convicted.
- K. **Follow the Confidentiality, Ethics and Conflict of Interest Agreement.**
- L. **Function as normally as possible.** Ensure your PTA is closely following the proper financial procedures including the recommendations of the Financial Reconciliation Committee.
- M. **Secure documents and reports.** Ensure documents and reports are stored in a safe place until the completion of the case. Additionally, copy or scan critical documents. An investigation by the legal authorities may last one year or more beyond the term of the current executive board.
- N. **Continue to take steps towards recovery.** Focus the executive board on proper training and procedures. Reach out to your Council President or Field Service Representative for additional training or mentorship opportunities for your PTA.



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Theft Definition

1a: the act of stealing; the felonious taking and removing of personal property with intent to deprive the rightful owner of it

1b: an unlawful taking (as by embezzlement or burglary) of property

In PTA –

1. Cash not deposited
2. Altering checks made out to or received by PTA
3. Theft of inventory items
4. Theft of PTA property other than money (records, bank documents, procedure books, etc.)

Fraud Definition

1a : deceit, trickery; intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right

1b: an act of deceiving or misrepresenting: trick

2a: a person who is not what he or she pretends to be: impostor

In PTA –

1. Forgery of signatures
2. Member using their PTA position to acquire items or funds
3. Misuse of bank account information
4. Misuse of EIN
5. Altering bank statements
6. Misuse of funds or unapproved PTA purchases (budget not approved) – personal expenses
7. Moving money from one PTA to another PTA or another organization

Embezzlement Definition

1: fraudulent appropriation of something, such as property entrusted to one's care, to one's own use

In PTA –

1. Transfer of funds into personal account by member or family member
2. Payment of personal bill or purchases
3. Debit card or checks used to make personal purchases
4. Direct cash withdrawals from bank (no check or card)