



# Financial Reconciliation Checklist

*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.*

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

- Most recent financial reconciliation report
- Current year annual report (budget vs actual)
- General ledger (all transactions for the entire year)
- Adopted budget as amended
- All financial reports for the period to be evaluated
- All receipts for expenditures with PTA Funds Request Forms
- All receipts and deposit records
- All checks for all accounts – cleared, voided, and unused
  - Images of cleared checks on bank statement are sufficient.
- Bank statements for all accounts
- Electronic banking documentation
  - Reports from electronic systems used to collect funds online or in person
- 990N confirmation of acceptance or a draft of the appropriate Form 990-EZ or 990
- Sales tax returns
- All correspondence with any taxing authority
- Report of all fundraising events since the last sales tax return was filed. Include dates held, tax-free day designations, total sales, taxable sales, and sales tax collected.

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

- Approved minutes from membership and executive board meetings
- Current membership roster
- Current bylaws and standing rules
- Confidentiality, Ethics, and Conflict of Interest Agreement

Begin the financial reconciliation by verifying the beginning balance of the current annual report agrees with the ending balance-on-hand per the last financial reconciliation report. Review all transactions posted after the last financial reconciliation.

## **When Reviewing Checks**

- Make sure that each check written has proper documentation (vendor invoice, check request, etc.)
- Verify all checks adhere to the adopted check-signing policy (if applicable) and spot check signatures
- Confirm that checks are not being signed by the individual to whom they are made payable
- Watch for checks with multiple handwriting (other than one of the signatures) or different inks. This would be an indication of blank checks being released.
- Confirm that no checks were made payable to “cash”



# Financial Reconciliation Checklist

## When Reviewing Debit/Credit Card Transactions

- Verify and review that standing rules have been adopted 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, or cash advances did not occur
- As with any payment, a PTA Funds Request form and receipt should accompany each debit/credit card purchase
- Verify purchases were authorized in the budget and reflected in the financial reports

## When Reviewing Deposits

- Confirm the dates of fundraisers, and verify deposits are made timely
- Verify that two people counted the monies, and that a deposit form was used and signed by multiple counters
- If PayPal or other electronic systems are used to collect funds, documentation should be clearly tied to budgeted items and reflected in the financial reports, along with any associated fees

## When Reviewing Approved Meeting Minutes

- 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 by the membership
- Confirm all fundraisers were approved by the membership either through approval of the budget or, if added after the adoption of the budget, a special vote
- Confirm any tax-free fundraisers were designated in the form of a motion prior to the event
- Verify the executive board approved all Plans of Work and contracts
- Verify that all executive board members have signed the Confidentiality, Ethics, and Conflict of Interest Agreement

## When Reviewing Other Items

- Verify that bylaws and standing rules are current and approved by Texas PTA
- Verify that a non-signer has reviewed, initialed, and dated all bank statements
- Verify that bank reconciliations were performed monthly and review for accuracy
- Confirm that all income and expenses are allocated to the proper budget item and are within the approved budget
- Make sure that money collected for a designated purpose was spent only for that purpose
- Review the annual report and confirm that it will be retained as a part of the permanent file
- Confirm that Texas PTA and National PTA portions of dues are held separately in “escrow/liability” and not as income on the budget
- Verify all current membership dues in escrow have been submitted to Texas PTA, and that totals align with the membership roster
  - Dues collected at kindergarten round-ups or open houses for the following school year should be escrowed in full for the next membership year



## Financial Reconciliation Checklist

- Confirm a Form 990 has been submitted or prepared. If a 990-N is required, verify it has been submitted to and accepted by the IRS prior to the completion of the financial reconciliation. For a 990-EZ or 990, verify that the outgoing Treasurer has prepared a draft of the appropriate form and it is ready for submission once the financial reconciliation has concluded.
- Determine if the Local PTA had an obligation to collect sales tax. If so, make sure returns were filed timely and accurately. If the Local PTA has a sales tax permit, returns must be filed timely even if no tax was collected during the period.
  - If the committee determines the PTA had an obligation to collect sales tax and there is no detail, the committee needs to contact the Treasurer and ask for the documentation.
- 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

- Review and complete the financial reconciliation report (included in this document)
  - Provide the opening balance per the “Ending Balance-on-Hand” of previous financial reconciliation
  - Enter totals for all income and expenses since the date of the previous financial reconciliation
  - Calculate and enter the ending balance as of the date of the current financial reconciliation
  - Enter totals for all outstanding deposits or disbursements, and provide a detailed list of those transactions
  - Enter “escrow/liability” balances on report
  - 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
- Mark the ledger, checkbook register, or carbon copy of last used check with a red line and have all members of the committee sign and date to indicate the completion of the financial reconciliation
- 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 report permanently
- When evidence that theft/fraud has occurred, the PTA must follow the Texas PTA Theft and Fraud Policy <https://www.txpta.org/policies>

### Frequently Asked Questions

**Q:** How much of the financial reconciliation committee report does the chair need to read?

**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 or fraud, it is imperative that names and accusations not be included in the report.

**Q:** There is not a copy of the appropriate 990 form for the fiscal year being reconciled. What do we do?

**A:** If a 990-N is required, contact the outgoing Treasurer to verify it has been submitted to the IRS and verify it has been accepted by the IRS by obtaining a copy of the “accepted” status page. If it has not been filed, please have the President instruct the outgoing Treasurer to file and print the “accepted” status page. For the 990-EZ or 990, research to find out if the outgoing Treasurer has prepared a draft of the appropriate form. If it has not been prepared, please instruct the outgoing Treasurer to start preparing the appropriate form. This would be noted on the financial reconciliation report. Electronic filing of the 990-EZ and 990 is required and should be completed once the financial reconciliation is complete.



## Financial Reconciliation Checklist

**Q:** There is not a copy of the filed sales tax return. What do we do?

**A:** Determine if the Local PTA had an obligation to collect sales tax. 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 receipts, voucher forms, 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, then this would be noted on the checklist and would be recorded as discrepancies in the report.

**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. To record the transaction, the entry would reflect the income and offset the carryover balance.

**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 financial reconciliation committee will present these findings in their report. The incoming Treasurer will make the appropriate adjustment in the financial software and checkbook.

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

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

# FINANCIAL RECONCILIATION REPORT

Name of PTA \_\_\_\_\_ Date of Report \_\_\_\_\_

## FINANCIAL SUMMARY

Beginning Balance-On-Hand as of \_\_\_\_\_ (date of previous financial reconciliation) \$ \_\_\_\_\_

Total Income Received (from date of previous financial reconciliation to date of current financial reconciliation) \$ \_\_\_\_\_

Total Disbursements Paid (from date of previous financial reconciliation to date of current financial reconciliation) \$ ( \_\_\_\_\_ )

Ending Balance-On-Hand as of \_\_\_\_\_ (date of current financial reconciliation) \$ \_\_\_\_\_

## BANK ACCOUNT SUMMARY

Last four digits of account number: \_\_\_\_ \_

Ending Balance on Most Recent Bank Statement	\$ _____	Escrow/Liability Balances
Plus Total Outstanding Deposits	\$ _____	State/National Dues \$ _____
Less Total Outstanding Disbursements	\$ ( _____ )	Sales Tax Receipts \$ _____
Current Bank Balance (should match Ending Balance-On-Hand above)	\$ _____	

## COMMITTEE FINDINGS

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

- Correct
- Incomplete
- Substantially correct with the following adjustments:

\_\_\_\_\_  
\_\_\_\_\_

- Incorrect. The following irregularities were found.

\_\_\_\_\_  
\_\_\_\_\_

We make the following recommendations

\_\_\_\_\_  
\_\_\_\_\_

# FINANCIAL RECONCILIATION REPORT (Page 2)

## LIST OF OUTSTANDING DEPOSITS

Date	Bank Account	Budget Item	Amount

## LIST OF OUTSTANDING DISBURSEMENTS

Date	Bank Account	Budget Item	Amount

## FINANCIAL RECONCILIATION COMMITTEE (minimum of three members)

Date:	Name	Signature
Committee Member	_____	_____
Committee Member	_____	_____
Committee Member	_____	_____
Committee Member	_____	_____
Committee Member	_____	_____

**Financial Reconciliation Committee  
Confidentiality Agreement**

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I hereby acknowledge by my signature below that 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. Furthermore, I acknowledge that a violation of this agreement shall result in my removal from the committee.

Committee Members:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_