

The treasurer is an elected officer and the authorized custodian of all funds of the local PTA. Some responsibilities of the office are specified in the unit bylaws and others are established by district PTA and California State PTA procedures. The treasurer's duties also include keeping records and preparing reports to comply with local, state and federal laws.

The outgoing treasurer cannot pay bills after the end of their term when the books are closed for audit. Upon assuming office, the incoming treasurer may pay authorized bills and deposit funds in the PTA bank account before the audit is completed.

WHAT TO DO

- Attend training workshops given by the California State PTA and/or district PTA. Council treasurer may be contacted to assist unit PTAs with financial matters.
 - Become familiar with ethics of money raising and secure copies of financial resource information: *California State PTA Toolkit*, Finance Section, and National PTA's *Quick-Reference Guide*, *Money Matters*. Copies of California State PTA publications can be obtained from the unit president or from the California State PTA *List of PTA Materials*, Introduction section.
 - Obtain hard copy of financial records and materials such as supplies, ledger, checkbook, tax records, and procedure book from predecessor.
 - If the previous PTA treasurer utilized a computer program to maintain the financial records, identify how those files have been saved, how the computer files will be transferred, and if a computer program will continue to be used.
 - These should include the standardized PTA treasurer's book (ledger). (Treasurer's book may be ordered through the *List of PTA Materials*, Introduction section.)
 - File new signature cards for PTA account at bank approved by executive board. Require two signatures on all checks. Authorized signers SHALL NOT be related by blood or marriage or reside in the same household and shall only be those officers as authorized in the bylaws.
 - Serve on and meet with budget committee appointed by president-elect as soon as committee appointment is made. It is important to meet as early as possible to establish goals, identify projects, and develop the budget for the upcoming term. The treasurer is designated the budget committee chairman.
 - Develop a carefully considered budget as a financial guide for the year.
 - Budget membership income reflecting only the local portion of membership dues. The portions of membership dues for council, district PTA, state and National PTA are transitory funds.
 - Present the proposed budget to the executive board for suggestions.
 - Have the executive board recommend adoption of the budget to the association at the first regular meeting of the year. The association may amend the budget before voting on adoption.
 - Issue a receipt for all monies received and, if there is no financial secretary, deposit all monies promptly in the unit PTA bank account.
 - Pay by check all bills duly authorized. The budget is not an authorization to pay bills. Bills must be presented to the association or to the executive board for payment or ratification according to procedures specified in unit bylaws.
 - Transfer funds, such as membership dues, freewill offerings and insurance premiums, must be sent no later than due dates to the council or district PTA. No authorization is needed for these payments. Transfer of these funds must be noted in the next treasurer's report.
 - Comply with all due dates set by council and district PTA (if out of council) for remittance of monies and forwarding of reports, allowing for the timely receipt by council or district PTA (if out of council) through channels. Channels are the formal communication route through an organization to ensure that each level within the organization is informed. In PTA, the channel is from the unit to the council (when within a council) or from the unit to the district PTA (when there is no council), from the council to the district PTA, and from the district PTA to the state.
- Forward through channels:
- Council/district/State/National PTA portions of membership dues;
 - Full amount of Founders Day freewill offerings;
 - Comprehensive General Liability, Directors and Officers Liability, Bonding, and Workers' Compensation insurance premiums;
 - Workers' Compensation Annual Payroll Report. An annual payroll report from each unit is mandatory whether or not anyone was hired. Keep a record of hours of service for which anyone has been paid by the unit. (This does not include payments to the school district for school personnel services.)
 - Copies of government reporting forms, as required. (e.g., IRS 990/990EZ and any employee and/or independent contractor report forms.
 - Keep in **ink** (no erasures or whiteout) an accurate and detailed account in the permanent treasurer's book (ledger) of all monies received and disbursed; the number of members; the amount of dues collected from members; and amount of membership dues remitted through channels to the California State PTA.

- Amend notations by drawing a single line through the number to be changed. Note the changed amount above or in the margin.
- Keep treasurer's book (ledger) and checkbook up to date, with current balance shown in checkbook at all times.
 - Reconcile bank statement immediately upon receipt.
 - It is strongly recommended for the protection of the unit PTA, that the auditor or another elected officer who does not sign PTA checks also reconcile monthly bank statements in addition to the treasurer.
 - Watch for checks that do not clear within a reasonable time and investigate.
- Submit written reports for each bank account at regular meetings of the executive board and the association. Following the sample in the *California State PTA Toolkit*, Forms, include in each report:
 - the total balance on hand at the beginning of the period covered by the report;
 - listing separately, amounts credited to the general fund and any special fund;
 - receipts and disbursements detailed as to origin and recipient and corresponding to budget line items;
 - the total balance on hand and the ending of the period as of the date of report;
 - signature of person preparing report and date prepared.
- Prepare an annual financial report following the sample in the *California State PTA Toolkit*, Forms, and covering the current fiscal year to include:
 - name of unit, names of council and district PTA, and IRS Employment Identification Number (EIN);
 - balance on hand at the beginning of the fiscal year;
 - receipts and disbursements listed according to budget line items and separated by general or any special transient funds;
 - total balance on hand at the ending of the fiscal year; and
 - signature of person preparing report and date prepared.
- Check amount of gross receipts to determine if a tax return is required. Refer to the *California State PTA Toolkit*, Finance section for current regulations and instructions concerning tax reporting requirements.
- Make all financial records, as detailed in the *California State PTA Toolkit*, Finance section, available for audit at the times specified in the *Bylaws for Local PTA/PTSA Units*. Books must be audited mid-year and fiscal year end and at any time a financial officer or check signer resigns or is terminated, before the new officer assumes the duties, and whenever deemed necessary.
- Comply with State Board of Equalization sales tax requirements. Unit PTAs are considered consumers rather than retailers and are not required to hold sales tax permits or to

collect, report or pay sales tax on fundraising activities.

Units pay sales tax at the time of purchase.

- Keep all financial records as stipulated in *California State PTA Toolkit*, Records Retention Schedule. The treasurer's book (ledger) and other specific records are to be retained as permanent records.

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The PTA auditor is an elected officer and member of the executive board. However, an individual or a committee may be appointed by the president to carry out this responsibility in the absence of an auditor. The books may also be audited, in accordance with PTA guidelines by a paid auditor.

An internal audit shall be performed by an impartial person not related by blood or marriage or residing in the same household of the president, financial officers, check signer or any chairman handling funds.

The purpose of an audit is to

- Determine the accuracy of the books and records of the financial officers;
- Detect and recommend correction of errors;
- Protect the financial officers and relieve them of responsibility except in case of fraud;
- Verify funds have been transferred through channels (e.g., membership, insurance, Founders Day freewill offering).
- Assure the membership that the association's resources and funds are being managed in a businesslike manner within the regulations established for their use.

Audits are performed at the times specified in the bylaws (Article VI, Section 8). Books must be audited semi-annually and at any time a financial officer resigns or no longer serves in that position, before the new officer assumes the duties, and whenever deemed necessary.

Financial records should be put in order for the auditing process shortly before the mid-term audit and before the audit at the end of the term of office. The outgoing treasurer cannot pay bills after the books are closed for audit and after the term of office ends. Upon assuming office, the incoming treasurer may deposit funds in the PTA bank account and pay authorized bills as needed.

The audit must be completed as quickly as possible. The California State PTA recommends that if the audit is not completed within two (2) weeks after the completion of the term of office, the unit president may appoint a committee to immediately audit the books. The same time frame may be followed for the semi-annual audit.

Auditing is more than verifying addition and subtraction. It involves following all financial transactions through the records to be sure receipts have been properly accounted for and expenditures made as authorized in the minutes and in conformity with unit PTA bylaws, standing rules and budget limitations.

The auditor is frequently a member of the budget committee but is never authorized to sign checks. It is strongly recommended for the protection of the unit PTA, that the auditor or another elected officer who does not sign PTA checks reconcile monthly bank statements.

AUDIT PREPARATION

- Separate audits must be done for each PTA bank account (e.g., checking, savings, etc.)
- Indicate which account is being audited with the name of the bank, type of account and the account number on each Audit Report form.
- Collect all financial books, records and reports from the treasurer and financial secretary. These will include:
 - copy of last audit report
 - current bylaws and standing rules
 - checkbook, register and canceled checks (including voided checks)
 - bank statements and deposit receipts
 - authorizations for payment
 - cash receipts
 - itemized statements and receipts of bills paid
 - monthly treasurer's reports
 - monthly financial secretary's reports
 - treasurer's book or ledger
 - Annual Financial Report
 - copies of board, executive committee and association minutes, which would include an adopted budget, as well as any amendments that were approved during the year.
 - committee reports from chairmen (e.g., fundraising, membership)
 - copies of Workers' Compensation Annual Payroll Report
 - copies of all required state and federal report forms if PTA hires employee(s)
 - copies of all required state and federal report forms if PTA hires independent contractor(s)
 - copies of the most recently filed IRS Form 990/990EZ, if required
 - any other information requested by the auditor/audit committee.

AUDIT PROCEDURE

- Check off each item in red ink as it is reviewed.
- Do not correct errors. Make notes as to how to correct errors and include in your report.
- Check **RECEIPTS**: Examine and compare receipt book stubs and treasurer's book (ledger) to be sure that money received has been deposited promptly, entered in proper columns, and totaled correctly. Check number of memberships received with the membership chairman. When checking ledger, deposit slips, bankbook and bank statements, be sure all deposits have been credited.

- Check **DISBURSEMENTS**: Verify that authorization for payments made is recorded he minutes. No motion is needed for payment of transfer funds—district, State and National PTA portions of membership dues, Founders Day freewill offering and insurance premiums. Check that the totals for memberships received from units matches the total for membership forwarded to the council (if in council) or district PTA. Check that all funds for insurance premiums and Founders Day freewill offering have been forwarded through channels.
- Compare canceled checks with checkbook register and authorizations. Be sure checks and authorizations have been signed by proper officers.
- Compare canceled checks and authorizations with disbursements in treasurer’s book (ledger). See that each disbursement has been entered in the proper column in the ledger and check totals.
- Reconcile all bank statements since the last audit with the checkbook. Compare the most recent bank statement balance with the balance in the checkbook and balance in the ledger. These figures should be the same when reconciled with any checks outstanding and/or deposits not yet recorded in the statement.
- Compare figures on monthly treasurer’s reports with those in treasurer’s ledger.
- Make certain that money collected for a specific purpose has been so disbursed (money raised for special project, Founders Day freewill offering, council and district, State and National PTA portions of dues).
- Check to be sure required payments such as California State PTA Directors and Officers Liability, Comprehensive General Liability, and Workers’ Compensation insurance premiums in addition to any outside premiums, taxes, etc. have been made.
- Check that any required reporting or tax filing forms have been completed and filed. Verify the forms have been filed by checking the box on the Audit Report Form.
- Make a list of any errors in arithmetic or posting and note any bill unpaid, payments authorized in the minutes but not yet made, checks outstanding for long periods, etc., and meet with the other financial officers to make necessary corrections. If no financial officer is available, consult your council and/or district PTA officers.

In any question of mismanagement of funds, assistance should be sought immediately from council and/or district PTA officers. Do not make any implicit, explicit, written, or verbal statements or accusations. Such actions could result in a lawsuit for libel or slander.

WHEN AUDIT IS CONCLUDED

The auditor/audit committee prepares an audit report for each account. The report should include: beginning balance (ending balance from last audit), all expenditures, all deposits, outstanding checks or withdrawals, outstanding deposits, and an ending balance. (See audit examples in *California State PTA Toolkit*, Forms, and National PTA’s *Quick-Reference Guide, Money Matters*.)

- After any errors have been corrected by the treasurer and you are satisfied that the financial accounts are correct, draw a double line across the checkbook register and the ledger book where the audit concludes, sign and date both using red ink.
- Check the box that states the auditor has verified that all tax forms and PTA- and government-required filing forms have been filed, if required.
- Prepare copies of written report for the president, recording secretary, financial officers and the council/district PTA.

IF ALL IS IN ORDER:

- Include a statement at the bottom of the report: “The audit committee has/I have examined the records of the treasurer of PTA and found them to be correct.”

IF ALL IS NOT IN ORDER:

- Include one of the following statements at the bottom of the report:
 - “The audit committee has/I have examined the books of the treasurer of _____ PTA and find them substantially correct with the following recommendations.”
 - “The audit committee has/I have examined the books of _____ PTA and find that more adequate accounting procedures need to be followed so that a more thorough audit report can be given.”
 - “The audit committee has/I have examined the books of the treasurer of _____ PTA and find them incorrect.”

AFTER THE REPORT IS WRITTEN:

- Attach any recommendations to the report.
 - List errors in arithmetic or posting.
 - List unpaid bills, payments authorized but not paid.
- Present the audit report to the executive board.
- Have each member of the committee or the auditor sign the report.
- Present and formally adopt the audit at an association meeting with the following motion, “I move that the audit report be adopted” and record the action in the association minutes. Read only the statement and indicate that the recommendations are attached.
- If there are questions raised by the membership, the president should state that a committee has been appointed to look into the issues raised by the audit and that the committee will report back to the association when resolution has been reached. *Do not make any implicit, explicit, written, or verbal statements or accusations. Such actions could result in a lawsuit for libel or slander.*
- Attach a signed copy of the audit to the minutes.
- If assistance is needed, contact the council or district PTA. At any time during the process, the California State PTA may be contacted for information or assistance.

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The financial secretary is an elected officer authorized to receive all monies collected by the PTA. Some responsibilities of the office are specified in the unit bylaws; others are established by council, district PTA and California State PTA procedures. The financial secretary may be a member of the budget committee.

WHAT TO DO

- Upon taking office, obtain all audited unit PTA financial secretary records and material from your predecessor. This should include a standardized bound ledger book, a receipt book and remittance forms (for transferring money over to the council and district PTA treasurers) and a check endorsement stamp, if available. A current copy of the *California State PTA Toolkit*, Finance section, should be included in the procedure book/file.
- Become familiar with all PTA procedures for handling money. These may be found in the *California State PTA Toolkit*, *National PTA Quick-Reference Guide*, *Money Matters*. Additional copies of California State PTA publications may be ordered from the California State PTA through the *List of PTA Materials*, Introduction section.
- Review the *Bylaws for Local PTA/PTSA Units* for stated responsibilities.
- Receive all monies, check amounts for accuracy and issue a numbered receipt for each transaction. All receipts should be accounted for and numbered.
- Record all receipts in a **bound** ledger book, indicating the date of receipt, number of receipt issued, amount, from whom received, and for what account (e.g., membership, fundraising).
- Note any refunds or disbursements that need to be made.
- Prepare all authorizations for payment if authorized by the executive board or the association. If not authorized to write authorizations, provide recording secretary with necessary information on refunds and disbursements to write authorizations.
- Give the treasurer itemized bills, sales slips, and invoices for payment by check.
- Prepare and sign authorizations for payment if required by the executive board or association.
- Determine whether the unit bylaws require the financial secretary to immediately deposit the money in the appropriate checking or savings account or after proper accounting forward the money to the treasurer, receiving a numbered, dated receipt. If the banking is done by the financial secretary, a duplicate deposit slip and a remittance form listing the accounting of all money received shall be forwarded to the treasurer immediately.
- Prepare a monthly financial report of all monies received, deposits made and/or authorizations for payment prepared. Distribute to the president, recording secretary and all financial officers. Keep a copy for the financial secretary's procedure book.
- Prepare an Annual Financial Report of all monies received during the past fiscal year. The dates of the unit fiscal year (e.g., July 1-June 30) will be found in the unit bylaws. Distribute report to the president, recording secretary and all financial officers. Keep a copy for the financial secretary's procedure book.
- Submit all records for audit semi-annually and at any time a financial officer resigns or no longer serves in that position, before the new officer assumes the duties, and whenever deemed necessary.
- Attend all events where money may need to be counted.
- Make sure that at least two people count the money together. This may include the event chairman and treasurer or financial secretary if possible.
- Keep a record of all funds counted using the "Cash Verification Form" found in *California State PTA Toolkit*.
- Ensure that all persons counting the money sign the "Cash Verification Form."
- Do not keep money overnight at home.
- Money may be kept in a school safe overnight if allowed by the school principal. Refer to the financial procedures outlined in the *California State PTA Toolkit*.

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