Parentkind
Bringing together home & school

A guide for PTA Treasurers

Your association committee is collectively responsible for the finances of the association and must therefore formally agree to any project. However, it is the responsibility of the Treasurer to ensure that all financial transactions are presented and recorded correctly.

The Treasurer, in conjunction with the committee must agree and then produce a clear set of rules relating to:

- the level of authorisation for floats, purchases or donations, i.e. the maximum payment without the need for authorisation from the committee to be agreed for floats, purchases, etc. All donations to the school need to be approved by the committee
- the maximum payment without a receipt (usually £10 or under)
- the payment of expense claims (petrol, telephone, childcare policy, etc.)
- the bank mandate which details the number of signatories on each cheque and who is authorised to operate the bank account. We strongly recommend two signatories from a pool of three or four, who must be committee members.
- who knows any passwords for electronic banking? Movement of money should be restricted to one current and one deposit account. Passwords should be updated when committee members who have them step down.
- rules for deposit/investment accounts and transferring money between these and the current account. This is usually by the Treasurer following agreement from the chair
- guidelines for counting cash receipts e.g. a minimum of two/three people counting cash
- banking event receipts: a bank night safe is a must for cash or alternatively make arrangements to use the school safe, with the money banked on the next working day
- security of floats
- reporting policy: production of an income and expenditure statement and bank reconciliation for all committee meetings
- arrangements for a simple audit/independent examination of the accounts at the end of your financial year.
- a regular review of deposit, investment and current accounts suitable for charities

By establishing this understanding the Treasurer knows what the committee expects from them and the committee knows what responsibilities the Treasurer has. This will make the role of Treasurer clearer and more straight-forward.

Time management

As Treasurer it is important to set aside a certain amount of time on a regular basis to keep the

accounts up to date. It is not good practice to simply put everything to one side, then rush to update the accounts the night before a committee meeting. By updating the accounts on a regular basis the Treasurer will be able to:

- pick up where they left off last time
- produce reports for the committee
- keep track of cash and bank balances

This approach should ultimately result in less time being required overall, although the time needed depends on a number of factors e.g.:

- the number of transactions to be processed
- the Treasurer's knowledge and understanding of accounting
- what information the committee wants to have

Accounting system

Depending on the experience of your Treasurer your accounts can be produced in several ways:

- in an analysed cashbook
- using a spreadsheet application
- using an accounting program

Any of these systems can be used to record information throughout the year and will allow your association to produce periodic and end of year reports. Simple computer software is a good option. A lack of knowledge of such packages should not preclude anyone from being the Treasurer as it is acceptable for the committee to arrange for appropriate training for the Treasurer.

Additionally, consider introducing the following good governance practices:

Good Financial Governance Practices

- Review financial statements every month
- Financial Position reporting is a standing monthly agenda item
- More than one person can access bank statements on-line
- Consider getting paper statements reinstated from bank to feature in monthly update
- Fully review financial position at least Quarterly
- Check all expenses and receipts tally to Balance Sheet / Accounting software
- Adopt an acceptable, universally agreed financial thresholds (see suggested matrix below)
- Ensure proper financial reporting routines are observed and understood by all members
- Please note: Charity law requires all charity trustees to prepare annual accounts for their charity

- These accounts are subject to an independent review

Receipts and payments

The Treasurer needs to record the flow of money into and out of the association. The terminology used from association to association may differ but the concept is the same.

Receipts

All the money received by the association must be recorded, no matter how small the amount may be. The full income figure should be recorded and not netted against any expenditure, i.e. it is good practice to record all cash payments made out of takings so you know exactly how much an event costs and therefore how profitable it has been.

Use as many headings, as you require, when recording the receipt of monies into the association. This will allow you to provide useful planning reports for the committee.

Examples of headings that could be used are:

- Individual donations
- Gift Aid (covenants)
- Individual events, e.g. Christmas Fair, Summer Fair, Race Night etc
- Deposit interest
- School uniform shop
- 100 club

In addition, it may be useful to break down income sources within an event, e.g. catering, bouncy castle, Santa's Grotto, raffle, etc.

Payments

All payments made from the account or out of cash income must be recorded. If you fail to write everything down the accounts will not balance. This may cause others to wonder if anything else is amiss i.e. that some of the money has gone missing or been misappropriated.

A receipt should always be produced before any payment is made. If one is not available then a petty cash slip signed by the Treasurer and the recipient will suffice.

Analyse expenditure under the same headings that you use for receipts. Taking one from the other will give you your profit (or loss) for that event or activity. Breaking down activities within an event often produces surprising information. Use as many headings as you wish - sometimes extra headings add clarity to the overall picture.

Any event expenditure should be analysed separately, when combined with the event receipts, the success of any one event can then be measured.

Examples of headings that might be included are:

- Parentkind membership fees
- Stationery
- Committee expenses
- License fees
- AGM refreshments etc.

Always pay bills when they are due as, in the long run, it saves time and paperwork.

Donations to the school

Record your donations to the school and break them down into general headings so that everyone knows what the money was used for, i.e. books, computers, sports kit, etc.

PTAs are not VAT exempt. If giving a cash donation for the full amount of something, this should include the VAT.

The school is also accountable for spending money raised by the PTA. The Treasurer should request proof from the school, in the form of an invoice or a signed certificate, as confirmation that the money donated has been spent on the items it was raised for.

If money is donated for a specific purpose it must be spent on that purpose e.g. if £1,000 has been donated for picnic benches, you need to know that the money was spent on picnic benches. This is what the Charity Commission calls a restricted fund.

Make sure that the donations made by your PTA appear on the school's annual accounts and balance with the donations you have recorded for that year.

Cash floats and event takings

Organising and managing the cash floats for an event is very labour intensive so remember to:

- try and make every float the same (although catering is often the exception)
- have simple £1 charges per stall or activity, making cash handling easier
- keep a copy of how you break down your floats so that you do not have to calculate the amounts at every event
- you can set up a simple computer spreadsheet for each float, so that as you add and remove activities, it automatically gives totals which you can use when ordering cash from the bank
- if you need a float, remember to give the bank plenty of notice
- ideally, collect the float from the bank as late as possible and enlist someone to help you sort out individual floats. Deliver these to each activity as close as possible at the start of the event
- banks can make mistakes, count the cash as soon as you can and report any errors immediately to the bank

- record the amount given to each activity and let everyone know how much he or she has got to start off with
- if you are expected to analyse takings, stress to everyone that they must keep their float and takings separate from those for other stalls
- cash must never be left unattended
- collect excess cash during an event, recording it in a book. The Treasurer and stall holder should both sign the book to agree the amount
- it is good practice when counting takings to have at least two people present, alternate these regularly
- tell the person to whom you have given the float to return the takings directly to the Treasurer and not to hand it to anyone else. Have a list to tick off as you collect the takings
- remove the takings to a safe place immediately after the event, preferably a bank night safe or the school safe
- cash counting aids are a great investment. Buy a few for all helpers to use when cashing up. They save time both when counting and at the bank
- be accompanied at all times when you have large amounts of cash

General points

The Treasurer has an important role and may find the following points useful:

- if using a computer accounting package or spreadsheet application, always make regular backups
- never hand over a blank signed cheque
- bank money regularly and never leave cash on display; use a night safe if available
- keep your accounts simple and easy to read
- always account for everything you receive and/or pay out
- review regular suppliers' charges and your established practices from time to time
- when retiring from your role, allow time to familiarise your successor with your system, even if there are plans to change it
- keep your records up to date
- file receipts in date order as it will be easier to audit and refer to at a later date
- change passwords regularly, especially when a committee member steps down

Reviewed: September 2018