



# Financial Reconciliation Checklist

## (3 People)

Due to COVID19, Texas PTA offers these alternatives to complete the required financial reconciliations:

- A. **In Person w/Social Distancing** - Committee meets in person and adheres to community guidelines and based on comfort level of all committee members. Copies are not made, rather items are shared.
- B. **Virtual w/3 Remote People & Physical Items** - Physical financial reconciliation records are divided among the committee members by Committee Member #1 based on the divided responsibilities. The committee comes back together virtually or by phone to wrap up.
- C. **Virtual w/3 Remote People & Electronic Records** - Determine what items are available electronically. Committee Member #1 scans other docs for review and distributes to other committee members based on the divided responsibilities. The committee comes back together virtually or by phone to wrap up.

This document describes how to divide the work of the committee among 3 in person or remote members. Please see [TX PTA COVID19 guidance](#) and specifically the [TX PTA COVID19 Meeting Tools Virtual Meeting](#) section for further guidance on virtual meeting tools.



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*Committee members should be PTA members who are appointed by the president and approved by the executive board or membership. Members of the financial reconciliation committee shall not be the authorized signers, current secretary, or incoming treasurer. They shall not be related by blood or marriage to nor reside in the same household as the authorized signers. If you have been appointed as a reviewer and are not eligible to be on the committee, please recuse yourself from the committee and contact the president to let her or him know someone else should be appointed.*

*Committee information and discussions are confidential; therefore, meetings should be conducted in a private location and only include appointed committee members. The committee may contact the outgoing treasurer and outgoing president for any clarification required. All findings should remain confidential until the report is delivered. All members of the committee should sign a confidentiality agreement (see below).*

### **The outgoing treasurer presents the following financial records to be reviewed by the committee:**

- Current year annual report (budget vs actual) or budget vs actual for period under review
- Balance sheet (to show sales tax or state/national dues liability balances)
- General ledger (all transactions for period under review)
- All financial reports for the period under review
- All receipts/invoices for expenditures with PTA Funds Request Forms
- All bank receipts with PTA Deposit Forms
- All checks for all accounts - cleared, voided, and unused (check images from bank suffice)
- Bank statements and reconciliations for all accounts
- Electronic payment collection system documentation (reports from PayPal, Square, merchant account, etc)
- IRS Form 990-N confirmation of acceptance or a draft of the appropriate 990-EZ or 990
- Sales and Use Tax permit and returns
- All correspondence with any taxing authority

### **The outgoing secretary presents the following records to be reviewed by the committee:**

- Minutes from membership and executive board meetings (including presented financial reports, last financial reconciliation report, Statement Review by Non-Signer forms, etc.)
- Current membership roster and executive board roster
- All bylaws, standing rules, and/or policies in effect during the period under review
- Confidentiality, Ethics, and Conflict of Interest Agreement
- Current contracts



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### Committee Member #1 (Document Coordinator & Transaction Reviewer)

**Job description:** Gather all required documents from treasurer and secretary. Ensure each committee member has the appropriate documents needed to complete his or her portion of the reconciliation. Review checks, debit/credit card transactions, deposits, and electronic payment collection systems. Review the allocation of expenses and deposits posted during the period under review. Report findings to Committee Member #2.

### Has the following items for the financial reconciliation:

- General ledger (all transactions for the entire year or period under review)
- All financial reports for the period to be reviewed
- All receipts/invoices for expenditures with PTA Funds Request Forms
- All bank receipts and PTA Deposit Forms
- All checks for all accounts - cleared, voided, and unused (check images from bank suffice)
- Electronic payment collection system banking documentation (reports from PayPal, Square, merchant account, etc)
- COPY of All bylaws, and standing rules, and/or policies in effect during the period under review

### When reviewing checks:

- Verify that each check written has proper documentation (PTA Funds Request Form and associated invoice(s) or receipt(s)).
- Confirm that all expenses were allocated to the proper budget item and are within the approved budget.
- Verify all checks adhere to the adopted check-signing policy (if applicable) and spot check signatures. In the absence of standing rules or a policy, only one check signer is required.
- Confirm that checks are not signed by the individual to whom the check is made payable.
- Watch for checks with multiple handwriting (other than one of the signatures) or different inks. This is an indication of blank checks being released.
- Confirm that no checks were made payable to "Cash" or "Petty Cash."

### When reviewing debit/credit card transactions:

- Verify and review that standing rules or a policy has been adopted by the membership to provide guidelines for use of debit/credit card(s).
- Confirm debit/credit card(s) were only used by authorized individuals.
- Confirm that Automated Teller Machines (ATM) usage, cash back, and cash advances did not occur.
- Confirm that a PTA Funds Request form and receipt(s)/invoices(s) accompany each debit/credit card purchase.
- Verify purchases were authorized in the budget and reflected in the financial reports.

### When reviewing deposits:

- Verify deposits are made timely by comparing the PTA Deposit Form date with the bank receipt.
- Confirm that all income was allocated to the proper, approved budget item.
- Verify that two people counted the monies and that a PTA Deposit Form was used and signed by multiple counters.
- If electronic payment collection systems, such as PayPal, Square or a merchant account, are used to collect funds, verify that documentation clearly ties the transfer or deposit to budgeted items that are accurately reflected in the financial reports, along with any associated fees.

### When reviewing electronic payment collection system accounts (PayPal, Square, merchant accounts, etc):

- Confirm that money was transferred regularly and at least monthly to the checking account.
- Confirm that the account was not used to make payments.
- If this is the end of year review, ensure no balance exists in the e-commerce account(s).



# Financial Reconciliation Checklist

## (3 People)

### Committee Member #2 (Report Drafter & 990/Sales Tax Verifier)

**Job description:** Compile the financial reconciliation report information from each committee member, prepare the report, and obtain committee approval for the final report. Confirm that an IRS Form 990-N has been submitted and accepted or that a 990-EZ or 990 has been drafted. Confirm that sales tax has been handled properly.

#### Has the following items for the financial reconciliation:

- Current year annual report (budget vs actual) or budget vs actual for period under review
- IRS Form 990-N confirmation of acceptance or a completed draft of the appropriate Form 990-EZ or 990
- Sales and Use Tax permit and returns
- All correspondence with any taxing authority
- COPY OF Last financial reconciliation report (from minutes)
- COPY OF General ledger (all transactions for period under review)
- COPY OF All financial reports for the period to be evaluated

#### When reviewing other items:

- Confirm an IRS Form 990 has been submitted or prepared. If a 990-N is filed, verify it has been submitted to and accepted by the IRS. For a 990-EZ or 990, verify that the outgoing treasurer has prepared a draft of the appropriate form and it is ready for electronic submission once the financial reconciliation has concluded.
- If the Local PTA has a sales tax permit, ensure sales and use tax returns were filed timely (January 20th for annual filers). If the Local PTA has a sales tax permit, returns must be filed timely even if no tax was collected during the period.
- Confirm that any collected sales tax has been held separately in “escrow/liability” and not as income on the budget.

#### When preparing the financial reconciliation report:

- Collect feedback from other committee members.
- Review and complete the financial reconciliation report (included in this document).
  - Provide the Beginning Cash Balance Forward per the “Ending Adjusted Cash Balance Forward/Balance-on-Hand” of the previous financial reconciliation report. **This balance includes the liability/escrow account balances from the prior review period.**
  - Enter totals for all Receipts and Expenses since the date of the previous financial reconciliation. If this is the end of the year review, the annual report includes these totals. Otherwise, the numbers are from a budget vs. actual report for the period under review. These totals only include the funds that belong to your PTA, not the liability/escrow accounts.
  - Calculate the Cash Balance Forward. **This balance includes the liability/escrow account balances from the prior review period.**
  - Enter the Sales Tax and State and National Dues Liability/Escrow Changes and Balances. The Balances include the changes during the current review period and balances from the prior review period.
  - Calculate and enter the Ending Adjusted Cash Balance Forward as of the ending date of the current review period. **This balance includes the amounts in the liability/escrow accounts.**
  - Balance of the Bank Statement based on the most recent statement corresponding to the review date.
  - Enter totals for all Outstanding Deposits or Payments, and provide a detailed list of those transactions.
  - Enter the Adjusted Bank Balance.
  - Ensure that the Ending Adjusted Cash Balance Forward matches the Adjusted Bank Balance. If not, determine why.
  - Indicate the appropriate findings of the reconciliation and provide any needed comments or recommendations.
  - Ensure all members of the Financial Reconciliation Committee sign and date the report.
- **Allow the treasurer to correct any identified errors.**



# Financial Reconciliation Checklist

## (3 People)

- Attach annual or budget vs. actual report and 990-N confirmation, if applicable.
- Present the report to the membership at the first meeting of the new fiscal year or the next membership meeting after the completion of the financial reconciliation and file the report permanently with the secretary.
- When evidence that theft/fraud has occurred, the PTA must follow the Texas PTA Theft, and Fraud and Embezzlement Policy at [txpta.org/policies](http://txpta.org/policies).



# Financial Reconciliation Checklist

## (3 People)

### Committee Member #3 (Document Reviewer)

**Job description:** Review meeting minutes, governing documents, bank statement reviews, expense and deposit allocation for designated funds, and handling of dues. Report findings to Committee Member #2.

#### Has the following items for the financial reconciliation:

- Bank statements and reconciliations for all accounts
- Minutes from membership and executive board meetings (including presented financial reports, last financial reconciliation report, Statement Review by Non-Signer forms, etc.)
- Current membership roster and executive board roster
- All bylaws, standing rules and/or policies in effect during the period under review
- Confidentiality, Ethics, and Conflict of Interest Agreement
- Current contracts
- COPY of Current year annual report (budget vs actual)
- COPY of General ledger (all transactions for the entire year)

#### When reviewing meeting minutes:

- Ensure minutes were prepared, reviewed, and approved in a timely manner.
- Verify that a member was appointed by the president as the non-signer on the bank account to review all accounts and has completed the Statement Review by Non-Signer form each month for all bank, credit card and e-commerce statements.
- Confirm that the prior financial reconciliation report was presented and adopted by membership.
- Confirm that the recommendations from the prior financial reconciliation report were implemented.
- Confirm that a quorum was present at all membership and executive board meetings where voting occurred.
- Confirm financial reports were presented at all membership and executive board meetings and that beginning balances on each report match the ending balance on the previous report.
- Verify the budget and all amendments were adopted (budget) or approved (amendments) by the membership.
- Confirm all fundraisers were approved by the membership either through adoption of the budget or, if added after the adoption of the budget, a separate vote.
- Confirm any tax-free fundraisers were designated in the form of a motion and approved by the executive board or membership prior to the event.
- Verify the executive board approved all Plans of Work and contracts.
- Verify that all executive board members signed the Confidentiality, Ethics, and Conflict of Interest Agreement.
- Confirm that the Records Retention policy was reviewed by the executive board if no changes or amended at a membership meeting.
- Verify that any stand alone policies were approved by membership.

#### When reviewing other items:

- Verify that bylaws and standing rules, if applicable, are current (dated within 3 years of the beginning of the current membership year being reviewed) and approved by Texas PTA.
- Verify that bank reconciliations were performed monthly and accurately.
- Make sure that money collected for a designated purpose was spent only for that purpose.
- Confirm that Texas PTA and National PTA portions of dues are held separately in a liability/escrow account” and not as income on the budget.
- Verify all current membership dues in the liability/escrow account have been submitted to Texas PTA and that totals align with the membership roster. For end of year reconciliation, the balance should be \$0 as all state and national dues should have been submitted to Texas PTA.

## Financial Reconciliation Frequently Asked Questions

**Q: How much of the financial reconciliation committee report does the chair need to read at the first membership meeting of the year or the next membership meeting after the completion of the financial reconciliation?**

**A:** Read the entire report, including the financial summary and bank account summary. All names and identifying language must be excluded from the report. If you suspect theft, fraud, or embezzlement, it is imperative that names and accusations not be included in the report and that the Texas PTA Theft, Fraud, and Embezzlement Policy is followed.

**Q: There is not a copy of the IRS Form 990 for the fiscal year being reviewed. What do we do?**

**A:** For the 990-N, contact the outgoing treasurer to verify it has been submitted to and accepted by the IRS. If it has not been filed, have the outgoing treasurer file and print the “accepted” status page. For the 990-EZ or 990, ask the outgoing treasurer if they have prepared a draft of the appropriate form. If it has not been prepared, note the status of the filing on the financial reconciliation report and notify the incoming president to follow-up with the outgoing treasurer. Electronic filing of the 990-EZ and 990 is required and should be completed once the financial reconciliation is complete.

**Q: There is not a copy of the filed Sales and Use Tax return. What do we do?**

**A:** Determine if the Local PTA had an obligation to collect sales tax (see the Collecting and Reporting Sales Tax portion of the BASICS Treasurer’s Guide at [txpta.org/treasurer](http://txpta.org/treasurer) for guidance on when sales tax should be collected). If so, contact the outgoing treasurer to find out if the report has been filed and the sales tax has been remitted. If no sales tax was collected during the reporting period, verify the report was filed. If the sales tax return was not filed, contact the outgoing treasurer to prepare and file the report immediately. This is noted on the report.

**Q: What if there is missing documentation, such as Funds Request Forms, receipts/invoices, etc.?**

**A:** The committee should contact the treasurer and ask if the documentation has been misplaced. If the treasurer is unable to provide the documentation, this review is considered incomplete and appropriate recommendations should be made.

**Q: What is the policy for checks from previous years that never clear the bank?**

**A:** PTAs need to develop a policy on the time frame for checks to clear in their Standing Rules. Texas PTA recommends that “void after # days” is printed on the checks. How to record this transaction depends on the financial tracking program you use. In myPTEZ, an uncleared transaction from the prior year remains and can be voided or cleared during the current year. In other programs, the transaction from the prior year is recorded as income and increases the carryover balance. The transaction is then voided or cleared as appropriate.

**Q: The financial reconciliation committee ending balance does not equal the treasurer's ending balance, and we do not suspect theft. Is it ok to move forward with our report if the treasurer is not responding to our requests for additional information or clarification?**

**A:** Yes, the discrepancy should be noted in the financial reconciliation report. The incoming treasurer will make the appropriate adjustment in the financial records.

**Q: Is the treasurer allowed to make corrections or enter missing transactions as directed by the Committee during the financial reconciliation?**

**A:** Yes, in a reasonable amount of time and if returned promptly to the committee with corrected reports. The treasurer only receives the necessary information to correct the errors. All remaining documents or records stay with the financial reconciliation.

**Q: Does Texas PTA allow digital signatures on the financial reconciliation report?**

**A:** Yes

# FINANCIAL RECONCILIATION REPORT

PTA Name: \_\_\_\_\_

Date Review Completed: \_\_\_\_\_

## FINANCIAL SUMMARY

Beginning Cash Balance Forward      \$ \_\_\_\_\_ as of \_\_\_\_\_ *(previous review end date plus one day)*

    Total Receipts                      + \$ \_\_\_\_\_ *(from Beginning Cash Balance Forward date to ending date of current reconciliation, do not include sales tax and state/natl dues liability/escrow receipts and payments)*

    Total Expenses                      - \$ \_\_\_\_\_

Cash Balance Forward                  = \$ \_\_\_\_\_

    Change to Sales Tax Liability      ± \$ \_\_\_\_\_      Balance of Sales Tax Liability      \$ \_\_\_\_\_

    Change to St/Natl Dues Liability   ± \$ \_\_\_\_\_      Balance of St/Natl Dues Liability   \$ \_\_\_\_\_

Ending Adjusted Cash Balance Forward      = \$ \_\_\_\_\_ as of \_\_\_\_\_ *(end date of current review)*

## BANK ACCOUNT SUMMARY

Last 4 Digits of Account Number      \_\_\_\_\_

Balance of Bank Statement              \$ \_\_\_\_\_ as of \_\_\_\_\_ *(statement end date corresponding to review)*

    Total Outstanding Deposits        + \$ \_\_\_\_\_ *(as of end date of current review)*

    Total Outstanding Payments       - \$ \_\_\_\_\_

Adjusted Bank Balance                  = \$ \_\_\_\_\_ *(should match Adjusted Cash Balance Forward)*

## OUTSTANDING DEPOSITS

Date	Event/Description	Budget Line	Amount
<b>TOTAL</b>			

## OUTSTANDING PAYMENTS

Date	Payee	Budget Line	Amount
<b>TOTAL</b>			



## COMMITTEE FINDINGS

We have examined the records of \_\_\_\_\_ PTA/PTSA and find them to be:

- Correct
- Incomplete with the following missing:

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- Substantially correct with the following adjustments needed:

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- Incorrect with the following issues found:

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We make the following recommendations:

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## COMMITTEE SIGNATURES

Name	Signature	Date

*For the end of year reconciliation, the annual report and accepted 990-N confirmation, if applicable, should be attached to this report.*

*For all other reconciliations, the budget vs. actual report for the reconciled period should be attached.*

\_\_\_\_\_  
**PTA/PTSA**  
**Financial Reconciliation Committee**  
**Confidentiality Agreement**

Committee information and discussions are confidential; therefore, meetings should be conducted in a private location and only include appointed committee members. While the committee may contact the outgoing treasurer and outgoing president for any clarification required, all findings should remain confidential until the report is delivered.

When there is evidence that theft, fraud, or embezzlement has occurred, the PTA must follow the Texas PTA Theft, Fraud, and Embezzlement Policy found at [txpta.org/policies](http://txpta.org/policies).

I hereby acknowledge by my signature below that I am not an authorized signer, current secretary, incoming treasurer, nor am I related by blood or marriage and do not reside in the same household as the authorized signers. Further, any information either presented or discussed during the meetings of the PTA Financial Reconciliation Committee will not be divulged by me outside the meetings or with any individual not a member of this committee. The committee may contact the outgoing treasurer and outgoing president for clarification. I acknowledge that a violation of this agreement shall result in my removal from the committee.

<b>COMMITTEE SIGNATURES</b>		
<b>Name</b>	<b>Signature</b>	<b>Date</b>