

5 Proven Ways to Insulate Your Booster Club from Embezzlement

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This week in my home state, a story broke of a band booster treasurer who embezzled nearly \$34,000 from her organization. Over a period of twenty-one months, she issued herself unauthorized booster club checks and used the funds for her own personal benefit. The sad truth is that this is not an isolated incident. Booster club embezzlement is a crime that is widespread among organizations from coast to coast.

How Can a Booster Organization Insulate Itself from Embezzlement?

The best way to prevent theft and fraud is to make it difficult to commit theft and fraud. Sounds simple, doesn't it? Well, as simple as it sounds, this is where many booster organizations fail. They do not build proper checks and balances into their operating procedures.

Transparency is the foundation of a booster organization's financial integrity. Therefore, separate financial roles and reporting among two or more people. Auditors refer to this as separation of duties.

Here are five best practices to help booster organizations separate financial duties:

- 1. Split financial duties between two officers, a treasurer and a bookkeeper.** The Blackman Band Boosters established these two financial roles several years ago. It was a wise move that instilled financial integrity into the organization. Here's how the duties are divided:
 - **Income.** The treasurer receives all incoming checks, maintains a register showing their receipt, and deposits them into the booster's bank account. The treasurer then gives bank deposit records to the bookkeeper to enter into the organization's accounting software program (Intuit QuickBooks¹).
 - **Expenses.** The treasurer receives invoices and check requests, and writes checks from the booster's account to pay them. The treasurer shares the check register with the bookkeeper who assigns expenses to appropriate ledger accounts within QuickBooks.
 - **Reporting.** Each month, the treasurer receives the hard copy bank statement and reconciles the check register. The bookkeeper receives the monthly on-line statement, and reconciles QuickBooks records. The bookkeeper also provides a monthly report to the booster executive team, parents, and school administrators, as indicated in item five, below.
- 2. Elect financial officers from a pool of volunteers with accounting, finance, or**

bookkeeping experience. Many parents have financial training or experience in their background. Understanding the “language” of finance is a critical pre-requisite for the financial officer. From this basic understanding, the volunteer will quickly learn your organization’s specific financial operations, and may also recommend opportunities to continuously improve those operations.

3. **Hire a Certified Public Accountant to review the organization’s financial records.** A Certified Public Accountant will provide sound financial advice, help provide continuity of financial leadership, review the organization’s books, and assist in filing documents with the IRS, state government, and the school board. The bookkeeper is typically the primary interface between the organization and the accountant.
4. **Require two signatures on each check written from the booster account.** Authorize two to four officers to sign booster checks, and require two of them to sign each check. Have the officers sign the checks together. While it may seem convenient for an officer to sign several blank checks in advance (for the treasurer to write at a future date), doing so overrides this “check and balance.” People of integrity will understand the reason for two signatures, and will want to sign checks together to protect themselves from any suspicion of wrongdoing. For even greater control, only authorize one financial officer – either the treasurer or the bookkeeper – to sign booster checks. This will prevent the opportunity for them to cooperate in fraudulent acts.
5. **Provide monthly financial reports to the booster officers, parents, and school administrators.** The monthly financial report simply shows the beginning booster account balance, income received, expenses paid, and the month-end account balance. Parents deserve transparency to the organization’s financial status. Some school boards require booster organizations to submit monthly financial reports. If yours does not, go ahead and provide them this information. It will help build “brand equity” for your organization.

These five best practices will help you establish transparency by separating financial duties among volunteers. Do you want to learn more ways to insulate your organization from embezzlement, theft, and fraud? Check out my book, ***[The Booster Leader: 35 Leadership Essentials for a Thriving Booster Organization](http://www.amazon.com/dp/BooLNTPoRK)***. (<http://www.amazon.com/dp/BooLNTPoRK>) Here you’ll find seven additional opportunities to ensure financial integrity. You’ll also learn the four common factors behind every incident of booster club embezzlement.

Question: How do you promote financial transparency in your organization? You can leave a comment by [clicking here \(http://theboosterleader.com/5-proven-ways-to-insulate-your-booster-club-from-embezzlement/#respond\)](http://theboosterleader.com/5-proven-ways-to-insulate-your-booster-club-from-embezzlement/#respond).

¹Intuit QuickBooks (accounting software for small business), www.quickbooks.intuit.com.