Department of Education and Training

Accounting Manual for Parents and Citizens' Associations

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P&C Qld
Supporting State Schools

Queensland Government

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Introduction

A Message from the P&Cs Qld

P&Cs Qld (formerly known as Queensland Council of Parents and Citizens' Association - P&CS Qld), is a not-for-profit organisation servicing approximately 1260 state school P&C associations throughout Queensland. P&Cs Qld is made up of parents, care-givers and community-minded people. P&Cs are part of their local school, building a stronger school community where all children benefit. P&Cs Qld is active in supporting school communities. With a history of operating for over 60 years, our mission is to support and advocate for P&Cs to achieve quality educational outcomes in Queensland state schools and currently has approximately 1260 members.

P&Cs Qld have enjoyed a long and valuable relationship with the Department of Education, Training and Employment and we are very proud to work together on a range of issues both operational and strategic. This co-operation creates a foundation for close parent-school relationships.

P&Cs Qld welcomes the opportunity to work closely with the Department of Education, Training and Employment on the Accounting Manual for P&C Associations. This collaboration will ensure that P&Cs across Queensland are provided with the best skills and knowledge to work with their school community by creating the necessary tools, support and guidance to assist P&Cs in their operational needs.

This Accounting Manual is intended to give P&Cs the expertise and knowledge required to ensure appropriate accountability in P&C business. It covers all areas of P&C commercial activity in an easy to use format and provides P&Cs with the consistent and up to date information they need to effectively and successfully fulfil the requirements of their role.

For further information and support to build a strong and effective P&C Association please visit www.pandcsqld.com.au.

The P&C Association's Place in the Department of Education and Training

All executive committee members of the association are responsible for ensuring that the association fulfils its legislative requirements. The procedures and processes outlined in this manual will ensure compliance with the applicable Acts, Regulations and policies.

The P&C Association is a supporting body for their school and is created under the *Education (General Provisions) Act 2006* (the Act). The objectives of a P&C Association under the Act are to promote the interests of, and facilitate the development and further improvement of, the State instructional institution, or proposed State instructional institution, for which it is formed. Although P&C Associations are deemed to be a charity registered under the Collections Act, such deeming does not override the Act in regards to the objectives of a P&C Association. Gifts to the P&C Association do not have tax deductible status, except where the P&C Association has established a Deductible-Gift-Recipient Building Fund.

The school Principal is the accountable officer for the school and, as such, is responsible for all activities and actions in relation to the school. The Principal must ensure that the community's views are considered when a decision is made.

The P&C provides advice and support in strategic, operational and financial matters to the school.

This support may take the form of:

- Strategic Advice — input to the school's strategic plan.
- Operational Advice — input into the school's annual plan
  the school's uniform policy
  the school's homework policy
- Financial Support — fundraising
  budget input as part of the annual planning process

P&Cs cannot enter into contracts without approval of the Principal and some contracts may require ministerial approval.

A member of a P&C Association may not incur civil liability when that member was not negligent.

As the P&C Association is a statutory body under the Act, the P&C cannot be incorporated.

P&Cs are also excused from some elements of the *Financial and Performance Standards 2009*, which would be onerous for P&Cs to put into place. See Legislative Requirements.

Financial Responsibilities

This section provides an overview of the financial responsibilities and the reporting and accounting requirements for an association.

Accountability

Proper accounting procedures have several purposes:

- They ensure legislative requirements of office bearers are met.
- They ensure transparent and reliable information is available to key stakeholders like parents and the school.
- They prevent loss and fraud. While trust in others in the school community is admirable and desirable, proper accounting procedures remove opportunity and temptation, and provide mechanisms to pick up any inappropriate practices.
- They protect the executive committee. Proper accounting of association funds removes any basis for accusations of financial impropriety against members of the executive.

Executive Committee

All Executive Committee members are responsible for ensuring that the association and its subcommittees follow appropriate financial management procedures.

The Executive Committee is comprised of the President, Vice-President/s, Secretary and Treasurer, who hold office in an honorary capacity.

The Treasurer of the association must not also be the President or Secretary of the association.

The Principal of the state school or instructional institution may not be an office holder of the association.

Employees of the association may not be an office holder of the association.

President

To ensure that the association is accountable, the President must ensure that the association's executive committee and the subcommittee executive officers are carrying out the processes and procedures contained in the manual.

Treasurer

The Treasurer sets an example for others and provides advice so that all funds being held and handled by the association are properly accounted for.

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The association's financial practices must be open and compliant with legislation, and must be seen to be so by the school community. The Treasurer achieves this by encouraging all members of the school community to understand the state of the association's finances.

The Treasurer of the association or a subcommittee will transfer to the successor-in-office all records and accounts of the association or subcommittee, as the case may be, in their possession, custody or control as soon as practicable after that successor has been appointed.

The Treasurer's primary responsibility is to ensure compliance with the financial requirements of this manual.

Principal

A state instructional institution's Principal is an ex-officio member of the association, and is not permitted to hold office in the association.

The Principal acts as the Minister's representative to the P&C association, and advises and assists the volunteers holding office in the successful performance of their roles. The continuity of the Principal's role in the association helps bridge the gap that occurs when executive committee members of the association change over time.

Principals also assist executive committee members in the interpretation and application of financial accountabilities.

When the association and Principal work together to achieve the same goals:

- the school community acts as one in the interests of the students; and
- the association's planning and budgeting complements the school's efforts to assist students in achieving learning outcomes.

Contracts

The department has clear guidelines for when an association can sign a contract. This includes a contract for the supply of goods and services, e.g., for the manufacturing of school uniforms for re-sale.

Section 137 of the Act states that if an association alone proposes to enter into a relevant agreement, before entering into the agreement, it must obtain the written approval of the Minister authorising it to enter into an agreement.

The Minister's power under section 137 of the Act is delegated to the Principal of the school the P&C supports.

Section 5 of the Model Constitution provides occasions when the approval of the Minister is required before the association may enter into an agreement.

An association is a statutory body established under the Act and is independent of a school. It is responsible for its own actions, and under the Act, court action can be taken against an association directly.

Any damages or costs incurred by an association and not covered by the association's insurer are to be paid from the association's funds.

Section 141 of the Act provides that a member of an association does not incur civil liability for an act done, or omission made, honestly and without negligence under the Act. The liability attaches instead to the State.

In order to limit the association's exposure to any contractual liability, the association may donate funds for specific facilities or services to the school, for the Principal to manage any necessary contractual arrangements with the assistance and approval of the department.

Records

The association will securely store and manage all records and accountable forms of the association, preferably at the school.

Accountable forms comprise cheque books, purchase order books and receipt books.

All books of accountable forms are to be labelled with book numbers in sequential order. Pre-numbered books should be labelled A, B, C and so on.

Each book issued must be initialled and dated on the inside cover by the person taking possession of or returning the book. Normal practice is for the Treasurer of the association to provide accountable forms to all subcommittees and to keep a single register for all association activities.

A register of all accountable forms on hand, including those for subcommittees, must be maintained as shown in the following sample:

Example 1: Accountable Forms Register						
Date	**Serial No**	**Book No.**	**Date Issued**	**Officer Initials**	**Date Returned**	**Treasurer Initials**
PURCHASE ORDERS						
2/2/2013	AA201 - AA300	AA	4/2/2013	AH	6/7/2001	JS
	AB301 - AB400	AB	5/7/2013	BT		
3/6/2013	BA001 - BA100	BA	1/10/2013	AH		
	BB101 - BB200	BB				
RECEIPT BOOKS						
2/2/2013	A001 - A500	A	4/2/2013	AH	8/8/2001	JS
	B501 - B1000	B	1/8/2013	AH		
CHEQUE BOOKS						
20/1/2013	268001 - 268100	A	4/2/2013	AH		
	268101 - 268200	B	30/8/2013	JS		
	268201 - 268300	C				

Record Retention Periods

The Treasurer must keep the records for the current year and the year before. All other records must be kept at the school, under the care of the Principal.

When a new Treasurer is appointed, the outgoing Treasurer must pass on all records.

Records are to be retained as per the Queensland State Archives General Retention and Disposal Schedule for Administrative Records at http://www.archives.qld.gov.au/Recordkeeping/GRKDownloads/Documents/GeneralDisposalSchedule.pdf

As a guide, the following applies:

Audit reports	7 years
Bank deposit slips	7 years
Bank statements	7 years
Cash register strips	7 years
Cashbooks	7 years
Cheque butts / payment vouchers	7 years
Financial reports	7 years
Order books, invoices	7 years
Pay sheets and acquittance sheets	7 years
Petty cash and postage books	7 years
Receipt books,	7 years
Stock-counting sheets	3 years

After the storage periods, the records can be destroyed.

Financial Year

The financial year for an association will start on 1 January in a year and end on 31 December in the year. This will enable the alignment of school and association planning and budgeting, and facilitate consistent parliamentary reporting of financial details.

Accounting Software

Associations have historically used cash accounting practices and recorded receipts and payments in manual cashbooks.

While handwritten cashbooks may continue to be utilised, associations may take advantage of a free spreadsheet application and user manual provided by the department for this

purpose. The manual uses the free spreadsheet application to provide examples of the various processes and reporting requirements.

Commercially available accounting software (such as MYOB™ or Quicken ™) may also be utilised by associations. If an association decides to use accounting software, the format of reports generated by those applications will be acceptable for reporting purposes in terms of the manual.

If an association is registered for GST, it is recommended that a commercial accounting package be used to assist with the business activity statement (BAS) process.

The decision to use the free spreadsheet or accounting software is a determination for the Executive of an association and consideration should be given to:

- the size and complexity of the association's operations
- the level of knowledge and expertise of executive committee members, especially the Treasurer
- the likely expertise of future holders of executive positions
- access to suitable computers and printers
- availability of suitable training in the accounting software
- ability to maintain and upgrade accounting software
- security of hardware and data, and
- ease of regular backup of computer files.

Account Keeping Tools

P&C Accounting Kit

To assist P&C treasurers with the bookkeeping and reporting functions, two cashbook spreadsheets have been developed and can be found at
http://education.qld.gov.au/finance/procedure/pandc/

P&C Accountability Transmission Document

The P&C Accountability Transmission Document has been made available to assist P&Cs with the requirements for reporting to the Region. Please confirm with the Principal of your school the method of delivery required in your Region.

http://education.qld.gov.au/finance/procedure/pandc/docs/pandcaccount_transmission_rpt.doc

(for attachment to the audited financial statements and forwarding to your regional office after the annual general meeting)

Operational Responsibilities

The President's Responsibilities

At all times, ensure that:

- controls for handling cash are in place and operating to protect the association's resources
- records are kept up to date
- accountable forms are securely stored, especially cheque books
- actual, potential or perceived conflicts of interest between officers and the association's activities are identified and managed effectively
- all accounting is open and transparent, and that questioning of the accounts is welcomed at meetings
- association members are aware of the financial requirements of the manual

At all general meetings, ensure that:

- the Treasurer presents a complete set of financial documents, including original bank statements
- each subcommittee operating an account presents a complete set of financial documents
- the Treasurer's and subcommittee financial reports are countersigned
- all payments are approved and applied for the purposes of, firstly, paying expenses lawfully incurred by the association, and, secondly achieving the objectives and performing the functions of the association
- the budget is reviewed and reasons are identified for variances between planned and actual financial activity

At the annual meeting, ensure that:

- the audited annual financial statements, comprising, where multiple bank accounts exist, consolidated financial statements that combine the financial statements for all association accounts, are presented for approval
- a copy of the auditor's report is presented and any issues raised are discussed and addressed
- a copy of the approved audited annual financial statements is sent to the DETE Regional office with the completed Accountability Compliance Transmission Report and the auditor's management letter.
- the continuing need for subcommittees is reviewed, and where a subcommittee's continued existence is reconfirmed, office bearers (who must be current members of the association) are appointed and the account limits set on the subcommittee's operation are reviewed
- the GST status of the association is reviewed.

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The Treasurer's Responsibilities

Getting Started as a New Treasurer

- Find out what subcommittees exist and which of them operate a separate bank account.
- Verify that the subcommittee bank accounts are still required by the association.
- For all accounts in operation, ensure that order books are being used for purchases, official receipt books are being used to collect money, and cheque books or electronic funds transfer (EFT) processes are being used to make all payments (except for petty cash payments).
- Ensure that a register of accountable forms exists that lists all cheque books, order books and receipt books.
- Ensure that all accounts are current and reconciled, especially if the financial year has already begun.

At all times, ensure that:

Cheques

- on receipt of a cheque book from the financial institution, all cheques are marked 'Not negotiable – account payee only' and the words 'or bearer' are crossed out
- all cheques issued are made out to a person and not to 'Cash'
- all completed cheques are signed by two approved account signatories
- blank cheques are never signed, regardless of the circumstances
- cheques are not signed by an employee of the association or the Principal, or by two members of the same family.

Payments

- all payments are made by cheque or EFT, except for small payments from petty cash
- all payments are supported by invoices, receipts and/or dockets
- 'Goods Received' and 'Paid' stamps or markings appear on all paid invoices
- when using a photocopy of an invoice to support a payment, the photocopy is stamped or marked 'Not Previously Paid' to evidence a check of such having been made
- advantage is taken of discounts offered within the supplier's terms of trade
- a petty cash imprest is operated for the purchase of minor items.

Receipts

- receipts are issued in sequential date order of takings, for the total amount of funds collected
- two independent persons are responsible for collecting and counting money
- on presenting money to the Treasurer, a receipt is issued to the person responsible for collecting and counting the money.

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Banking

- the amount of the banking corresponds to the total of receipts
- banking is performed daily or all unbanked money is securely stored.

Cashbooks

- cashbook records are kept up to date
- the sequence of entries in the cashbook match with the sequence of receipts and payments
- correction fluid is not used in the purchase order book, manual cashbook, receipt book or cheque book.

Management

- surplus subcommittee funds are regularly transferred to the main association account
- an account of all receipt books, purchase order books and cheque books is kept in a register of accountable forms that lists all forms and their location or who has possession of them
- a register of equipment held by the association is kept
- plant and equipment is controlled to prevent theft and loss
- all association records are filed and held for the required period of time (See Retention periods).

Employees

- employees of the association are receiving the correct wages and pay slips, superannuation contributions and leave entitlements.
- association insurance and WorkCover payments are kept up to date.
- an accessible copy is held of all industrial awards relevant to association employees.
- association PAYG tax and superannuation payments are up to date.

At all general meetings, ensure that:

- a bank reconciliation is performed before each meeting and checked by another executive officer
- the following complete and up-to-date financial documents are presented for each account:
    - cashbook
    - statement of receipts and payments
    - bank reconciliation (with original bank statement), and
    - trading statements if a subcommittee has stock or inventory (required to be conducted at least once a term, but recommended monthly), including a report on stock wastage.
- receipts and payments are monitored against planned budget estimates

- all subcommittees that operate a separate account present a financial report. Check the bank reconciliation for each subcommittee against the subcommittee cashbook and bank statement, and initial both documents.
- all financial reports are certified by the Treasurer
- all financial reports, bank reconciliations, payment vouchers and any other documentation that may be required by audit to verify the financial position of the association are filed and retained for the required period of time.

At the annual meeting, ensure that:

- a stocktake of the association's plant and equipment has been performed
- the annual financial statements have been prepared and, where multiple bank accounts exist, comprise consolidated financial statements that combine the financial statements for all association accounts
- an audit has been performed of the annual financial statements and the accounts of the association and all subcommittees that operated a separate account
- a copy of the auditor's report and management letter is presented and any issues raised are discussed and addressed
- the audited annual financial statements are certified by the Executive officers of the association
- a copy of the approved audited annual financial statements is sent to the regional office with the completed Accountability Compliance Transmission Report
- where the auditor has qualified the audit report in a management letter or disclaimer because of a problem with the accounts, a copy of the letter and a response to the audit report addressing the qualification/s is included in the Accountability Compliance Transmission Report
- an auditor with appropriate qualifications and experience is appointed for the following year
- a budget is prepared for the following year, utilising a committee for that purpose. The budget is to be prepared using an inclusive and collaborative process.

Planning and Budgeting

Association and School Planning

The development of a budget is an essential component of goal setting and establishing annual strategies and activities for the school.

Where the association and the school develop budget plans together, by means of a budget committee or other collaborative system, the best possible outcomes for students are facilitated. Collaborative planning requires the parties to identify activities that are expected to occur during the next year and account for activities planned for future years.

The association should develop simple processes to estimate the timing and value of cash revenue and cash expenditure to ensure the availability of funds when required and to avoid cash shortages.

Budget Committee

The association may form a budget committee to facilitate consultation and assist the Treasurer to prepare the budget. The budget committee will undertake the following tasks.

- Identify new revenue and expenditure programs, cost them and recommend priorities.
- Estimate receipts for the coming year by reflecting on the previous year's receipts and consulting with subcommittees.
- List known and/or recurring payments for the coming year.
- Identify any additional receipts and payments that are likely to occur.
- Identify any anticipated surplus or deficit funds.
- If there is a surplus, remaining expenditure and provisions not yet included in the budget should be prioritised for inclusion.
- If there is a deficit, expenditure and revenue programs must be reviewed. A deficit budget may be acceptable if funds accumulated in the past will cover the deficit. Regular deficit budgets cannot be sustained, nor are they recommended.
- Amalgamate all the plans for subcommittees into a single budget.

Preparing a Budget

An association budget must be prepared for each year and must be approved at the annual general meeting at the beginning of the financial year.

Preparing a budget may at first seem like guesswork, as a lot of assumptions will have to be made about what is expected to happen during the following year. However, the assumptions will be made with the benefit of experience and planning for the year. A budget is only as good as the work put into preparing it and monitoring it. Consultation and realism are the keys to a successful budget.

A budget is a plan of the expected receipts and payments during the next year. The budget must:

- estimate the income and expenditure for each financial period
- predict the expected cash flow (see Definitions), and
- identify potential cash shortfalls.

Budgeting is a continual exercise of planning, monitoring, reviewing and reporting.

A sample combined budget and cash flow statement is shown in Example 2 on the next page.

Testing the Budget

The assumptions underlying the budget should be challenged to test whether the budget is realistic. For example:

- Will sales be as high as last year, given that enrolments are expected to decrease?
- Will competition from a newly opened shop affect sales?
- Are employee wage increases expected?
- Will increased prices affect the level of sales and overall turnover?
- Will parents be as responsive to fundraising initiatives as last year?

Preparing a Cash Flow Statement

Once the overall budget has been decided, it is helpful to break the budget up month by month into a cash flow statement.

How to Prepare a Cash Flow Statement

A cash flow statement is prepared by estimating in which months the receipts and payments are likely to occur, for example, if a fundraising event is to be held in September, profits from the event could be expected to start flowing into the account in October.

To assist in making these estimates for ongoing activities, consideration must be given to the actual cash flow for the activities in the previous year/s.

It should be remembered that these are only estimates and should be realistic. While they may be close to the eventual outcomes, estimates can never accurately predict what will actually happen. The best that can be done is to gather all possible information, consult widely and get the best advice available.

Example 2: Budget and Cash Flow Statement

Sample SS P&C

Proposed budget for **2014**

Opening Cash at Bank 5 500

RECEIPTS	Totals $	January	February	March	April	May	June	July	August	September	October	November	December
Donations	400		200	100	50	50							
Bank Interest	600	50	50	50	50	50	50	50	50	50	50	50	50
Fundraising	8,000			5,000						3,000			
Tuckshop Sales	22,200	600	2,400	2,400	1,800	2,400	1,800	1,800	2,400	1,800	1,800	2,400	600
New Loan	10,000								10,000				
Monthly Receipts	41,200	650	2,650	7,550	1,900	2,500	1,850	1,850	12,450	4,850	1,850	2,450	650
YTD Totals		650	3,300	10,850	12,750	15,250	17,100	18,950	31,400	36,250	38,100	40,550	41,200
PAYMENTS	Totals	January	February	March	April	May	June	July	August	September	October	November	December
School Programs	18,002		100	4,000	200		3,200	200	10,000		500		
Bank Charges	120	10	10	10	10	10	10	10	10	10	10	10	10
Fundraising	3,350		2,000	200						1,000	150		
Audit fees	200		200										
Registration	300						300						
Tuckshop Direct	7,300	200	800	800	600	800	600	600	800	600	600	800	100
Tuckshop Indirect	600			300				300					
Tuckshop Wages	1,850	50	200	200	150	200	150	150	200	150	150	200	50
Transfer to Long Service Leave Investment Account	120	10	10	10	10	10	10	10	10	10	10	10	10
Loan Repayments	8,700	600	600	600	600	600	600	600	900	900	900	900	900
Miscellaneous	240	20	20	20	20	20	20	20	20	20	20	20	20
Monthly Payments	40,782	890	3,940	6,140	1,590	1,640	4,890	1,692	11,940	2,690	2,340	1,940	1,090
YTD Totals		890	4,830	10,970	12,560	14,200	19,090	20,782	32,722	35,412	37,752	39,692	40,782
Closing Cash at Bank	5,918	5,260	3,970	5,380	5,690	6,550	3,510	3,668	4,178	6,338	5,848	6,358	5,918

How to Monitor the Budget

Actual receipts and payments for all accounts must be compared with the budgeted cash flow statements at each association meeting.

The monitoring process will identify if receipts and expenditure are consistent with anticipated year-to-date levels, enabling decisions to be made on whether corrective action is required, for example, enrolments may be lower than anticipated resulting in reduced profits from the tuckshop.

The association’s contribution to the school's budget should also be monitored through the reports on the school's finances presented by the Principal at association meetings.

How to Deal with Budget Problems

The Treasurer should develop a course of action to overcome any financial problems that may occur when budget expectations are not met. The Treasurer will need to alert the association if expenditure is greater than expected or revenue is less than anticipated.

Action can be determined to get the budget back on track, or the original budget can be revised to take into account the changed circumstances.

Using appropriate spreadsheet software, the cumulative totals of revenue and expenditure can readily be graphed to provide a graphical overview of the current position or to track trends.

Income

This section details the financial procedures and processes that must be followed in the handling of finances within the association and its subcommittees.

Some or all of these procedures and processes may apply depending on what activity is involved and the circumstances surrounding the activity.

Use of Funds

Any money held by the association must be applied, firstly, in paying the expenses lawfully incurred by the association, and secondly, in achieving the objectives and performing the functions of the association.

One function of the association is the giving of financial or other resources or services for the benefit of all students who receive educational instruction at the State instructional institution for which the association is formed.

Money raised by the association for a particular purpose, as determined by the association, must be used for that purpose.

Unless provided for in the association's operational plan, excessive bank balances should be avoided.

On the dissolution of an association, the Principal's supervisor will deal with any property and funds in the name of the association, after payment of any expenses lawfully incurred by the association.

Banking

Establishing an Account

The association must establish an account with an approved financial institution, such as a bank, building society or credit union. The Australian Prudential Regulation Authority ('APRA') (http://www.apra.gov.au/) provides a list of authorised deposit-taking institutions that are regulated by APRA in accordance with the *Banking Act 1959*.

Under the terms of the Queensland Government School Banking Product Agreement with the Commonwealth Bank of Australia (CBA), associations are entitled to use the CBA and receive interest on the credit balance held in a society cheque account calculated using the Reserve Bank of Australia's (RBS) Target Cash Rate less 2% margin.

The account is to be in the name of "(School Name) Parents and Citizens' Association".

The account may be operated by any two officers of the association.

Wherever possible, an association and subcommittees should use a cheque account facility for non-profit clubs and associations to minimise bank charges.

Following approval of an account at an association meeting, the president must sign the financial institution's form requesting establishment of an account in the name of the association or its subcommittee.

Subcommittee Accounts

The number of accounts held by subcommittees should be kept to a minimum. This can be achieved by separately accounting for each activity in the association's cashbook.

It is recommended that the Outside School Hours Care (OSHC) subcommittee have a separate account. See also the outside school hours care section.

Electronic Banking

Electronic banking is a form of banking where funds are transferred through an exchange of electronic signals between financial institutions, rather than an exchange of cash, cheques, or other negotiable instruments.

Customer identification is by access code, such as a password or Personal Identification Number (PIN) instead of a signature on a cheque or other physical document. Electronic banking systems can be low-dollar retail payment systems, such as Point-Of-Sale systems, and large-dollar interbank payment systems. Electronic banking is also referred to as e-banking, internet banking or online banking.

Electronic banking facilities may be used where the financial institution's software provides the necessary functionality and security.

Internet banking will allow access by all authorised officers through a home computer.

Electronic funds transfer (EFT) may be used where the functionality complies with the mandatory requirements set out in the manual and where transactions occur via a secure website that conforms to Secure Socket Layer protocols (SSL).

Banking Procedures

All money must be securely stored. If stored in the school safe or strong room, the money box is to be labelled with the name of the P&C Association and dated.

The collection and counting of all money must be performed by two independent persons who must sign the supporting documentation, for example the daily takings sheet.

Persons responsible for receipting and counting money must not also be responsible for banking the money.

All banking must be done promptly, and cash should be banked on the day of collection or the next working day.

Deposit books must be used for each account and a copy of the processed deposit slip be retained for record purposes.

To minimise risk, persons should not make known to others that they are carrying a large amount of money when taking the deposit to the financial institution. Conditions of insurance over money in transit to the financial institution are to be considered and followed.

It is recommended that night safes at the financial institution be used to deposit large amounts after hours.

As account statements show only the total of monies banked, the Treasurer must ensure that records are sufficiently detailed to allow the identification of sources of income and the timing of banking.

Keeping a Cashbook

Proper records and accounts must be kept and maintained by the association that correctly reflect the financial affairs of the association.

The Treasurer of the association and the Treasurer of each subcommittee that operates an account must maintain a cashbook for each account.

The cashbook must clearly show the source and date of receipts and purpose of payments.

The Treasurer will at all times:

- Enter receipts and payments promptly to ensure the cashbook reflects an up-to-date financial position.
- Keep separate cashbooks or sections for receipts and payments.
- If the cashbook is not electronic, make all entries in ink.
- Ensure corrections are made by ruling through the incorrect entries and initialling the correction, not by using correction fluid or by overwriting entries.
- For GST-registered associations, recognise the GST component of a transaction in a separate GST column.

Receiving Money

All money received by the association must be recorded so as to identify from whom the money was received, the date and the nature of the income.

This is achieved through the use of daily takings sheets (Proforma 1), official receipts and bulk receipts for items such as raffles.

In conjunction with the Principal, an association should determine the decision-making parameters and processes for the timely collection of monies owed to the association, and the action to be taken for non-payment of monies.

Credit Cards, Debit Cards and EFTPOS

The association may offer parents the convenience of paying by credit card and/or EFTPOS. These payment facilities will generally attract a transaction charge which may differ according to the type of card accepted and the type of transaction. The association must obtain details from the financial institution on transaction charges and operating procedures.

The association should include a rigorous analysis of the risks around the proposed technologies, particularly in terms of the security of the service provider and who bears the risk if transactions go wrong.

When recording entries in the cashbook, receipts made by credit or debit cards must be treated the same as cash.

Transaction charges for credit or debit cards will be charged to the association's account and must be entered as an expense in the cashbook when the monthly account statement is received.

As per departmental policy, the merchant charges are to be met by the association as a cost of business and cannot be passed on to parents.

“Third Party” Collection

P&C associations may not use a third party collection agency to collect money on behalf of the association.

“Management Body”

The association may wish to consider using a management firm/enterprise for administrating financial transactions. Associations should complete a risk analysis for considering this type of management. Associations should also take into considerations:

- The controls prescribed in this manual
- Policies outlined in the Association’s constitution

Proforma 1: Daily Takings Sheet and Daily Taking Sheet Summary

EXAMPLE STATE SCHOOL P&C ASSOCIATION
Daily Takings Breakdown Statement

DAY: _____ **DATE:** _____

TUCKSHOP **UNIFORM SHOP** **BOOKSHOP** **FUNDRAISING ACTIVITY**_____

CATERING

Approved Float of: _____

(The float is removed before counting the money, remains the same throughout the year then re-banked separately at year end)

NOTES		COINS	
$100.00		$2.00	
$50.00		$1.00	
$20.00		.50	
$10.00		.20	
$5.00		.10	
TOTAL NOTES (1)		.05	
		TOTAL COINS (2)	

BANKING SUMMARY	
TOTAL NOTES (1)	
TOTAL COINS (2)	
total cash	
Cheque/money order	
TOTAL DEPOSIT (3)	

DAILY SALES	
TOTAL DEPOSIT (3)	
eftpos (see attached documentation)	
TOTAL TAKINGS	

COUNTED BY		CHECKED BY
Name		
Signature		

Receipt no	DATE BANKED	BANKED BY
		EXCESS / SHORTFALL (as per bank)
		Explanation for Excess or Shortfall

(may be reproduced for use)

EXAMPLE STATE SCHOOL P&C ASSOCIATION Daily Takings Sheet Summary							
Date	**Gross Takings**	**Less Float**	**Net Takings**	**Cash Counted** (signature of counter)	**Count Checked** (signature of checker)	**Banked**	**Receipt Number**

Cash Registers

An association will benefit from using a cash register if:

- a substantial number of cash transactions are processed, and
- the association or a subcommittee is involved in five-day trading.

Registers also assist in the preparation of money for banking as they will provide exact deposit totals.

If a cash register is used in the activities of the association, the following standard procedures must be followed:

- The cash register must have sufficient accumulating capacity that should not exceed the keyboard display. For example, if the keyboard capacity displays eight digits then the accumulating capacity will need to be at least nine digits.
- The register must be capable of accumulating separate totals for each mode of payment: cash, cheques and other methods.
- The capacity of the receipt printer must be at least the accumulating capacity of the cash register.
- The cash register must print on a receipt the amount received, a progressive receipt number and the date of receipt. The method of payment must be shown, for example, cash or cheque. If this is not possible, the operator must be able to insert the particulars. The receipt must identify the operator, the cash register (if more than one), a description of the item and the GST applicable.
- Imprinting of the journal roll is mandatory. All particulars of receipting, resetting or displaying totals must be indicated on the journal roll.
- The cash register must be inoperable whenever a receipt roll is not properly inserted in the cash register.
- The cash register must feature an audit total into which every amount for which a receipt is issued by that register be accumulated continuously.
- The audit total must be of a non-resettable type, or be resettable only by a special key that is held by an authorised officer of the association or subcommittee.
- Where the audit total is resettable, a non-resettable progressive count of the number of times that the audit total has been reset must be maintained. The Treasurer must read the audit total and audit total reset indicator at the end of the financial year or the performance of a service. These totals must be promptly entered and certified in a Cash Register Readings Book (see Example 3).

Cash registers can enhance control of the collection and recording of money, but only where access to the register is restricted as follows:

- The cash register must feature key locks or other devices for date setting, access to the journal roll, and reading and resetting routine for totals. These devices must be placed under effective supervisor control and accessible only to authorised persons.

- Most cash registers have six keys. Four are for operators; one is for a sub-manager and the other for the manager. The manager should not be an operator.
- The manager must have control over the monthly balancing total. The sub-manager must have control over the daily balancing total.
- The manager must retain custody at all times of all keys not in use. Any person wishing to use the cash register must obtain their key from the manager. The cash register drawer lock must only be placed in the register while an operator is present. The manager must be responsible for the removal of the journal roll and its safe custody.
- Differences between the total daily balancing total docket and money collected are the responsibility of the cash register operators. The committee must develop operating guidelines on this responsibility for the information of all cash register operators.
- A Cash Register Readings Book must be kept (see Example 3).

On a daily basis, the cash register manager will:

- Check the readings indicated by the cash register against the entries in the Cash Register Readings Book (see Example 3 on the next page).
- Verify the correctness of every adjustment made to the journal roll or to an entry in the Cash Register Readings Book.
- Verify all cancellations by ensuring the reason for cancellation is recorded, the tape is signed by the operator and counter signed by the manager.
- Ensure that the receipts are retained and securely filed.
- Verify the money on hand at the end of each day.
- Verify that the sub-manager has prepared the Daily Balancing Total Sheet (see Example 4) and the daily balancing total cash register roll is attached to these sheets and stored securely in date order.
- Issue a receipt for the total of the Daily Balancing Total Sheet and securely store the original of the receipt.
- Record the money received in the cashbook according to the categories in the Daily Balancing Total Sheet.

On a monthly basis, the cash register manager will:

- Check each daily balancing entry on the monthly balancing cash register roll against the cashbook and bank statement.
- Initial the Cash Register Readings Book.

Example 3: Cash Register Readings Book

UNIFORM/STATIONERY SHOP

Date August	Register Reading (Progressive)	Register Reading (Previous Day)	Day's Total	Adjustments	Net Daily Total to Cashbook	Sub Manager	Manager	Authority for Adjustment
1								
2		201.10						
3	567.30	201.10	366.20		366.20	ABC	CBA	
4	980.98	567.30	413.68	4.87	407.81	ABC	CBA	Cancellations

Example 4: Daily Balancing Total Sheet

UNIFORM/STATIONERY SHOP

Date: 2 August 2013

CASHBOOK COLUMN	AMOUNT	Cash register docket pasted here
Uniforms	29.20	
Stationery	67.00	
TOTAL	366.20	

Cash $263.20 Cheque $24.50 Visa Card $78.50

Receipt A345

Issued by: Signature:

Banked: $366.20 Signed

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Expenditure

Where possible, equipment and materials (especially large value items) should be purchased by giving the funds to the school and having the purchases incorporated into the school budget.

This method is particularly relevant if the association is not registered for GST and is therefore not able to claim the input tax credits relating to these purchases.

Where the school is unable to undertake the administration and purchasing process, then the association must follow the requirements of the Purchasing Policies and Procedures for Parents and Citizens Associations.

An official purchase order book is to be used to authorise all purchases. An official purchase order from the association or one of its subcommittees provides a record of a request for supply that prevents disputes about pricing, quantity and items ordered.

The use of purchase orders allows the Treasurer to monitor the purchasing of new equipment and services for the total value of more than $5000, and identify any unacceptable practices, such as someone mixing private and official purchasing together.

Each purchase order must clearly state:

- date of order
- supplier
- exact number and nature of items ordered
- item price and total cost
- name of the person placing the order.

Order books must be pre-numbered and the order forms pre-stamped with the following:

(Name of School) Parents and Citizens Association Fund

Committee (as appropriate)

The consent of the Director-General must be obtained before the following type of purchasing activity is carried out:

- the construction of improvements to the school's premises
- the addition of a fixture to the school's premises
- the purchase of furniture for the institution.

Payments

Except as a matter of urgency as approved by a majority of the executive committee, expenditure may not be incurred without the prior approval of the association.

All accounts must be submitted for approval or ratification at a general meeting or special meeting of the association.

All payments, other than from the petty cash fund, will be made by cheque or electronic funds transfer (EFT).

Associations are not permitted to use credit cards or debit cards to make payments.

Who Can Sign Cheques?

At the annual general meeting or at a general meeting, the association must authorise the President, Vice-President, Secretary, Treasurer and other officers as required to sign cheques, with any two to sign each cheque.

New account signatories will need to complete documentation at the financial institution and provide proof of identity. Photocopies of change of signatories forms must be retained for 7 years.

The association must advise the bank in writing when signatories to bank accounts change or are to be cancelled.

Who Cannot Sign Cheques?

As the Principal is an ex officio member of the association and cannot hold an office, the Principal cannot be a signatory to any association account.

A paid employee of the association such as the tuckshop convener or outside school hours care director must not be officers of the association and therefore cannot be signatories to any accounts. This avoids any chance of conflict of interest or of officers having to make payments to themselves.

Managing Chequebooks

Keep a register of all chequebooks and the names of people holding the books.

All people holding chequebooks must keep them in a secure place. If a chequebook is missing, lost or stolen, have a stop payment put on those cheques. You can do this by a telephone call to most banks.

Never sign a blank cheque.

Order chequebooks worded ‘not negotiable’, if possible. If this type is not available, mark/stamp ‘Not Negotiable – Account Payee Only’ on every cheque when you receive the book. Cross out the words ‘or bearer’.

An officer other than the Treasurer must certify and date the inside cover of the chequebook when all cheques have been properly marked or stamped.

Completing Cheques

Mark cheque butts with the date, payee, reason and amount for which the payment is made.

All expenditure must have supporting documentation validating the transactions, for example, payment vouchers (example at Attachment 1, Page 99), invoices or committee minutes. You must file this supporting documentation in cheque number sequence.

Invoices received from suppliers must quote your order number so that you can cross-refer to check accuracy.

If a cash cheque needs to be drawn for petty cash or a cash float, mark it 'please pay cash' at the top. Make the cheque out to the person to whom the cheque is given, who should then provide a receipt to support the payment.

Cancelled cheques, along with their butts, must be crossed with the word Cancelled, filed with invoices in cheque-number sequence and recorded in the cashbook as cancelled.

The auditor may request cheques that have been presented to and paid by the bank. These can be obtained from the bank by prior arrangement and will incur a bank charge. Attach these cheques to the relevant invoice.

Electronic Funds Transfer (EFT)

Please note that an EFT payment system is not BPay or internet banking, it is using a bank product, such as CommBiz.

For the reasons listed below, it is not recommended that associations use EFT for making payments.

- Information Standard 42 requires absolute security of private information. Private personal details such as bank account numbers would have to be recorded for each supplier or employee who is to be paid by EFT. Access to such information and the systems they are recorded on would have to be restricted and the physical safety of the system ensured to comply with privacy requirements.
- You may need dedicated hardware and specialised software.
- Security levels are necessary for adequate segregation of duties.

Should the association decide to use an EFT payment system, the following controls must be established and maintained for EFT payments of supplier accounts:

- All EFT transactions are to be authorised by any <u>two account signatories</u> by entering:
    - a user name and password, or

    - a user name and the randomly generated pin if using a security token (highly recommended if the financial institution offers this level of security).

The two account signatories are to sight, check and approve all documentation before an EFT transfer is authorised.

A confirmation email or screen receipt which is generated by the financial institution following the entry of an EFT transaction must be filed for audit purposes.

A printed record of any transaction deleted or edited must be made and filed for audit purposes.

A receipt/record of all electronic fund transfers for each payment must be printed and attached to the relevant document (invoice) and filed for audit purposes.

How to Choose a User Password

It is recommended that the association deals with a financial institution that provides security tokens as a level of security.

If a user password is required, it is important to choose the password with care to ensure maximum security. The following hints may assist with ensuring password security:

- A user password may generally contain a combination of alphabetic characters (A-Z) and numeric characters (0-9).
- A user password must not contain:
    - a recognisable part of the user's name;
    - the user's date of birth;
    - the name of the user's spouse, pet, favourite footy team, etc.
    - anything that can be reasonably linked to the user.
- For added protection, the user must regularly change the password.
- The user must not use a password that is being used as a PIN for their private ATM or EFTPOS transactions.
- A user's password must not be kept in a wallet or anywhere that can be accessed by another person.
- A user's password is confidential and must not be divulged to or used by another person.

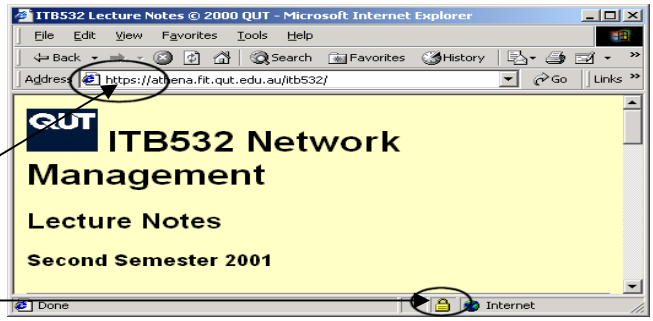
If the password does not conform to these rules, the user may be liable for any loss arising out of unauthorised transactions.

Online Security

Financial institutions do not send emails requesting the recipient to confirm, update or disclose confidential banking information.

When conducting banking online, verify that you are on a secure authentic site by checking the SSL protocol.

The web site address will start with 'https://', the 's' being an indication that it is a secure site. Also, a picture of a closed padlock will be displayed at the bottom of the browser window when the site is secure.



Bank Reconciliations

The bank reconciliation is the key accountability process to be completed each month. The reconciliation will confirm that the bank account is consistent with the cashbook.

Follow this checklist to complete a bank reconciliation.

- The Treasurer arranges for the bank to issue a bank statement as at the end of each month.
- When a bank statement is received, record any interest or bank charges in the cash book before the cash book is balanced.
- Check that the deposit and withdrawal/cheque entries on the bank statement match those recorded in the association's records and explain any differences. Complete a bank reconciliation statement (see Example 7).
- Before the monthly meeting, get another executive committee member to check and certify the bank reconciliation. They must also sign the bank statement and cashbook when they are performing this check.
- Attach the bank reconciliation to the bank statement, give copies to the Secretary and include all the paperwork in the monthly reports.

Petty Cash

If a purchase is for a very small amount, use petty cash. The association may resolve at an annual general meeting to have a petty cash fund, the amount of the petty cash fund being determined and recorded in the minutes.

The Treasurer will maintain a record of expenditure from the petty cash fund together with receipts. The Treasurer will submit a report of expenditure from the petty cash fund to the general meeting of the Association.

Petty cash must be used only for payments under $100. This payment method is more efficient than producing many cheques for small amounts.

- No payment/reimbursement is to be made to claimants who do not produce a receipt or statutory declaration.

- No payment/reimbursement is to be made to claimants who make purchases on private credit cards due to loyalty programs that may be attached to the card.

An example of the steps required for management of petty cash follows.

- If the association approves a $50 advance to its Secretary for petty cash, make a cheque out to the Secretary with 'please pay cash' written on the top and initialled by the cheque signatories.
- Make an entry in the cash book with petty cash written after the Secretary's name.
- As the Secretary spends money from the petty cash, they keep a petty cash book record. (A petty cash book can be purchased from a newsagent or stationery store.)
- The top edge of all receipts are pasted, allowing access to the reverse, in the petty cash book for every item purchased with the cash. The Secretary must sign the back of each receipt and give some detail of the item purchased.
- When the Secretary has spent nearly all of the $50, they should request a recoupment of petty cash from the Treasurer.

Petty Cash Recoupment

- Total the individual payments since the last recoupment.
- Count cash on hand — the amount the Secretary has left.
- Add the two amounts. They should equal $50.
- Categorise the total amount to be reimbursed into the appropriate types of expenditure.
- Make out another cheque to the Secretary for the total of the payments to be reimbursed.
- The Secretary must then mark the petty cash book as shown in the sample petty cash book (Example 5).

Example 5: Petty Cash Book

Date	Particulars	Rec'ts	Payments	Postage	Stationery	Misc.
1/01/2013	Cheque no.123	$50.00				
3/01/2013	Stamps		$1.00	$1.00		
	Account Book		$3.15		$3.15	
7/01/2013	Stamps		$1.00	$1.00		
21/01/2013	Matches		$0.50			$0.50
22/01/2013	Butter		$2.20			$2.20
25/01/2013	String		$2.95			$2.95
	Total Spent		$10.80	$2.00	$3.15	$5.65
	Cash on Hand		$39.20			
			$50.00			
31/01/2013	Balance on hand	$39.20				
	Cheque no.128	$10.80				
	Reimbursement	$50.00				

Reporting

Monthly and annual reporting are accountability processes that provide assurance that the financial position of the association is sound, and that the necessary procedures and controls are in place.

The purpose of reporting is to inform the school community of financial matters.

Over-reporting or presenting a large amount of irrelevant data must be avoided, as too much information can be confusing. The regular meetings of the association provide an opportunity for members to ask questions about the association's finances, which fosters transparency and accountability.

Certain reports are mandated and are listed below.

Reporting Periods

The accounting periods for an association will be whole calendar months.

A calendar month is used to align with the Business Activity Statement (BAS) or Instalment Activity Statement (IAS) quarterly reporting requirements of the Australian Taxation Office (ATO).

Monthly Reporting

At each meeting of the association the financial reports for the previous calendar month/s since the previous report are to be presented for all accounts held by the association and its subcommittees.

Monthly financial reports must include the following:

- cashbook
- a bank reconciliation as at the end of the previous calendar month
- a list of the receipts and payments for the previous calendar month for endorsement
- a trading statement showing year-to-date figures for each trading activity (required every three months but a monthly report is preferable) and
- monitoring of the budget position.

Other than routine stock purchases, payments for the future month must also be tabled and approved at the meeting.

How to Report

Where accounting software is used, the appropriate reports must be selected to present the financial information to the meeting.

Where the free spreadsheet application is used, the required reports are available from the Monthly Statements section of the spreadsheet menu:

- Cashbook (see Example 6)
- Bank Reconciliation Statement (see Example 7)
- Statement of Receipts and Payments (monthly) (see Example 8)
- Trading Statement — Tuckshop (see Example 9)

The budget can be monitored by comparing budget figures with the totals on the Statement of Receipts and Payments.

Annual Reporting

Following the preparation of the reports for the last month of the financial year, the annual financial statements are compiled by the Treasurer and submitted to the appointed auditor along with the association's account records for audit.

On return from the auditor, the audited accounts and management letter must be presented at the association annual general meeting.

Following acceptance at that meeting, a copy of the set of audited documents must be forwarded to the DETE regional office by 31 May, along with a completed Accountability Compliance Transmission Report.

What to Report

The set of annual financial statements will depend on whether the association is using the free spreadsheet or a commercial accounting package.

Free Spreadsheet

If the association is using the free spreadsheet or a hand-written cashbook, the required documents are provided in the Annual Statements section of the menu:

- Bank Reconciliation Statement as at the end of the last month of the year (see Example 7)
- Trading Statement - Tuckshop as at the end of the last month of the year (see Example 9)
- Statement of Receipts and Payments (annual) (see Example 10)
- statement of financial position — balance sheet (Example 11)
- statement of comprehensive income — profit and loss (Example 12)

Commercial Accounting Package

If the association is using a commercial accounting package, the relevant financial reports provided by the package should be utilised that correspond to:

- bank reconciliation statement as at the last month of the year
- trading statements for each trading activity (trading statements for the last month should have the year to date figures)
- statement of financial performance (profit and loss)
- statement of financial position (balance sheet)

The additional certificates identified in Example 19 will need to be added to the financial reports produced by the accounting package.

Consolidated Reporting

A set of financial statements, as detailed above, must be provided for every account held by the association and its subcommittees at a financial institution. If more than one account exists, a set of consolidated statements (in addition to the set of financial statements for each account) must also be generated and form part of the annual financial statements.

These consolidated statements are:

- consolidated statement of receipts and payments (not necessary if using an accounting package)
- consolidated statement of financial performance
- consolidated statement of financial position.

Auditor's Requirements

The auditor will need to see in addition to the above annual reports the following information:

- bank statements for all accounts
- all payment vouchers
- all receipt books
- cashbooks
- stocktake records
- any other documents that provide supporting information for financial transactions, for example, committee minutes authorising expenditure
- a copy of this manual.

For more information on the auditor's role, see the section on Audits.

Example 6: Cashbook (List of Receipts and Payments)

RECEIPTS

Month Date	Description	Receipt Number	Total of Receipt	Bank Rec	Banked	1 Donations	2 Bank Interest	3 Fundraising
5-Feb	Sample SS	123458	201.00			201.00		
6-Feb	Joan Soap	123459	598.73	1	799.73			
27-Feb	Joan Soap	123460	599.10	1	599.10			
28-Feb	CBA Bank		53.78	1	53.78		53.78	
	TOTAL RECEIPTS FOR MONTH:		1,452.61		1,452.61	201.00	53.78	0.00
	PLUS BALANCE C/FWD:		695.14			50.00	47.80	0.00
	TOTAL YEAR TO DATE:		2,147.75			251.00	101.58	0.00

PAYMENTS

Month Date	Description	Cheque Number	Total Of Payment	Bank Rec	1 School Programs	2 Bank Charges	3 Fundraising	4 Audit fees
4-Feb	Fete Supplies	54324	1,500.00	1			1,500.00	
6-Feb	Joan Soap	54325	50.00	1				
6-Feb	AA Printing	54326	500.00	1			500.00	
8-Feb	AJ Accounting	54327	200.00	1				200.00
11-Feb	Sample Fuel supplies	54328	100.00	1	100.00			
15-Feb	Sample Bakery	54329	437.90					
18-Feb	Drink Supplies	54330	401.20	1				
20-Feb	CBA Bank		600.00	1				
20-Feb	Joan Soap	54331	50.00	1				
	TOTAL PAYMENTS FOR MONTH:		3,839.10		100.00	0.00	2,000.00	200.00
	PLUS BALANCE C/FWD:		892.24		0.00	12.34	0.00	0.00
	TOTAL YEAR TO DATE:		4,731.34		100.00	12.34	2,000.00	200.00

Example 7: Bank Reconciliation Statement

Sample SS P&C

Bank Reconciliation Statement

As at: **28-Feb-2014**

Balance as per Bank Statement:	3,687.61
Plus: Deposits in cashbook not in Bank Statement:	0.00

Unpresented Cheques this period

Cheque No	Amount
54329	437.90
	437.90

Unpresented Cheques previous periods

Cheque	Amount $
54001	50.00
	50.00

Less: Total of all Unpresented Cheques:	487.90
Calculated Balance as per Cashbook:	3,199.71
Plus: Investment balance at end of month	0.00
Total Available:	3,199.71
Cashbook Balance at beginning of year:	4,950.00
plus Receipts YTD:	3,370.88
less Payments YTD:	5,121.17
Cashbook Balance at end of month:	3,199.71
plus Investment Balance at end of month:	0.00
Total Available:	$3 199.71

Treasurer:	
Date:	
President:	
Date:	

Example 8: Statement of Receipts and Payments (Monthly)

Sample SS P&C

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE MONTH OF February 2014

RECEIPTS	February	YTD
Donations	201.00	251.00
Bank Interest	53.78	101.58
Fundraising		
Tuckshop Sales	2,420.96	3,018.30
New Loan		
TOTAL	**2,675.74**	**3,370.88**

PAYMENTS	February	YTD
School Programs	100.00	100.00
Bank Charges	9.83	22.17
Fundraising	2,000.00	2,000.00
Audit fees	200.00	200.00
Registration		
T/shop Direct	839.10	1,040.10
T/shop Indirect	280.00	280.00
T/shop Wages	200.00	250.00
Loan Repayments	600.00	1,200.00
MISC		28.90
TOTALS	**4,228.93**	**5,121.17**

Treasurer:	
Date:	
President:	
Date:	

Summary – School Programs

Details	February	YTD
Fuel	100.00	100.00
Total	**100.00**	**100.00**

Summary – Miscellaneous Payments

Details	February	YTD
Postage		28.90
Total	**0.00**	**28.90**

Example 9: Trading Statement – Tuckshop

Sample SS P&C

TRADING ACCOUNT – TUCKSHOP
February
2014

		Amount	**% of turnover**
SALES YTD		$3,018.30	
Less:			
Purchases Paid YTD (T/shop Direct):	$1,040.10		
Purchases Unpaid (total invoices on hand):	$0.00		
Opening Stock Value at Start of Year:	$324.55		
	$1,364.65		
Less Value of Closing Stock:	$100.00		
Cost of Goods Sold:		$1,264.65	
GROSS PROFIT YTD:		**$1,753.65**	**58.10%**
Less Operating Expenses:			
Wages YTD:	$250.00		
Indirect Costs YTD:	$280.00		
		$530.00	
NET PROFIT YTD:		**$1,223.65**	**40.50%**

Example 10: Statement of Receipts and Payments (Annual)

Sample SS P&C
STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED: 31-Dec-2014

	PREVIOUS YEAR 2013	CURRENT YEAR 2014		PREVIOUS YEAR 2013	CURRENT YEAR 2014
RECEIPTS	$	$	**PAYMENTS**	$	$
Donations	3,067.00	461.00	School Programs	8,945.95	18,000.00
Bank Interest	1,376.50	609.97	Bank Charges	500.00	127.07
Fundraising	2,000.00	8,101.50	Fundraising	400.00	3,350.00
	0.00	0.00	Audit fees	350.00	200.00
	0.00	0.00	Registration	375.00	1,075.00
Tuckshop Sales	21,803.45	22,502.05	T/shop Direct	4,100.00	6,576.70
	0.00	0.00	T/shop Indirect	2,010.00	580.00
	0.00	0.00	T/shop Wages	1,500.00	1,850.00
New Loan	0.00	10,000.00	Loan Repayments	4,490.00	8,700.00
	0.00	0.00	MISC	2,987.00	160.60
				25,657.95	**40,619.37**
		Surplus Receipts over Expenditure		**2,589.00**	**1,055.15**
TOTALS	**28,246.95**	**41,674.52**		28,246.95	41,674.52

Example 11: Statement of Financial Position (Balance Sheet)

Sample SS P&C

Statement of Financial Position

31 December 2014

PREVIOUS YEAR 2013 $	ASSETS	THIS YEAR 2014 $
4 950.00	Cash at Bank	6 005.15
0.00	Cash on Hand	0.00
324.55	Stock on Hand	140.50
0.00	Investment Balance	0.00
100 000	Property/Plant/Equipment	115 000
30 000	Acc Depreciation PPE	47 000
5 274.55	TOTAL ASSETS	6 145.65
	LIABILITIES	
2 500	Provision for employee leave entitlements	3 500
15 760.00	Balance of Loans	23 190.00
15 760.00	TOTAL LIABILITIES	23 190.00
($ 10 485.45)	NET ASSETS/(LIABILITIES)	**($ 17 044.35)**
	EQUITY	
(7 884.00)	Accumulated Funds	(10 485.45)
(2 601.45)	Surplus/(Deficit) for year	(6 558.90)
(10 485.45)		**(17 044.35)**

The negative net worth is due to the donation of assets to the school

Example 12: Statement of Comprehensive Income (Profit And Loss)

Sample SS P&C
Statement of Comprehensive Income
FOR THE YEAR ENDED:31 December 2014

REVENUE	PREVIOUS YEAR 2002 $	CURRENT YEAR 2003 $	EXPENDITURE	PREVIOUS YEAR 2002 $	CURRENT YEAR 2003 $
Donations	3 067.00	461.00	School Programs	8 945.95	18 000.00
Bank Interest	1 376.50	609.97	Bank Charges	500.00	127.07
Fundraising	2 000.00	8 101.50	Fundraising	400.00	3 350.00
.		0.00	Audit fees	350.00	200.00
.		0.00	Registration	375.00	1 075.00
Tuckshop Profit	8 100.00	13 311.30			0.00
.		0.00			0.00
.		0.00			0.00
		0.00	Loan Interest	3 587.00	6 130.00
.		0.00	MISC	2 987.00	160.60
				17 144.95	29 042.67
			Surplus/Loss for year	(2 601.45)	(6 558.90)
TOTALS	14 543.50	22 483.77		14 543.50	22 483.77

Subcommittees

The Act provides that an association may establish subcommittees that it considers appropriate for purposes consistent with the objectives and functions of an association. Subcommittees may be established for special purposes, including, for example, a swimming club or tuckshop.

Subcommittees are directed by the association, as provided by the Act and the association's constitution. An association may impose on a subcommittee the conditions the association considers appropriate.

If funds are to be raised or spent by a subcommittee, the association must appoint a Treasurer of the subcommittee along with a Chairperson and Secretary. However, the subcommittee's Treasurer must not also be the Chairperson or Secretary of the subcommittee.

A subcommittee is bound by the same accounting requirements as the association and is obliged to comply with this manual in all respects.

A subcommittee established by an association may only act within the scope of the authority given to the subcommittee by the association, and must follow any direction given by the association to the subcommittee.

If the subcommittee is authorised by the association to raise or spend funds, the Treasurer of the subcommittee will:

- be provided with all amounts received by the subcommittee and manage those amounts
- keep a proper record of receipts and expenditure of the subcommittee
- ensure amounts received by the subcommittee are deposited promptly in an account with a financial institution in the name of the subcommittee, or in another account, as directed by the association, and
- present a written financial statement at every general meeting of the association with outstanding invoices for ratification at the general meeting.

Any funds raised by a subcommittee are the association's funds and under the association's control.

If a subcommittee has been authorised by the association to raise or expend funds, the association will determine the operating funds of the subcommittee. All income of the subcommittee in excess of its approved operating funds will be transferred to the primary bank account of the association as and when the association determines.

If a subcommittee is authorised to operate a bank account in its own name, the account will be held at the same bank as the association's main account and will be operated by any two of the Chairperson, Secretary and Treasurer of the subcommittee.

If a subcommittee is authorised to operate a bank account in its own name, the association will determine whether the subcommittee may use electronic funds transfer (EFT) to make payments.

The subcommittee accounts will be subject to an audit as part of the association's accounts.

Tuckshops and Other Businesses

An association may conduct at the school's premises a tuckshop or other amenity such as a uniform shop and stationery shop, if the association reasonably believes the amenity is likely to help staff members of the school in their professional duties, or to help students of the school in their studies.

The objectives for conducting a trading activity must be decided by the association. That decision will assist in determining the amount of desired gross profit, which will determine the mark-up percentage. The association must consider whether it wants high profits to support association objectives or whether it wants to provide an inexpensive service to parents for items such as lunches and uniforms.

Tuckshops are a common activity of many associations. The purpose for the tuckshop must be very clear; such as to provide quality products at the lowest possible price as a service to the students, or to provide products at a price acceptable to the market in order to raise funds. Some associations adopt a compromise position between these two purposes.

Regardless of its purpose, the tuckshop must comply with the procedures of this manual. As the financial transactions of a tuckshop or other amenity are many, and often involve a large turnover, the association and subcommittee must address the daily operations and monitor the profit and loss of the activity. This will require each business to prepare the profit and loss statement including their opening and closing stock balances. Associations can refer to the State Purchasing Policy for further information.

Employees

While most of the effort and hard work performed by the association is voluntary, often the association becomes an employer and pays employees for labour. Employees can include scheme operators and tuckshop conveners.

No employee of the Association is eligible to hold a position as an officer or as an executive committee member of a sub-committee.

Wages

Associations must approve the employment of all people who perform work for payment. When wages for labour are due and payable, associations are employers and thus bound by laws governing income tax, superannuation, fringe benefits tax, payroll tax, WorkCover, industrial awards and agreements.

Pay employees by cheque or EFT (never cash). You must keep wage records.

Employee Entitlements

The association must ensure provision is made for employee entitlements as they occur. This includes superannuation, long service leave entitlements and must be recorded on the balance sheet as a provision. (See Example 11 – Balance Sheet Summary)

Taxation

Income tax must be deducted, regardless of how small the wage payment, according to current Australian Tax Office tax tables, unless the employee is able to provide a declaration from the ATO exempting them from the deduction of tax.

All employee wages and leave entitlements must be correctly administered. You may need to progressively set aside funds to provide for long service leave.

Remember to discriminate between paying someone for labour as an employee and paying a bona fide contractor for a service. In the latter case no taxation requirements apply to the association.

WorkCover for employees and details of the association's Retail Employees Industrial Agreement are obtainable through the P&Cs Qld. Details of taxation requirements should be obtained from the ATO or its agents.

An association must ensure that Payment Summaries are completed and supplied to their staff in a timely manner, so they are able to complete and submit their income tax return on time.

An association must complete a reconciliation statement and send to the ATO detailing how many Payment Summaries have been issued, together with the gross wages paid and tax contributions for their paid staff.

Accounts

If the association wishes to have a subcommittee overseeing the activity of the tuckshop, a separate bank account is to be opened for the operation by the members of the subcommittee.

Alternatively, transactions relating to the tuckshop may be recorded in a separate column in the cash book of the main association account.

Accountable Forms

Accountable forms include purchase orders, receipt books and chequebooks. The association Treasurer supplies these and they are entered on the association master register of accountable forms.

However, if the subcommittee organises its own accountable forms, the subcommittee must also keep a register of accountable forms for audit purposes.

Recording Income

Record income in an appropriate column in the cashbook. Supporting documents include receipts, bulk receipts, takings book, cheques, cash registers, the cash sales sheet, credit card/EFTPOS payment and banking.

- The association and/or subcommittee Treasurer must keep a cashbook
- All income received by the association must have an official receipt issued for it immediately it is received.
- Bulk receipts for the tuckshop daily takings must be pasted in a takings book.
- If a cash register is used in the activities of the association, follow standard procedures.

Cash Sales Sheet

Where cash registers are not available, using a cash sales sheet may help to track the sales and check takings. This is how a cash sales sheet works.

- Create one cash sales sheet for each sales point.
- Sales staff tick off individual sales.
- At the end of the sales activity, total the amounts to show how much cash should be on hand.

Example 13: Cash Sales Sheet

CASH SALES SHEET

Date: 2 April 2014

SALES	ITEM	PRICE	TOTAL
√ √ √ √ √ √ √	Pies	$1.00	$7.00
√ √ √ √	Fruit	$0.50	$2.00
√ √ √ √ √ ((((((((((((	Fruit salad	$0.70	$9.80
(((((((	Sml milk	$0.50	$3.50
√ √	Lge milk	$0.75	$1.50
(((((((	Sandwich pack	$1.50	$10.50
	TOTAL		$34.30

Recording Expenditure

Neither a paid convenor nor the Principal can be signatory for the tuckshop account. The Treasurer pays all accounts by cheque or EFT (no gift cards). Remember to take advantage of discounts wherever possible.

At All Times

Support all payments with original invoices. If a photocopy has to be used, make sure it is endorsed ‘Not Previously Paid’.

If a mistake is made while writing cheques, write cancelled across both the cheque and butt and leave the cheque in the chequebook.

After payment, mark all invoices as paid and include the date paid to prevent the chance of a duplicate payment. File invoices and dockets in cheque-number order after payment. Pasting them in a scrapbook is ideal. The auditor will require this record.

Receiving Goods

The tuckshop convenor is in charge of recording how much has been spent and ensuring that these goods or services are received.

This checklist shows what the convenor should do as goods are delivered to the tuckshop.

- Check that all goods listed on the invoice have been received into tuckshop stock.
- Stamp the invoice with a Goods Received/Date Stamp and sign the invoice to show the check has been carried out.
- Return any substandard stock and obtain a credit note from the supplier.
- Check all invoices for quantity ordered, price charged, credit for returned goods, discounts and other calculations. Errors do occur in suppliers' invoices and, unless detected, can contribute to a trading loss.
- Give certified and checked invoices to the Treasurer.

Purchase Orders

Tuckshops must use purchase orders to obtain goods and services. The petty cash float can be used for purchasing minor or emergency items.

Stock Management

Tuckshops that return good profits have strong management to ensure the following.

- Perishables such as milk are turned over regularly.
- There is no over-supply of daily foodstuffs or loss of end pieces of foods.
- Consumption of goods by staff is strictly regulated.

All stock needs to be rotated so that older stock is sold first.

Stock Control

The control of stock is an important function of the association and an understanding of the way stock is consumed can aid in the reordering process and expense management.

If stock records are not maintained accurately, the gross profit of the association may be over- or understated, giving rise to false expectations for the future. Stock control is an important factor in maintaining reasonable gross profit percentages (see Gross profit).

It is important to reduce stock in the run up to holidays, in order to reduce the possibility of any losses due to power failure, break in or other spoilage.

Avoiding Losses

Small and seemingly insignificant daily wastage can very easily result in losses for a tuckshop. Losses or wastage occur mainly through:

- spoilage of perishables
- end pieces of small goods, for example ends of cheese or hams, that are consumed by staff or voluntary help
- over-ordering of foodstuffs such as buns, bread, pies, which are then thrown out or given away
- high consumption of products by staff
- pilfering.

Security

- Tuckshop keys must be held in the school office retained by the Principal and the cleaner.
- Restrict entry to the tuckshop to tuckshop staff and volunteers.
- Children under 11 years of age are not covered by the voluntary workers insurance held by most associations and must not be allowed in the tuckshop.

Stocktake

A stocktake must be completed at least every quarter. Carry out the first stocktake at the end of term one and then at the end of each subsequent term. Monthly stocktakes can be carried out if considered necessary. One person should count while another checks and records.

To help with stocktaking, prepare stock sheets in advance, pre-printed with items that are regularly carried in stock. Prices used to calculate the value of stock are entered after the stock is counted and must be the cost price.

Trading Statements

The tuckshop, book shop and uniform shop are all examples of trading activities. Trading statements, showing the profits made for the year to date (YTD), are required for each trading activity of the association. The profit is calculated by comparing receipts from YTD sales with payments for the same period to determine a net result.

Trading statements must be produced at least every quarter and for the financial year as they form part of the annual financial statements.

Ideally, trading statements should be generated monthly so that the association can quickly identify and address any unusual trends. Trends towards a loss must be identified before the financial position becomes difficult.

A sample of a trading statement may be found on page 42 (Example 9).

Gross Profit

A key concept to understand is that gross profit (%) and the mark-up (%) on an item is different. Gross profit is calculated from the sale price whereas the mark-up is calculated from the cost price.

Gross profit is the difference between the total amount of income received — sales income — less the amount that was paid out to purchase those goods — cost of goods sold. Gross profit is achieved by determining a mark-up percentage on the wholesale price of stock.

A low gross profit percentage indicates one or more of the following:

- prices are too low
- stock is being lost or wasted (see Stock control).
- giveaways are too high
- money or stock is being lost due to theft

If an item is marked up by 33 1/3 per cent, the gross profit is 25 per cent. This is demonstrated in the following example.

Example 14: Gross Profit Calculation

If you buy an item for $75 and sell it for $100, the mark-up is $33^1/_3$%.

However the gross profit would be:

Sales $100

Cost of item $75

Gross profit $25

The gross profit percentage is:

$$\frac{\text{Profit (\$25)} \times 100}{\text{Sale price (\$100)}} = 25 \text{ per cent}$$

Calculating Gross and Net Profit for a Trading Activity

Look at the value of the gross profit for a period of sales.

Example 15: Calculating gross and net profit for a trading activity

Net sales income			$17 809.13
Less cost of goods sold	Opening stock	$5 000.00	
	Plus purchases	$9 300.00	$14 300.00
	Less closing stock	$942.87	
Cost of goods sold			$13 357.13
Gross profit			$4 452.00
This trading activity has generated a gross profit of 25 per cent. The calculated profit being:			
($4 452.00 / $17 809.13) x 100 = 25 per cent			

Cost of Goods Sold

The cost of goods sold needs to be calculated so that the gross profit can be determined. The cost of goods sold is calculated as follows:

Opening stock (saleable items on hand at start of period valued at cost)

plus Purchases (the total value of items purchased for resale during the period)

less Closing stock (saleable items on hand at end of period valued at cost)

The answer to this calculation equals cost of goods sold (the cost of saleable items sold during the period).

Net Profit

The association will need to be aware of the net profit generated by a trading activity because this is the best indicator of whether an activity is worth continuing. If the net profit is small then the association's efforts may be better directed toward other activities. A small net profit can also highlight the need to increase profit margins or confirm that the service is very close to cost neutral.

Net profit is calculated by deducting from gross profit the operating expenses such as cleaning, wages, paper bags and other items that do not affect the cost of goods sold. Look at the worked example to see the calculation.

The net profit generated by this trading activity is $1 597.86. This trading statement forms part of the annual financial statements.

Example 16: Net Profit Calculation	
Net sales income	$17 809.13
Less cost of goods sold	$13 357.13
Gross profit	$ 4 452.00
Less operating expenses	$ 2 854.14
Net profit	$ 1 597.86

Outside School Hours Care (OSHC)

Where the association is the licensed provider of the school age care service, the OSHC service is to be established as a subcommittee and is required to report monthly to the association meeting in the same manner as other subcommittees.

Due to the special requirements of childcare providers and Commonwealth funding requirements, the OSHC subcommittee should use the tailored software available and operate a separate account.

While the OSHC service is financially independent and self-funding, the subcommittee is still required to comply with this accounting manual and is subject to the direction of the association.

The office bearers of the OSHC subcommittee are to be appointed by the association in the same manner as other subcommittees office bearers at an association general meeting.

The association must be the employer of people working in the OSHC and is responsible for their PAYG requirements.

For further information, refer to the principles and processes detailed in Outside School Hours Care and Vacation Care.

Fundraising

(This section does not cover door-to-door appeals or street collections.)

The objectives of a P&C Association under the *Education (General Provisions) Act 2006* are taken to be sanctioned under the *Collections Act 1966* and P&C Associations are deemed to be charities registered under the Collections Act and many conduct appeals for support. As such, the association is responsible for ensuring compliance with the Collections Act.

An appeal for support means an invitation to the public which is designed to obtain money or articles for the purpose of the appeal.

Dealing with Amounts Collected from Appeals for Support

Amounts collected from an appeal for support must, as soon as practicable, be paid to the credit of an account at a financial institution, either in the association's account if the appeal is on behalf of the school, or in an account in the name of the beneficiary of a sanctioned appeal.

Fundraising by an Association for the School

Except in limited circumstances, (Student Council) the P&C will conduct all fundraising activities for a school, including sausage sizzles, lamington drives, fetes, galas, etc. Any funds raised are for the improvement of the resources of the school, which falls under the objectives of the P&C under Section 120, EGPA 2006, and these activities are sanctioned under the Collections Act.

The following points must be addressed in all communications to the public concerning the fundraising:

- the purpose for which the appeal is made (new hall, replace basketball hoops) and that the purpose is sanctioned under the Collections Act must be specified at all times; and
- the provisions of the Collections Act relating to the appeal must be complied with in every respect.
- Under Section 121 of the Education (General Provisions) Act 2006, it is a P&C function to provide financial resources for the benefit of persons who receive educational instruction at the State instructional institution. Fundraising to subsidise cohorts or groups within the school (e.g. year level camps/excursions) should be carried out by the school or school groups, not the P&C.

Specific Fundraising by an Association for a Charity Not Connected with the School

A P&C may raise funds to support a charitable cause, i.e., the Red Cross. However, the following guidelines must be followed.

The P&C must ensure the charity they are supporting is registered under the Collections Act. You may check with Fair Trading on 13 13 04. Once the check has confirmed the charity is registered the following points must be addressed:

- the promoter must be authorised in writing by the management committee of the P&C before seeking written authority from the governing body of the charity;
- the appeal must be authorised in writing by the governing body of the charity;
- all conditions under which that authority is given must be complied with in every way;
- the promoter (person making the appeal, e.g., the chair of the fundraising subcommittee; the vice-president; etc.) of the appeal must be named in that authority;
- the name of the charity and the fact that it is registered under the Collections Act must be specified at all times when making the appeal;
- the conditions to which the registration of the charity is subjected under the Collections Act shall be complied with in every respect; and
- the provisions of the Collections Act relating to the appeal must be complied with in every respect.

Accounting and Record Keeping

For each appeal for support, except where the appeal for support consists only of an art union authorised under the *Charitable and Non-Profit Gaming Act 1999*, the promoter must keep a record showing:

- the purpose for which the appeal was made;
- the full name and address of the promoter and the promoter's authority for acting as promoter;
- an accurate statement showing full details of all income and expenditure associated with the appeal (in the approved form) and of the moneys and property raised by or resulting from the appeal and of the disposal of all such moneys and property;
- the audit report of a copy thereof, if such a report is received by the promoter;
- other source documents:
    - receipt books, receipts, cancelled cheques and correspondence about accounts for 6 years; and
    - correspondence other than about accounts for 1 year; and
- a cash book or statement of amounts received and paid and any petty cash book.

The Director-General of the Department of Justice and Attorney-General has the power to require a promoter to keep additional records.

Building Fund

Eligibility

Where it is considered to be consistent with achieving the P&Cs objectives and performing its functions and subject to resolution passed by a majority of members at a duly constituted meeting, an association may establish, maintain and operate a school building fund.

An association is not eligible to establish a tax deductible fund for another purpose, such as a School Library Fund.

An association may apply to the Australian Tax Office (ATO) for endorsement as a deductible gift recipient (DGR) under Subdivision 30-BA of the Income Tax Assessment Act 1997 (or as amended from time to time or under any legislative provision enacted in substitution for those provisions) for the operation of a school building fund.

DGR endorsement enables the association to receive donations and donors to receive tax deductions.

When the association obtains endorsement, the ATO will require details of the rules under which the DGR will be administered, represented by certain clauses included within the association's constitution.

Operating Procedures

The association must maintain a separate bank account for the Building Fund in the name of 'XYZ State school Parents and Citizens Association Building Fund'.

The public may be invited to contribute gifts of money or property to the fund.

Monetary gifts and the proceeds of sale of gifted property must be credited to the fund. For example, interest earned on the school building fund bank account must be credited back to that account. The association must not credit to the fund money or property that is not intended for the fund.

The fund must be administered by a subcommittee of the Association.

The association must use the fund solely for the acquisition, construction or maintenance of a building used, or to be used, as part of the school by the State of Queensland, or a public authority, or a society or association which is carried on otherwise than for the purposes of profit or gain to the individual members of the society or association.

The money in the fund may be used to pay for the reasonable costs of managing the fund. Examples of costs include bank fees and charges, stationery costs and accounting and audit fees relating directly to the fund.

The association must not distribute directly or indirectly any portion of the fund to its members.

If the association issues a receipt for a gift to the fund, the association must ensure that the receipt states:

- the name of the fund;
- the Australian Business Number (ABN) of the association;
- the fact that the receipt is for a gift.
- the amount of monetary gift;
- a description of any gifts of property; and
- the date of the gift.

Notification of Changes

The ATO must be notified of any changes made to the association's constitution that affect the fund's rules or dissolution or winding up provisions.

The ATO must be notified at the first occurrence of:

- the winding up of the fund; or
- the dissolution of the association.

On the winding up of the fund, or the dissolution of the association, any surplus assets of the fund must be transferred, with the prior approval of the Minister, to:

- a building fund of another parents and citizens association; or
- a fund, authority or institution to which tax deductible gifts can be made under Subdivision 30-B of the Income Tax Assessment Act 1997,

Loans

When seeking a loan, the association must comply with the guidelines detailed in the Policy and Procedures Register (PPR) module Loans Sought by Parents and Citizens Associations. The Principal can assist in providing a printed copy of the policy and procedure, on request.

Ensure the following steps are performed in the financial records:

- Record the receipt of the loan in the cashbook.
- Enter the loan repayments in the cashbook as they occur.
- Report on details of the loan balances in the annual financial statements.

Loans from School

The school cannot make a loan of funds to an association, or pay an invoice on behalf of an association in place of making a loan.

The *Financial Accountability Act 2009* provides that no-one other than the Queensland Government Treasurer may approve the loan of departmental funds.

Product Endorsement

An Association may be approached by banks, other financial institutions or other businesses, offering fundraising opportunities associated with loan, mortgage or other introduction programs.

Such schemes offer payment of a commission for every loan or credit facility taken out by a community member who quotes the school or association.

The involvement (holding information sessions, circulating leaflets, etc.) of an association in such programs is not appropriate as the association or school can be perceived as endorsing the organisation and thereby the financial product. The association or school may also be perceived as acting as an agent for the financial institution because a commission is received on the sale.

Endorsement of any organisation or its product contravenes the department's policy EDM – PR_001 Advertising and Sponsorship.

An association may enter into a sponsorship or advertising arrangement (e.g.: commercial advertising in the association newsletter, supply of football jerseys with a logo, etc.) as long as there is no perception of endorsement of the product or supplier, and the commercial advertiser or sponsor is compatible with the ethos of public education.

Any sponsorship or advertising arrangement considered by the association must be approved by the Principal as being consistent with departmental policy.

Raffles, Promotional Games and Bingo

If an appeal for support consists only of conducting a game under the Charitable and Non-Profit Gaming Act 1999, the Minister is taken to have given a sanction under the Collections Act for that purpose. The association must adhere to both the Charitable and Non-Profit Gaming Act 1999 and Collections Act 1966 provisions in these situations.

The Queensland Office of Gaming Regulation has a web site – 'Publications & Resources – Publications & Forms' which can be very helpful. There is a search engine available for policies and forms under multiple gaming regulation topics.

A 'game' is defined in the Charitable and Non-Profit Gaming Act 1999 as follows:

> 'a game, scheme or arrangement offering prizes, whether or not tickets are sold or distributed, in which the winners are decided –
>
> (a) entirely or partly by changes; or
>
> (b) by a competition or other activity having an outcome depending on chance, for example, a guessing competition.'

Managing Raffle Tickets

- Match the tickets sold and the total tickets available to the total takings from the raffle.
- The raffle organiser does a reconciliation (see Example 17 for a ticket and takings reconciliation) and resolves any disputes about lost tickets. (A reconciliation gives an easy overview of the activity and ensures that all funds raised are accounted for and ticket handlers are protected from false accusations.)
- Hand the funds to the Treasurer who issues a receipt and banks the gross funds raised and makes any payments required by cheque. (Funds being raised must not be used to pay bills.)
- The raffle organiser must obtain permission from parents before tickets can be sent home for sale.

Example 17: Raffle ticket and takings reconciliation

State school Parents' & Citizens' Association

Raffle drawn on 2 December 2013

Raffle Book Number	**Issued to**	**Signature of book seller**	**Number Sold**	**Number Returned**	**Receipts**	**Signature of Organiser** (upon return of tickets and money)
1	Mrs Harris	A H	50	0	50	A T
2	Mrs Harris	A H	45	5	45	A T
3	Mr Johns	P J	50	0	50	A T
4	Ms Smith	K S	40	10	40	A T
						Receipt Number
		TOTALS	185	15	$185.00	AA138

Taxation

The Australian Taxation Office (ATO) has developed information to assist non-profit organisations to understand taxation issues associated with their role at:

http://www.ato.gov.au/Non-profit/

The ATO requires that it be provided with the contact details of a person from the P&C who is authorised by the P&C to discuss tax matters with the ATO. This is to ensure privacy for the entity. A P&C can have more than one contact person.

The ATO should be advised by completing a 'Change of Registration Details' form.

http://ato.gov.au/Business/Starting-and-running-your-small-business/In-detail/Changes-in-your-business/Forms---services/Change-of-registration-details/

Registration for an Australian Business Number (ABN)

All associations must obtain an ABN.

All association stationery, purchase orders, receipts and invoices must show the association's ABN. Where an association makes a supply to another business and does not provide its ABN then the other business is required to withhold 48.5 per cent of the amount payable to the association in tax.

Australian Taxation Office Endorsements

P&C Associations have the ability to minimise not only their own taxation liabilities, but also to provide an avenue for donors to make tax deductible donations to the P&C as follows:

1. Deductible Gift Recipient (DGR) for school building funds
2. Australian Charities and Not-for-profits Commission (ACNC)
3. Endorsement as a Rebatable Employer for the Fringe Benefits Tax (FBT)
4. Endorsement as a Charitable Institution for Goods and Services Tax (GST)

All of these endorsements require a P&C to have an Australian Business Number.

1. Deductible Gift Recipient (DGR)

P&C Associations are eligible to apply for DGR endorsement for a School Building Fund. To be tax deductible, a gift must be either cash of $2 or more, or property valued at more than $5,000.

A school building fund is a public fund established and maintained solely for providing money for acquiring, constructing or maintaining school buildings. Establishment of the fund by the P&C Association can encourage tax deductible donations from businesses,

individuals and the wider community. Further information about how to obtain DGR status is available at

http://ato.gov.au/Forms/Application-for-endorsement-as-a-deductible-gift-recipient/

To set up a School Building Fund, a P&C must:

1. Minute the intention to establish the fund at a duly constituted P&C meeting.
2. Obtain approval from the Principal of the school for which the P&C was formed.
3. Open a separate bank account in the name of the fund i.e., The XYZ School P&C Association School Building Fund. Donations must all be accounted for through this bank account.
4. Ensure that all receipts for the fund include the date, the name of the fund, the P&C's ABN and that the receipt is for a gift so that donors can claim an income tax deduction. Have a stamp made up so that it can be used on a normal receipt book.

In establishing DGR status, the ATO will require details of the rules under which the P&C will be administering the DGR. The constitution must include certain clauses, the wording of which can be obtained from the P&Cs Qld.

For guidelines on the establishment and management of a DGR, please see the Fundraising Section of this manual.

2. Australian Charities and Not-for-profits Commission (ACNC)

Australian Charities and Not-for-profits Commission (ACNC) has been established to register organisations as charities. This role was previously undertaken by the ATO.

Charities must be registered with the ACNC before they can receive endorsement from the ATO to allow them to access charity tax concessions. Where a P&C has failed to seek and receive notification of endorsement then profit is subject to tax at Company Tax rates. All P&C Associations affiliated with the P&CS Qld as at 1 July 2005 held charitable status and should hold a letter advising that they are a charity and are registered on the Australian Business Register (ABR) as having ACNC registration for charitable status.

P&C's not affiliated with the P&CS Qld at that time or who have since applied for an ABN should check first on the Australian Business Register www.abr.business.gov.au to see if their charitable status is recorded.

If the P&C is not registered this can be progressed at www.acnc.gov.au. When completing the ACNC registration, the P&C can also apply for endorsement for access charity tax concessions.

3. ACNC charitable registration is not required for a P&C to establish DGR status. The ACNC can only register whole entities (i.e. a trust or some other separate legal body). However, because the school building fund is not a separate entity, but is maintained

and operated by the P&C association as part of its overall operations, there is no ACNC registration requirement for the fund.

4. **Endorsement as a Rebatable Employer for Fringe Benefits Tax (FBT)**

   Organisations that qualify for an FBT rebate are referred to as 'rebatable employers'. Rebatable employers are entitled to have their FBT liability reduced by a rebate equal to 48% of the gross FBT payable subject to a $30,000 capping threshold.

   Where a P&C provides free child-care to employees of the Outside School Hours Care facility, this is an 'In-house' fringe benefit. The first $1,000 worth of care provided to individual employees is exempt from FBT.

   After taking this into account, if the gross up taxable value of fringe benefits provided is greater than $30,000, then the P&C should ensure that they hold endorsement as a 'Rebatable Employer' for the Fringe Benefits Tax (FBT). P&Cs need to be registered with the ACNC to access the FBT rebate.

   If the total grossed-up taxable value of fringe benefits provided to an employee is more than $30,000 a rebate cannot be claimed for the FBT liability on the excess amount.

5. **Endorsement as a Charitable Institution for Goods and Services Tax (GST)**

   P&Cs that were registered for the GST prior to 1 July 2005 and had endorsement as a charity should automatically have endorsement as a Charitable Institution for GST purposes. This can be confirmed on the ABR. P&Cs applying for GST Registration from 1 July 2005 need to apply to the ACNC for charitable endorsement to be able to avail themselves of the GST provisions available to charitable institutions.

   These provisions allow the P&C to:

   - make GST-free sales of goods and services where costs are not recovered
   - sell second hand uniforms GST-free;
   - run raffles and bingo GST-free ;
   - elect to treat the operations of the tuckshop or canteen as input-taxed ;
   - treat certain fund raising events as input-taxed; and
   - elect to treat certain operations of the P&C as non-profit sub-entities.

GST Topics

Registration

A P&C is required to be registered for GST when its turnover reaches or exceeds $150,000 per annum if it has ACNC status. Where the P&C does not have ACNC status the threshold is reduced to $75,000. When a P&C is registered for GST, it generally includes GST in the price of most goods and services and anything else it sells. There are other types of sales the P&C does not include GST in the price. These are called GST-free sales and input taxed sales.

Being registered for GST means that the P&C:

- must pay the GST it has collected from its sales to the ATO
- can claim GST credits for any GST included in the price of its business purchases, and
- must complete a Business Activity Statement (BAS) quarterly, to report the taxable sales and claim GST credits

All P&C stationery, purchase orders, receipts and invoices must show the P&C ABN.

GST-free supplies do not give rise to a GST liability. Anything that is purchased in order to make a GST-free supply can give rise to an entitlement to an input taxed credit if GST was charged on the acquisition.

Input Taxed supplies do not give rise to a GST liability. Anything that is purchased in order to make an input taxed supply does not give rise to an entitlement to an input tax credit even when GST has been charged.

Turnover

Turnover is the total income of the P&C and all of its sub-committees. However certain parts of a P&Cs turnover are exempted from this calculation as follows:

- funds transferred between the P&C and its subcommittees;
- sale of food and drink through the tuckshop;
- fundraising events that can be treated as input taxed; and
- funds unconditionally donated to the P&C

Registration is determined by considering Current Annual Turnover and Projected Annual Turnover.

Current Annual Turnover is the sum of the current month's turnover plus the preceding eleven months' worth of turnover excluding exempt items. Expenses are not considered in calculating turnover. This amount will constantly be changing, and should be reviewed regularly where the P&C is close to turnover limits.

Projected Annual Turnover is the sum of the current month's turnover plus forecast receipts for the next eleven months, excluding exempt items.

- Where both the current and projected annual turnover is over $150,000 then the P&C **MUST** register for GST.
- Where the current annual turnover is below the threshold and the projected annual turnover is above then the P&C **MUST** register for the GST.
- Where the current annual turnover is at or above the threshold, but the projected annual turnover is below the threshold, the P&C is not required to register for GST.

The GST will apply from the start of the next quarter in which the P&C registers for GST, unless backdating is requested.

Voluntary Registration

Where a P&C does not have to register as its turnover is under $150,000, it needs to decide whether to register voluntarily. This will be where

- turnover of the P&C is close to meeting the threshold; or
- it is financially advantageous to the P&C.

This normally will be where the P&C has an Outside School Hours Care (OSHC) facility or where the P&C runs a very large raffle and it purchases the prizes. In both these situations the supply made by the P&C is GST-free. The sales (fees for care, or sale of tickets) are GST-free, and the P&C is entitled to claim back the GST on items purchased to make these supplies. For OSHC, this may be electricity costs and food or equipment purchased.

The benefits of not registering for GST are administrative as the Treasurer will not be required to submit the quarterly BAS. However, the Treasurer will have to regularly check that the annual turnover of the P&C has not reached the threshold.

Non-Profit Sub-Entity (NPSE)

A NPSE is a nominated independent activity of a GST registered, ACNC endorsed P&C, which has a current annual turnover under $150,000 and the P&C has elected to have the activities of this sub-entity not subject to GST. This means it does not charge GST on supplies made or claim input tax credits on acquisitions. The financial activities of a NPSE are not reported on the P&C BAS.

A unit will be considered to be independent if it:

- maintains an independent system of accounting, and
- can be separately identified from the main organisation by its location or by its activities.

Where the NPSE GST turnover is less than $150,000, it can choose whether or not to register for GST. Non-registration allows for a reduction in GST compliance activities for the NPSE in not having to account for GST.

However, if the NPSE turnover increased to $150,000 or more, it is then required to register for GST.

Examples include

1. Uniform Shop
2. Bookshop
3. Swimming Club

4. Student Resource Scheme
5. Outside School Hours Care (this is not recommended – see separate section below)

Establishing an NPSE where the turnover is below $150,000 may be of benefit where the NPSE does not purchase many items. For example, the Swimming Club may only purchase pool chemicals. The other main expenditure may be to employ a swimming coach which is outside the scope of GST. The Club will not be required to charge GST on fees for children attending swimming lessons. Whilst the Club will not be able to claim back the GST on the chemicals this may be considered worthwhile to reduce the cost of lessons.

The P&C must pass a motion to nominate an activity as a NPSE as follows:

"That the activities nominated* are to operate outside the GST with input taxation using the non-profit sub-entity provisions of the GST Law", replacing the word nominated* with the name of activities that the P&C wants to be NPSE.

A copy of this approved motion and the associated minutes must be kept should the ATO require confirmation of the decision. It should also be provided to the P&C auditor and the person who completes the accounts to ensure that appropriate accounting is completed. The NPSE remains under the direction and governance of the P&C Association, and the P&C Treasurer is the responsible officer for all taxation compliance.

If the P&C runs a Student Resource Scheme and is registered for GST, then GST will need to be charged on the hire of books, unless it is run it as a NPSE. It is preferred that the school runs the Student Resource Scheme as this is a GST-free supply.

Tuckshops

Where the P&C operates a tuckshop on the grounds of a school, it can choose to treat all sales of food through the tuckshop as input taxed.

This means that the tuckshop does not charge GST on its sales, and does not claim GST credits for its purchases. This option minimises the GST compliance effort required for the P&C, as the GST treatment of the sale of various foods is extremely complicated. See http://www.ato.gov.au/Business/Consultation--Business/In-detail/Food-industry/Food-classification-for-GST/Detailed-food-list/ for details.

As input taxed sales are not included when calculating the GST turnover for GST registration purposes, choosing to treat all sales of food as input taxed may mean that the P&C does not have to register for GST.

The tuckshop must have separately identifiable income and expenditure accounts from the other activities of the P&C. Where a P&C has decided to take advantage of this option, they must move a motion, at a duly constituted P&C meeting that "the tuckshop is to be input taxed" and have it recorded in the minutes.

Care must be taken when purchasing items for input taxed tuckshops such as phone, stationery or insurance as the GST cannot be claimed back on these items as well.

Uniform Shop and the Sale of Donated Second Hand Clothes

1. Uniform Shop registered for GST (either as part of the P&C or as an NPSE)

A sale of donated second-hand goods by a P&C is GST-free provided there is no change in the original character of the goods. This means that the P&C can sell donated uniforms GST-free. If the P&C received a donation of fabric and used this to make uniforms, this sale would not be GST-free, as the character of the goods has changed.

However if the Uniform Shop purchases new or second hand uniforms and then resells them, the sale price must include GST.

When purchasing second hand uniforms from parents for resale, the P&C is able to claim back GST on this purchase without holding a tax invoice, even though the parents are not registered for GST. This 'notional input tax credit' is equal to the lesser of

- 1/11 of the purchase price; or
- 1/11 of the GST-inclusive resale price

If a Uniform Shop sells second hand uniforms on consignment for parents for a commission, the sale of these uniforms is GST-free as it is a sale from parent to parent. Any commission on these sales will be subject to GST.

2. Uniform Shop not registered for GST (either as part of the P&C or as an NPSE)

The sale of all uniforms whether donated, purchased new, purchased second hand or on consignment is outside the scope of GST. The Uniform Shop also cannot claim back GST on any purchases. There is also no GST on the commission for sale of uniforms.

Raffles and Bingo

A P&C that has ACNC endorsement can treat the sale of raffle tickets or acceptance of a person's participation in a game of bingo or a gambling supply as a GST-free supply so long as the supply does not contravene a State or Territory law. This means that all the money raised in a single raffle by the sale of raffle tickets is GST-free and the GST on purchases of raffle prizes can be claimed back, provided that the P&C is registered for GST and the value of the tickets sold does not exceed $20,000.

Non-Commercial Activities

The commercial activities of a P&C are taxable but the non-commercial activities can be GST-free. This means that, if it is registered for GST, the P&C does not charge GST on its non-commercial sales, but it can claim credits for the GST included in the price of goods or services acquired to make these sales.

The term 'non-commercial activities' refers to sales made when the payment received for the sale is less than a specified amount. The sale is GST-free if the amount charged is:

- less than 50% of the GST-inclusive market value, or
- less than 75% of the amount the P&C paid to acquire the goods or services that are subsequently sold.

Example: The P&C (GST registered) purchases 200 pair of sunglasses for $5.50 GST inclusive ($5.00 + 50c GST). They have a recommended retail price (GST inclusive market value) of $19.95. The P&C sells the sunglasses @ $9.50 each. As the sale price is under 50% of the GST inclusive market value the P&C has no GST liability on the sale. Also the P&C is entitled to claim the GST credit on the purchase price of the sunglasses.

Outside School Hours Care (OSHC)

A supply of childcare is GST-free if it is provided by an approved supplier under the *A New Tax System (Family Assistance) (Administration) Act 1999.*

Approved childcare service providers are

- able to receive Commonwealth childcare payments on behalf of families to reduce their fees; or
- eligible for Commonwealth funding under guidelines made by the Child Care Minister.

Where the Outside School Hours Care facility is GST-free, it is not recommended that it be treated as a NPSE as this means that the GST on any purchase cannot be claimed, whereas if the facility provides GST-free services, it can claim back the GST on items purchased, but does not have to charge GST on care fees.

Input Taxed Fundraising and GST

A P&C may choose to treat certain fundraising events as input taxed. If the P&C makes this choice, it will have to treat all sales it makes in connection with the event as input taxed. The choice must be made before any sales take place and must be voted upon and minuted at a duly constituted P&C meeting.

The P&C will not be entitled to claim GST credits for any acquisitions in relation to the event and it will not be required to charge GST on the sales it makes. The organisation will not be entitled to claim GST credits regardless of whether the supply would have been GST-free had it not made the election.

Proceeds from input taxed fundraising events do not form part of an organisation's GST turnover. Therefore, if a P&C chooses to treat all sales in connection with certain fundraising events as input taxed, it does not need to register for GST provided its GST turnover is less than $150,000.

This provision can allow up to 15 fundraising events per financial year of each particular type, to be treated as input taxed. The P&C must keep a register of all fundraising events that they elect to treat as input taxed for audit purposes. This must be retained for five years. The register should contain:

- date/period of the event;
- type of fundraiser (Type 1,2 or 3);
- style of event; and
- other information, such as anticipated income and actual income.

There are three “event types” a P&C can hold during one financial year and still retain Input Taxed status. Care should be taken not to confuse the purpose of the fundraising event with the type.

Type 1 Events

- Fete, ball, gala show, dinner, trash and treasure, market, car boot sale, performance, sausage sizzle, cake stall or similar event.
- Can involve the acquisition of materials that are then transformed before sale.
- Up to and including 15 of each in a financial year.
- If more than 15 events of a particular style are held during a financial year then **all events** including the first 15, must be treated as taxable.
- A fete may be comprised of a number of activities including a plant stall, a café, beer tent, sausage sizzle, trash and treasure, hiring of stall sites, and a raffle. All activities belonging to this event must be treated as input taxed.

Type 2 Events

- Sale of goods where each item sold is for less than $20
- Includes activities as “drives” where a P&C co-ordinates the bulk acquisition and distribution of goods, and receives commission on the sale from the supplier.
- Chocolate drives, pie drives, sales of school memorabilia, Mother’s/Father’s Day stalls. Can include a combination, for example, six pie drives, seven chocolate drives, one Mother’s and one Father’s Day stall during the year.
- Up to and including 15 of each in a financial year
- If more than 15 events of a particular style are held during a financial year then **all events** including the first 15, must be treated as taxable.
- Cannot be used where the event involves the sale of alcoholic beverages or tobacco products. (This restriction does not apply to Type 1 Events).

Type 3 Events

An event that the Commissioner decides, on an application by the supplier in writing, to be a fundraising event.

If you are considering holding a fundraising event and you do not believe that it fits within a ‘Type 1’ or ‘Type 2’ style of event then contact the ATO to seek approval.

These may include a golf day, national health promotion days, trail bike rides and rodeos.

Again, if approval is granted by the Commissioner, the P&C can hold that approved event up to 15 times in any one year.

Completing an Activity Statement

All accounts must be reported on every month or every quarter, depending on the level of turnover. This information is then reflected in the monthly or quarterly activity statement to correctly show the association's activity for the tax period.

Note: There are two types of activity statements:

- Associations not registered for GST will receive an Instalment Activity Statement (IAS) to complete so that they can remit PAYG income tax deducted from employees' wages and fringe benefits tax (FBT).
- Associations registered for GST will receive a Business Activity Statement (BAS) to complete so that they can declare their business activity, remit PAYG income tax deducted from employees' wages and fringe benefits tax.

The ATO will send a personalised activity statement (IAS or BAS) at the end of each period.

Associations are legally obliged to return the activity statement within the prescribed period of 28 days after the end of the tax period. Penalties apply for late submission. This means the activity statement is due to be lodged on or before the date pre-printed on the top right-hand corner of the form.

The activity statement must reflect all transactions for the period, but does not need to include any activities of NPSEs that are not registered for GST, or any input-taxed fundraising, including the tuckshop. All appropriate transactions relating to the period must be taken into account. Transactions cannot be delayed until the next statement just for convenience.

Associations report GST using cash accounting. The BAS form records (for GST) the supplies and acquisitions made, the resulting GST debits and credits, PAYG and FBT liability and calculates the net effect that is then paid to or by the ATO.

GST Treatment of Payments made by the P&C to the School

Cash raised by the P&C flows to the school for a number of purposes which are set out in the Annual Operation Plan (AOP). Some of these purposes might include:

- Contributions towards the global school budget
- Contributions towards, or purchase of, a specific item or project in the school budget (e.g. classroom resources, playground equipment)
- Expenditure on upgrading facilities used by the P&C (e.g. Outside School Hours Care)
- Purchase of goods and services by a P&C from a school

Donation by a P&C to a School

Paragraph 9-15 (3) (b) of the GST act states that making a gift to a non-profit body is not the provision of consideration. Queensland schools have a number of taxation concessions consistent with non-profit body status.

Gifts have the following characteristics:

- The gift is transferred voluntarily by the donor to the recipient. It is not the result of a contractual obligation.
- The donor may not receive an advantage of a material character in return for making the grant. This excludes recognition for making the gift.
- A gift arises from benefaction and from the detached and disinterested generosity of the grantor.

Where the donation is made to further school objectives the P&C receives nothing in return (apart from recognition) in exchange for the payment. Therefore, donations made to the school by the P&C are not consideration. As there is no consideration, the donations made to schools by P&Cs are not subject to GST.

Payment by a P&C to a School for a Specific Purpose

Under the auspices of the AIP, the P&C may provide a donation to the school for a specific purpose for the benefit of the school and its students (e.g. purchase of classroom resources, building of a playground).

In order for GST to apply to a transaction, there must be both consideration (i.e. the funding) and a supply. A supply is something which passes from one entity to another. In the case of a payment from the P&C, there is no supply of goods or services from the school to the P&C in exchange for the funds.

As there is no supply, the payments made to schools by P&Cs under these circumstances are not subject to GST.

Where the P&C is registered for GST, items such as playground equipment may be arranged and paid for directly by the P&C. The item can then be donated to the school. Because the P&C is registered for GST, they are able to claim back the GST for the purchase.

However, in some cases, the P&C may choose to provide funds to the school and the school will arrange to expend these funds on the items agreed in the AOP. This is recommended where the P&C is not registered for GST, and cannot claim back the GST on anything that they purchase to donate to the school.

Payment by a P&C to a School for Upgrade of a P&C Facility

If agreed in the AOP, the P&C may make a payment to the school for a specific purpose which is associated with the operations of the P&C. This may include the refurbishment of the Tuckshop, the Uniform Shop, or the Outside School Hours Care Facility.

The payment to the school for the upgrade of a facility used by the P&C does not give rise to a right or obligation and the school is not required to raise a tax invoice for the transaction to the P&C.

Purchase of Goods or Services by a P&C from a School

A P&C may purchase goods or services from a school. In this situation the P&C is no different to any other entity that may purchase something from the school, and the GST rules to determine the taxation treatment must be applied to each separate situation.

For example, if the school makes a supply of a photocopier to the P&C in exchange for a cash payment, the school is making a taxable supply to the P&C. The school is required to provide the P&C with a tax invoice and charge GST on the sale.

The P&C is required to pay the invoice including GST, and where the P&C is registered for GST, they may claim back the input tax credits from the ATO (unless the acquisition relates to making an input-taxed supply).

GST and Grants/Funding Payments Received From External Organisations

P&C Associations may receive grants from external organisations, such as local councils and the Gambling Community Benefit Fund.

Each of these transactions needs to be considered individually to determine the correct GST treatment. Where a P&C receives a grant, the P&C is considered to be the “supplier”, and is responsible to determine what type of supply exists.

A supply is something which passes from one entity to another. In the case of a grant, there is generally no supply of goods or services back to the external organisation in exchange for the grant payment. However the definition of “supply” includes an entry into, or release from, an “obligation”.

An external organisation will generally require that a grant agreement be signed to ensure that the funds provided are used for their intended purpose. This grant agreement should be reviewed to determine what “supply” the P&C is required to make to the external organisation in exchange for the grant funding.

In most cases, the P&C will not be required to do anything specifically for the external organisation, but will be required to use the grant funding for the benefit of the students (e.g. a grant from a local council to install shade cloth over the lunch areas). In these cases, the P&C could be making a supply of an “obligation” to the external organisation.

In order for a supply to exist in these circumstances, the grant agreement must be binding between the two parties. If there is no binding obligation, and no other type of supply can be identified, then the P&C is not making any type of supply back to the external organisation, and GST does not apply to the transaction.

As stated previously, where grants are concerned, the P&C is deemed to be the supplier, and the organisation providing the funding is the recipient of the supply. Therefore the P&C is required to determine the GST treatment and to issue a tax invoice for the funding received where there is GST on the transaction.

This can prove problematic, because the transaction generally originates with the external organisation. These organisations may have already 'grossed up' the transaction for GST. Grossing up is where the organisation supplying the grant adds 10% to the amount of the grant.

For example, the P&C applies for funding from a local council to install shade cloth costing $5,000 (GST-exclusive) over the lunch areas. A binding grant agreement exists, which requires the P&C to spend the grant as specified and refund the whole grant if the shade cloth is not installed.

If the council funds $5,000 only to the P&C (no 'gross-up'), the P&C is required to remit 1/11th of this to the ATO, as it has made a taxable supply to the local council. Although $5,000 was received, the net result is that only $4,545 would be able to be spent for the shade cloth.

If the council 'grosses-up' the grant by adding 10% to the $5,000, total funds received by the school = $5,500. The P&C remits 1/11th to the ATO ($500), and will still have $5,000 to spend on constructing the shade cloth.

P&C Associations must contact the external organisation if there is any disagreement as to the GST treatment of the grant. If the P&C is not registered for GST, these requirements do not apply and all grants received will be outside the scope of GST.

PAYG Withholding Employees

All employees are employed by the P&C Association regardless of which activity or subcommittee they are connected to. A subcommittee is **not** a legal entity and is **not** the employer (even if registered separately for GST). The P&C is responsible for the hiring, dismissal, WorkCover payments, income tax and superannuation obligations of all employees regardless of the subcommittee they work with.

A P&C Association who employs paid individuals is required to make a deduction from the employee's wages for income tax and forward it to the ATO.

Where the P&C is not registered for GST, the P&C Treasurer should record the amount of tax withheld from employee's payments on an Instalment Activity Statement (IAS). The tax withheld should be remitted to the ATO.

Where the P&C is registered for GST, the P&C Treasurer should record the amount of tax withheld from employee's payments on the Business Activity Statement (BAS). The tax withheld should be netted off against GST claimable or payable to the ATO.

The P&C should only submit one PAYG related Activity Statement.

Contractors

Contractors are not paid through the P&C payroll, but are responsible for invoicing the P&C for their services. They may include tennis or swimming coaches or bookkeepers. The association should treat a contractor the same as any other supplier of goods or services. The contractor must:

- provide invoices which include their ABN for supplies over $75 - GST exclusive
- charge GST on their tax invoices where they are registered for GST

If the contractor;

- does not have an ABN they must provide a Statement by a Supplier Form (NAT 3346 available on ATO website).

- is unable to quote an ABN or provide a Statement by supplier, the P&C must withhold 46.5% of invoice value from the payment to the supplier. This must be remitted to the ATO on the IAS/BAS.

Where a contractor is registered for GST, care needs to be taken when determining the P&C's entitlement to claim a GST credit. A P&C will not have an entitlement to claim the GST credit where the contractor's services are used:

- by a non-profit sub-entity;
- for an input taxed tuckshop;
- for a input taxed fundraiser; or
- where the P&C is not registered for GST.

Investments

In investing, the association must comply with the *Education (General Provisions) Act 2006*, the *Statutory Bodies Financial Arrangements Act 1982*, this manual and any directions of the Minister.

Excess funds of the association that are not required in the immediate future can be invested in any bank or approved financial institution. See the 'Establishing a bank account' section.

Surplus funds may only be invested in term deposits, passbook accounts and the like.

A deposit to, and a withdrawal from, an investment fund must be authorised by a meeting of the association.

Before making a recommendation to a meeting, the Treasurer should compare interest rates offered by the approved financial institutions.

The signatories for the investment account should be the same as for the main association cheque account.

Establishing an Investment Account

The following procedure will record the creation of an investment account:

- Complete a payment voucher for the investment amount and attach an extract of the minutes of the meeting authorising the investment.
- Raise a cheque payable to the financial institution with which the investment is to be made.
- Add an investment column to the payments page of the cashbook.
- Record the amount in the investment column and in the payment column of the cashbook.
- Set up an investment register and record the details of each investment as shown in the following sample:

Example 18: Investment Register

INVESTMENT REGISTER

Investment held with XYZ Bank, ABC Branch

Date	Description	In	Out	Balance
3/03/2013	Initial Investment Cheque No. 261331	$1,000.00		$1,000.00

Withdrawing Investments

Withdrawals from investment accounts must be authorised by an association meeting and must be immediately deposited to the main association cheque account.

The following procedure will record a withdrawal from an investment account:

- Check the terms of the investment account before seeking approval for the withdrawal.
- Advise the financial institution that all or part of the investment is to be withdrawn.
- Add an investment column to the receipts page of the cashbook.
- Record the amount withdrawn in the investment column and in the banked column of the cashbook.
- Enter the withdrawal in the investment register as shown in the following sample:

INVESTMENT REGISTER

Investment held with XYZ Bank, ABC Branch

Date	Description	In	Out	Balance
03/03/2013	Initial Investment Cheque No. 261331	$1,000.00		$1,000.00
05/07/2013	Withdrawal		$600.00	$400.00

Investment Interest

Interest on the investment will be received by the association in one of three ways:

- Direct credit to the cheque account - This is the recommended method. When the bank statement arrives showing the interest, the interest is treated the same as if it had been received by cheque. The entry in the cashbook must refer to the bank statement. No entry is required to be made in the investment register.
- Cheque - The bank may issue the association a cheque for the amount of interest. The cheque must be deposited as soon as possible into the cheque account. An entry for the amount is to be made in the cashbook in the interest or general column and banked column of the receipts page. No entry is required to be made in the investment register.
- Direct credit to the investment account - This method is not recommended due to the difficult accounting entries involved.

Assets

When the association intends to provide equipment for the school, it is preferable to donate the funds to the school and then let the school purchase the goods. This will ensure compliance with state purchasing policy and return of any GST paid to the school.

Any goods or equipment bought by the association for school use must be registered on the school's asset system. The association must keep a separate register of the assets held for association use.

Such assets will show on the financial records of the association, in the balance sheet, along with ‘trading stock' and 'cash held' or 'cash in the bank' and any investments.

The association must ensure maintenance and security for its assets and insure these assets against loss.

Leasing

As a statutory body, an association is obliged to comply with the Queensland Government Leasing Policy which requires that all leases be undertaken through Queensland Treasury Corporation to ensure the most cost effective financing option is adopted.

In most circumstances, the leasing of goods will result in additional costs. The payment of a limited additional cost over the outright purchase price (known as a premium) can be acceptable where the risk of ownership of the goods has been transferred.

P&Cs must purchase insurance cover for leased assets, as leased assets are not covered under the Resource Replacement Scheme.

An association must seek the approval of the Principal in writing before any leasing proposal is considered.

See also Contracts.

Audits

The accounts of an association for each financial year must be audited annually

An association must, by 31 May of the following year, give a copy of its audited accounts for the financial year to the DETE Regional Office.

If the Treasurer of the association, or of a subcommittee, resigns or is removed during their term of office, the association will arrange for an audit of the records and accounts of the association or subcommittee to be carried out before handing these to the successor-in-office.

Appointing an Auditor

An association must be audited each year by a person appointed by the association each year at its annual general meeting or a special meeting convened for that purpose, and who is:

A parents and citizens association must be audited each year by a person—

(a) appointed by the association each year at its annual general meeting or a special meeting; and

(b) who is—

- (i) a member of CPA Australia who is entitled to use the letters ‘CPA’ or ‘FCPA’; or
- (ii) a member of The Institute of Chartered Accountants in Australia who is entitled to use the letters ‘CA’ or ‘FCA’;
- (iii) a member of the Institute of Public Accountants who is entitled to use the letters ‘MIPA’ or ‘FIPA’; or
- (iv) an employee of a public sector entity who has the maturity, commercial skills and experience to examine the books and accounts of the association; or
- (v) an employee of an insurance company, financial institution or other financial or commercial organisation, who has the maturity, commercial skills and experience to examine the books and accounts of the association; and

(c) who, as far as is possible, is a local person aware of the activities of the association.

A person who is a member of a parents and citizens association may audit the association only with the approval of the Director-General.

As far as is possible, the auditor should be a local person aware of the activities of the association.

The person appointed has all the powers of an authorised auditor.

Where possible, the auditor is to be appointed in an honorary capacity. However, where this is not possible, the auditor’s fees will be negotiated and confirmed prior to appointment.

After the meeting at which an auditor is appointed, the association secretary must advise the Assistant Regional Director (School Performance) of the name, address and qualifications of the auditor. The auditor appointed cannot be an employee or member of the executive or service provider to the association.

Conducting the Audit

As soon as possible after the end of the financial year, but prior to the annual general meeting, the Treasurer will submit to the association's auditor for examination the books and accounts of the association and its sub-committees, which include:

- minutes of meetings
- records of income
- records of payments
- cashbooks
- records of assets and liabilities
- signed Certificate of the President, Secretary and Treasurer
- a copy of this manual, and
- such other records, as the auditor considers appropriate.

For the purpose of conducting the audit of the accounts, an authorised auditor must be given, at all reasonable times, full and free access to all documents and property belonging to, in the custody of, or under the control of, the association.

The auditor must verify with financial institutions with which the association has bank accounts the financial balance held or owing, so as to be able to certify whether or not in the auditor's opinion:

- the association's financial statements are in agreement with the financial accounts and in a form that complies with the Accounting Manual and the requirements of the Director-General in relation to the keeping of accounts by the association
- the requirements above have been substantially complied with, and
- the financial statements have been prepared to present a true and fair view of the Association's transactions for the relevant financial year, and the Association's financial position at the close of that year, on a basis consistent with the basis for preparing the Association's financial statements for the preceding year.

Qualified Audit

The auditor has a duty to form an opinion on the financial statements. In some circumstances, it may be necessary to qualify the Audit Certification (Example 19), for example:

- If there is a disagreement of opinion between the auditor and the association on any aspect of the account and the auditor is of the opinion that the statement should reflect or highlight these aspects.
- If the auditor has been denied access to any information, thereby preventing the completion of the audit to the satisfaction of the auditor.
- If the association has failed to keep proper accounting records or provide satisfactory explanations to questions raised.

- If, in the opinion of the auditor, any of the financial reports are not in agreement with the association's accounting records.

Where the auditor concludes that no reliance can be placed on the accounting records because there is little or no internal control, the auditor may disclaim any overall opinion on the statements.

On receipt of a qualified audit report, the Treasurer must include a copy of the auditor's management letter and a response addressing the reasons for the qualification when lodging the audited financial statements with the Regional Office.

A complete copy of the audited financial statements, with appended certificates, auditor's report and any management letter issued with the audited financial statements must be sent to the Regional Office for review by departmental staff.

After Completion of the Audit

Upon completion of the audit, the audited financial statements and auditor's management letter (if issued), with all signed certificates appended, will be presented to the President and officers and, as soon as practicable thereafter, to the annual general meeting of the association.

Members of the executive should read the documents before they are presented at the annual general meeting.

The Secretary must, by 31 May of the year following the financial year; forward a copy of the association's audited financial statements for the financial year to the regional office.

Example 19 shows the certificates that are appended to audited financial statements.

Example 19: Audit Certificates

…….. SCHOOL

(school name)

PARENTS AND CITIZENS' ASSOCIATION

Queensland Government

ANNUAL FINANCIAL STATEMENTS

For the year ending …..……

CERTIFICATE OF THE PRESIDENT, SECRETARY AND TREASURER

We have prepared the foregoing annual financial statements pursuant to the provisions of the *Financial Accountability Act 2009*, and the manual Accounting for Parents and Citizens' Associations and certify that:

a) the financial statements and notes to and forming part of the accounts are in agreement with the accounts and records of the .....School Parents and Citizens' Association;

b) in our opinion:

(i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects;

(ii) the statements have been drawn up so as to present a true and fair view, on a basis consistent with that applied in the financial year last preceding, of the transactions of the association for the financial year to which they relate and, where they show the financial position as at the close of that year, of that financial position.

.....	.....	.....
(signature)	(signature)	(signature)
President	Secretary	Treasurer
…….....	.....	.....
(name)	(name)	(name)
/ /	/ /	/ /

PURPOSE AND SCOPE OF FINANCIAL STATEMENTS

The Parents and Citizens' Association was established pursuant to the Education (General Provisions) Act 1989. The Association's function is to promote the interests of the State school and benefit all students at the school.

The financial statements have been prepared in accordance with the requirements prescribed by:

- *the Education (General Provisions) Act 2006*;
- Section 62 of the *Financial Accountability Act 2009*, with the exception that the statements are to be submitted to the appointed auditor;
- the Accounting Manual for Parents and Citizens' Associations.

The statements have been prepared so as to provide a full disclosure of the financial operations of all of the association's activities during the financial year and the general state of affairs at the end of that year.

STATEMENT OF ACCOUNTING PRINCIPLES

Significant accounting principles applied to the annual financial statements:

(a) basis of accounting:

The foregoing financial statements have been prepared on a cash accounting basis consistent with that which applied in the previous year.

(b) stock on hand:

All stocks are valued at cost.

(c) fixed assets:

Items of plant and equipment, amenities and facilities when purchased from P&C funds immediately become the property of the Corporation of the Minister for Education, and as such, are listed on the Department of Education Equipment Register.

(d) contingent assets/liabilities:

There were no known contingent assets/liabilities of a significant nature at .....……..

(end of year)

AUDITOR'S CERTIFICATION

for the financial year ended .....

I have examined the accounts of the .....School Parents and Citizens' Association and I certify that, in my opinion:

1. The attached financial statements of the Parents and Citizens' Association Fund established under the *Education (General Provisions) Act 2006* are in agreement with the accounts and are in the required form.

2. The prescribed requirements in respect of the keeping of accounts by the association have been complied with, in all material respects.

3. The statements have been drawn up so as to present a true and fair view, on a basis consistent with that applied in the preceding year of the transactions for the financial year and the financial position as at the close of the year.

.....

Auditor ...../...../.....

.....

Qualifications)

Ethical Topics

Money raised by the association is to enhance the educational opportunities of current students.

Gifts

Detailed information on these topics can be found in the Departmental Code of Conduct, available from the association's school and Public Service Commission's Directive No. 22/09 (http://www.psc.qld.gov.au/library/document/directive/2009/2009-22-gifts-benefits.pdf).

Consideration must be given to why the gift is being offered and the public perception of the giving or receiving of the gift or benefit.

All gifts given or received must be:

- reported at association meetings
- recorded in the minutes
- reported in the school newsletter

Giving

Only in exceptional circumstances, defined as an event occurring once in a generation that can't be predicted, should funds be used for purchasing gifts, dinners, and wreaths or similar. P&C funds must not be used to purchase gifts or provide entertainment for retirements, farewells, funerals, etc. Specific collections may be run for such events and individuals approached for contributions.

Low-value mementos such as key rings, coasters, spoons, and mugs may be appropriate gifts on some occasions, such as for official guests and speakers at school functions.

Honoraria

An "honorarium" is any payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

Members of the association and consultants/contractors or employees of the Association or the school are not to be given honorariums,

Donations

Under Section 121 (1)(e) of the Education (General Provisions) Act 2009 a P&C may donate P&C funds to a charitable organisation where it is for the benefit of the students at the school to do so, provided the donation of money does not prohibit the P&C from meeting their own financial obligations.

Donating general funds to a charitable organisation is different to fundraising for the purpose of donating to a charitable organisation. For example, the P&C holds a fete to bolster their funds and later decides to donate some of the proceeds to a charitable organisation that provides assistance to all students of their school. The fete is fundraising for a general purpose, as opposed to holding a car wash to benefit the Red Cross, which will have to be sanctioned by the Red Cross.

Receiving

Be careful about accepting gifts or benefits from suppliers if there is a possibility that a conflict of interest could occur. The ideal solution is to avoid all such situations completely.

Gifts of money to individual association members must always be refused, including gifts of hospitality. Donations to the association may be accepted to help the association achieve its objectives.

The details of gifts valued at more than $150 must be provided to the school for reporting purposes.

Student Resource Scheme

The government pays a textbook and resource allowance to schools on behalf of eligible students to help parents offset the cost of textbooks and other learning materials associated with secondary schooling.

Association meetings are the forum for discussion and consultation on a range of issues. To reduce the level of transactions and workload on the association, it is recommended that the school administer any student resource schemes.

The P&C supports the operation of the scheme annually through:

- a meeting prior to the beginning of the school year, where the scheme is included on the agenda and
  - all parents are notified at least one meeting in advance with an invitation to attend
  - all parents are to have an opportunity to present their views on the scheme
- record the decision to support the scheme's operation, including the participation fee in the minutes of meeting

For further information, refer to the detailed guidelines contained in the Department policy Student Resource Scheme.

The P&C and School Amalgamations or Closures

Two or more schools are occasionally required to amalgamate to create a new school, for example, thorough a process of school renewal or change of population. A school may also be required to amalgamate with a neighbouring school if the school is to be closed through the School Sustainability process.

Creation of a New School

If it becomes necessary for schools to amalgamate for the creation of a new school, the Act allows the P&C of an existing school to enter into an agreement with an interim P&C for the proposed school, following written approval by the Principals of the affected schools.

The Principals must be satisfied that the proposed agreement will benefit students at the new school for which the P&C is formed before approving the agreement.

The agreement must outline how the interim P&C will deal with any money it receives during the lifetime of the agreement.

Some Examples that could be Included in the Agreement

- The P&C of the existing school or schools is to ensure that a set of audited financial statements for the period since the previous audit is prepared and presented for all of their bank accounts.
- The interim P&C will establish a bank account and acquire an Australian Business Number in preparation for the commencement of the new P&C. This will enable funds to be transferred from the existing P&C account/s when they are closed.
- The interim P&C will adopt the model P&C constitution and be bound by the requirements of the P&C Accounting Manual.

Closure of School

If the Minister has approved a school closure, the P&C's affairs are to be wound up and funds remaining in the P&C bank account are to be dispersed to the school/s the students will be attending.

P&Cs are reminded that all expenditure must continue to be within the normal financial guidelines and is subject to audit. All expenditure must be in accordance with the P&C Accounting Manual. Particular attention is drawn to the following:

- Money raised by the P&C is to enhance the educational opportunities of current students.
- Just because the school is in its final year does not mean additional or different expenditure can occur as the funds can be of educational value for the students at their new school.
- Only low value mementos e.g. key rings, mugs can be purchased as gifts.
- Any expenditure for an end of year function or celebration should not exceed normal levels and are subject to approval by the Principal.
- A revised budget outlining proposed expenditure to be submitted for approval to the Regional Director.
- Giving funds to families is inappropriate. Relocation Assistance is paid to all eligible families on closure and this amount should not be supplemented.
- Subsidising camps, sporting representatives, excursions, etc. should not exceed normal levels.

- Musical instruments, sporting equipment, etc. in use by individual students need to be included on school assets. These items cannot be sold or gifted to individuals. They must be relocated to another school.

Legislative Requirements

All executive committee members of the association are responsible for ensuring that the association fulfils its legislative requirements. The procedures and processes outlined in this manual will ensure compliance with the applicable Acts, Regulations and Policies.

- Part 7 of Chapter 7 of the *Education (General Provisions) Act 2006* details the financial responsibilities of an association.
- Section 133, Chapter 7, Part 7 of the *Education (General Provisions) Act 2006* defines an association as a statutory body.
- Part 2B of the *Statutory Bodies Financial Arrangements Act 1982* sets out the way in which an association's powers are affected.
- The *Financial Accountability Act 2009* states that the accountable officer of the Department of Education and Training institute a system of control. This accounting manual is part of that system of control and the use of this accounting manual by associations is mandatory for ensuring the correct handling of finances.
- Section 4 of the *Auditor-General Regulation 2009* details the qualifications of an auditor.
- Section 46 of the *Auditor-General Act 2009* sets out the access of an auditor to documents and property in conducting the audit.
- The *Collections Act 1966* governs fundraising for a charity, a charitable purpose and a community purpose.

Where to Find Help

For help, contact any of the following:

The Principal, Business Services Manager or Administration Officer at your school	
P&Cs Qld Email: admin@pandcsqld.com.au P.O. Box 67 Kelvin Grove Q 4059 www.pandcsqld.com.au	Phone: 07 3352 3900 Fax: 07 3352 3911
DETE's Corporate Taxation Unit http://oneportal.deta.qld.gov.au/Services/Finance/Taxation/Pages/Default.aspx	Phone: 1300 656 380 Fax: 07 3299 1767
Australian Taxation Office http://ato.gov.au/	Phone: 13 28 66
Australian Taxation Office Non-Profits Help Line	Phone: 1300 130 248
Fair Trading http://www.fairtrading.qld.gov.au/	Phone: 13 13 04

Glossary

accountable forms

Defined as cheque books, order books and receipt books.

accounting period

Calendar months, the period of time for which an association reports on its interim financial activity for management purposes.

accrual accounting

Financial transactions are recognised when the liability or obligation is created. In accrual accounting the expense is recognised when the goods are received. Compare with cash accounting below.

Act (the)

Means the *Education (General Provisions) Act 2006*

annual financial statements

The set of reports required to be completed each year and including the final financial statements for dissolved associations. The section 'Audit' fully details the required documents.

annual turnover registration threshold

The annual turnover registration threshold is based on current or projected turnover (net of GST) for a rolling (backwards or forwards) 12-month period. Total turnover is gross receipts of all activities and subcommittees (for example, Outside School Hours Care (OSHC) subcommittee or uniform shop), but excludes the turnover from sales of food and drink from the tuckshop and specified non-regular fund-raising events such as the annual fete.

asset

Something with residual value in the next year. It could be tangible — for example, a piece of equipment — or intangible — for example, money stored in a bank. Items bought for immediate use, such as stationery, are consumed and do not become assets.

auditor

The person appointed by the Association to audit (officially examine and verify) its accounts.

authorised person

A person who has been approved by the association by a motion at a meeting to act on behalf of the association.

balance

The amount of funds in a bank account at a point in time. For example, a monthly balance is the amount of funds in the bank account on the last day of the month.

balance sheet

Or statement of financial position. One of the annual financial reports. See Example 7.

bank reconciliation

Verifying that balances in the bank statement match those recorded in the books of the association and explaining any differences that exist, such as unpresented cheques. This is a critical process in achieving financial accountability. Example 3 details

blank cheque

A cheque that has the amount or the payee sections blank. Never sign a blank cheque.

budget

A planning document to show plans for expenditure and expectations of income for the planning period (usually the financial year of the association).

business activity statement (BAS)

The Australian Taxation Office (ATO) return required to be lodged by an association that has registered for GST.

cash accounting

The process of recognising financial transactions only when there is a cash impact as opposed to accrual accounting (see accrual accounting above). In cash accounting an expense is recognised only when the invoice is paid.

cash book

A book detailing the cash receipts and cash payments. See Example 2.

cash flow

The process of ensuring that funds will be available for planned expenditure at the time the payment is required. This comparison is usually done in conjunction with the budget on a monthly basis. While total income may exceed total expenditure by the end of the year, the funds must be available at the times when payments need to be made. To avoid a cash flow crisis, it may

be necessary to revise the budget or delay expenditure until more income is available.

cash flow statement

A report detailing the timing of receipts and payments. See Example 1.

consolidated statements

Where more than one set of accounts is generated, a combined or summary statement must be produced. This consolidated report is simply the sum of the individual reports, for example, a summary receipts and payments report.

cumulative totals

Cumulative totals are the accumulation of a total with a previous total. This process is used in cashbooks and similar. To show the grand total up to the present (YTD figures).

daily takings sheet

A daily report completed by the tuckshop, uniform shop or other business activity detailing the gross takings. See Proforma 1.

deficit budget

Where budgeted annual expenditure is greater than budgeted annual receipts.

direct debit

A process where a debt (payment) is taken directly from the bank account. Loan repayments may be arranged to use direct debit from the association's account.

electronic funds transfer (EFT)

The transfer of funds initiated through an electronic terminal, telephone, or computer that orders or authorizes a financial institution to debit or credit an account. It is a method of making payments directly into the payee account.

executive committee

Means the executive committee of the association comprising the President, vice President/s, Treasurer and Secretary.

financial liabilities

In accordance with the EGPA 2006 an association must meet its financial liabilities first in terms of fees and third party payments for insurance

financial year

The 12-month reporting period, starting on 1 January in a year and ending on 31 December in the same year.

float

Temporary loan to allow for expenditure before income is returned. A float may be required for a fete, for example, to allow payment of expenses before the fete is held and money raised.

imprest system

A cash advance system, for example a petty cash float. A process to advance a set amount to fund the purchase of minor items.

input tax credits

The tax credits available to GST-registered associations on purchases that include GST. These credits are claimed on the quarterly BAS return submitted to the ATO.

input taxed

A non-profit sub-entity that is input taxed does not pay any GST on income received and cannot claim any input tax credits on expenditure.

instalment activity statement

The Australian Tax Office (ATO) return required to be lodged by an association that has employees but is not registered for GST. Associations that are registered for GST include wages in the Business Activity Statement (BAS).

inventory

Stock on hand.

invoice

The bill associated with ordering goods and services. It must match an order in all details.

monitoring

The comparison between planning (budget) and actual results. Monitoring is essential to provide early warning of problems or to show trends.

night safe

An after-hours deposit box facility provided by banks so that cash taken late in the day can be stored safely in the bank outside banking hours. Never store association money in private homes.

official business

Official business relates to the business of the association rather than to private business for an individual. Private and official business must never be mixed.

officer

An officer of the association as elected in accordance with the constitution.

parents and citizens association

A parents and citizens association formed under the *Education (General Provisions) Act 2006*.

payment vouchers

Documentation supporting payments, for example, an invoice.

petty cash imprest

A cash float operated for the purchase of low value items, comprising an advance to fund a petty cash float for a designated amount.

Principal internal auditor

An employee of the Department of Education and Training in Queensland, usually located in a Regional Office of the department.

profit and loss

Statement of comprehensive income. One of the annual financial reports that includes opening and closing stock balances for each business. See Example 12.

provisions

Available funds planned to be carried forward to the next financial year for various activities listed in the association's annual plan and budget.

purchasing

Where schools are unable to undertake the administration and purchasing process for P&C Associations, then the association must follow the procedures established in the Purchasing Policy and Procedures manual for Parents and Citizens Associations.

qualified audit

The auditor has had to qualify his/her report (Audit Certification) because of a problem with the accounts. See Example 19.

receipt

Can describe income or payments to the association, but is also the document issued to a person making a payment to the association to give proof of payment.

recoupment

Reimbursement of monies expended. For example, out of a petty cash float of $100, payments which total $55 have been made. A recoupment cheque would be raised for $55 to reinstate the full $100 value of the petty cash float.

recurring payments

Payments that recur every year. For example, insurance is a recurring payment as opposed to the purchase of a photocopier which is a one-off capital payment.

register

Used in the manual to describe a list. A register of accountable forms is a listing of all forms and their location or who has possession of them.

relevant agreement

An agreement benefiting persons who receive educational instruction at the school

reporting year

See financial year above.

revenue programs

A program or activity that generates revenue. For example, a chocolate drive.

school

The school or instructional institution, as defined in the Act, for which the association has been formed.

statement of receipts and payments

One of the annual financial reports. See Example 6.

statutory body

An association is regarded as a statutory body, not an incorporated association, and is subject to the *Financial Accountability Act 2009*

stock

Merchandise purchased for resale (inventory). Stock control is essential to prevent losses and to monitor value of stock on hand.

subcommittee

The *Education (General Provisions) Act 2006* provides for an association to establish the subcommittees it considers appropriate for purposes consistent with the objectives and functions of an association.

trading activity

An association activity that generates a profit or loss, for example, the tuckshop or uniform shop.

trading statements

One of the annual financial reports. See Example 9.

transfer

In the context of this manual, a transfer is the movement of funds between accounts. These can be internal transfers, such as when profits from the tuckshop are transferred to the main account, or external, such as when invested funds are transferred back to the main account. Internal transfers need to be accounted for in the consolidation of annual statements.

variance

The difference between what was planned and what actually happened. Variances are part of budget monitoring and causes of variances should be found to permit total understanding of the current position.

voucher

Documentation supporting a transaction. For example, an invoice when making a payment to a supplier, for an investment a suitably worded minute, etc.

year to date (YTD)

Progressive totals for the year (to date)

Attachment 1

CHEQUE NO:	
EFT NO:	

EXAMPLE STATE SCHOOL P&C ASSOCIATION			
PAYMENT VOUCHER			
CLAIMANT/ SUPPLIER DETAILS			
NAME:			
ADDRESS:			
		POST CODE:	
PARTICULARS OF PAYMENT TO BE MADE:			
INVOICE DATE	**INVOICE NUMBER**	**DETAILS**	**AMOUNT**
		TOTAL	**$**

AUTHORISATION FOR PAYMENT			
Check that all relevant invoices and purchase orders are attached			
FROM **Tuckshop / Uniform Shop / Stationary / P&C**	**NAME** Convenor /Bookkeeper	**SIGNATURE**	**DATE**

CHEQUE SIGNATORIES / EFT PAYMENT AUTHORITIES			
Before authorising payment check that the account number and BSB match the invoice/claim.			
FIRST		**SECOND**	
Signature	**Date**	Signature	**Date**
Name		**Name**	
Position		**Position**	

Attach EFT payment advice