

# **P&C** **TREASURER'S** **GUIDE**

**THE ESSENTIAL RESOURCE  
FOR P&C TREASURERS**

**COMPLIES WITH THE  
P&C CONSTITUTION 2019**

3<sup>rd</sup> EDITION OCTOBER 2022



Every care has been taken to ensure the accuracy of the information contained herein, but no responsibility is taken for any lack of coincidence with the *School Education Act (1999)*, the *School Education Regulations (2000)*, the *Associations Incorporation Act (2015)* and the *Associations Incorporation Regulations (2016)*. These Acts of Parliament, together with the P&C Constitution 2019 are the definitive documents in this area.

All references to meeting protocol have been taken from  
Foyster & Carr's '**take the CHAIR**' produced by the Australian Rostrum Council. See also Appendix C of the WACSSO  
Constitution and Rules.  
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# Treasurer's Guide

## The Role of the Treasurer

Perhaps the most specialised role within the P&C is the role of the \*Honorary Treasurer. Prior knowledge and experience with finance and financial report development is important in this role, and many times a person with such a skill set will raise their hand at the AGM to take on the responsibilities of the position. However, there will be occasions that a person with the preferred background is not available and the position will fall to a member who may only have basic skills and knowledge associated with maintaining personal and household finances.

No matter the level of expertise, the newly elected P&C Treasurer will find useful and relevant information on maintaining finances, in accordance with the P&C Constitution and legislation, within this guide.

Broadly speaking, there are three overarching tasks the Treasurer must undertake when organising the P&C's finances and these are covered within. They are:

1. Bookkeeping tasks - such as writing out cheques, issuing receipts, conducting EFT transactions, banking money and data entry into software or spreadsheets;
2. Financial management - assisting the P&C to establish a budget, monitoring the budget, controlling outstanding debts, and explaining the information contained in financial reports to members; and
3. Reporting - producing monthly management reports for members, preparing annual financial statements, including providing information to the auditor/reviewer where an audit/review of P&C accounts is required, and ensuring the annual financial reports are distributed according to statutory and Constitutional requirements.

\*Honorary – an unpaid position

# Part 1 - Statutory and Constitutional Responsibilities

1. Government registrations and updates [P&C Constitution 2019 Rule 17.12.(iii)]
2. Accounting Method - Cash/Accrual [P&C Constitution Rule 2019 17.8, 17.10, 21.0]
3. Overall Financial Reporting [P&C Constitution Rule 2019 21.0]
4. Auditors and Reviewers (if required) [P&C Constitution Rule 2019 22.0]
5. The Solvency Statement [P&C Constitution 2019 Rule 17.10.3]
6. Providing annual financial information to relevant bodies [P&C Constitution 2019 Rule 17.12]
7. Sub-committees
8. Financial record keeping requirements [P&C Constitution 2019 Rule 20.5]
9. P&C employees
10. The P&C Constitution – rules directly relevant to Treasurers

## 1. Government registrations and updates

### Australian Business Register

The Australian Business Register is where P&Cs apply for an Australian Business Number (ABN). An ABN is a requirement for P&Cs to demonstrate their business identity when selling and purchasing goods and services. P&Cs should already have an Australian Business Number (ABN), but if this has been overlooked, the P&C should inquire into obtaining one immediately. New P&Cs should apply for one as soon as they become incorporated. The P&Cs ABN can be obtained online at: <https://abr.business.gov.au>; or to apply for an ABN: <https://www.abr.gov.au/business-super-funds-charities/applying-abn>.

### ACNC

It is not mandatory for P&Cs to register with the Australian Charities and Not-for-profit Commission (ACNC). P&Cs can choose to apply for charity status with the ACNC which is the national regulator of charities. The benefits of registering with ACNC are:

- Concessions and exemptions on certain taxes
- Some grants require proof of ACNC registration
- Ability to apply for Deductible Gift Recipient (DGR) status for specific, restricted projects
- NFP access to discounted and free software

*“It is not mandatory for P&Cs to register with the ACNC.”*

If the P&C is registered with the ACNC, it must complete an Annual Information Statement within six months after the end of each financial year and may be required to submit financial reports (see p9).



The P&C should weigh up the benefits of being registered with the ACNC time and reporting requirements involved. Think about:

- Can we self-assess to be exempt from income tax anyway?  
<https://www.ato.gov.au/Non-profit/Your-organisation/Not-for-profit-self-review/>
- Will we be applying for grants that require proof of ACNC registration?
- Is it likely we will register a school building fund for DGR status in the future?
- Do we already have a legislated GST exemption for canteen sales?  
<https://www.ato.gov.au/Non-profit/Your-organisation/GST-for-not-for-profits>
- Do we already have a not-for-profit GST exemption because our total business sales are below \$150,000 per financial year? <https://www.ato.gov.au/Business/GST/Registering-for-GST/>.
- Do we want to be eligible for free access to software (available through Connectingup.org) for not-for-profits registered with ACNC?

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If your answers to these questions are no, then you may find it easier not to register.

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### **AssociationsOnline Annual Information Statement**

P&Cs are Incorporated Associations and as such are required to submit an Annual Information Statement to the Commissioner for Consumer Protection within 6 months after the end of the P&C's financial year. Please see page 8 for more details.

### **Australian Taxation Office**

Each year, the Australian Taxation Office (ATO) needs to be informed of the delegated contacts within the P&C. These will be the only people able to provide and obtain P&C ATO information. WACSSO recommends that all Office Bearers are listed as delegated contacts and these details are updated regularly (after the AGM, or whenever a position changes hands). As Office Bearers change regularly, failure to do this each year will make it difficult for future Office Bearers to update details as the ATO have strict identification requirements.

<https://www.ato.gov.au/Business/Registration/Update-your-details/>

### **Business Activity Statements**

2020 P&Cs that are required to lodge Business Activity Statements (BAS) need to register for a myGovID (<https://www.mygovid.gov.au>) account (previously AUSkey) in order to access the ATO's Business Portal.



## 2. Accounting Methodology - Cash and Accrual Accounting

P&Cs with total annual revenue under \$500,000 are able to choose if they use cash or accrual accounting methods. P&Cs with revenue over this amount each financial year are required to use the accrual accounting method consistent with Australian Accounting Standards.

The main difference between the two methods is the timing of when income and expenditure are recorded. Simply put:



### Expenditure

**Cash accounting** records expenditure when the payment changes hands.

As an example, if an invoice is received from a canteen drinks supplier, the terms may state payment within 14 days. The Treasurer may wait the full two weeks to transfer the money through online banking to the supplier. This is the date the expense is recorded.

In **accrual accounting**, the expense is recorded at the date the invoice is received because the debt exists even though it has not been paid yet.



### Income

**Cash accounting** records income when it is received by the P&C (cash, cheque or EFT) either in hand or deposited into an account. As an example, if the P&C invoices a parent for uniforms ordered the income will be recorded at the time the parent actually pays for those uniforms.

In **accrual accounting**, the income will be recorded at the time the invoice is created.

Cash accounting is the simpler method and is widely used by small not-for-profits. It gives a clear picture of the money you have, but not of the money you owe to others or money owed to you.

Accrual accounting is more complex; however, it gives a better reflection of your overall financial position because money owing and owed are always accounted for.

Whichever method the P&C chooses or is required to use, the Treasurer will need to produce financial documents and statements appropriate to the method. This is explained further in the next section.

### 3. Overall Financial Reporting

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Please see the Table for Annual Financial Reporting Requirements on pages 39 and 40 to determine your P&C's financial reporting obligations.

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The method a P&C uses to report its finances is governed by the *Associations Incorporation Act 2015 (AIA2015)* s.64. Associations will fall into one of three tiers based on revenue, which is the total amount of ALL monies received by the P&C. Some P&Cs will operate large canteens and uniform shops and therefore have substantial revenue but may not make much profit as the expenses involved in achieving this revenue are also likely to be substantial.

#### **Tier 1 Associations (less than \$500,000 in revenue)**

Most P&Cs will fall into this category and will have the choice of using either cash or accrual accounting methods. They will also have the option of undertaking an annual audit or review, but by default will only be required to produce accurate financial statements to all General Meetings, including the AGM. Full-year financial statements and a solvency statement are required to be presented at the Annual General Meeting to give members an accurate picture of the P&Cs financial position for the year. This must happen prior to a possible turnover in members and Executive Committee. A new Executive Committee must be confident they are starting their tenure with accurate and complete financial records.

a) For a P&C using cash accounting, at each P&C General Meeting (and when requested by the Executive Committee) the Treasurer must produce a Treasurers Report that consists of:

1. Statement of Receipts and Payments
2. Balance Sheet (also know as Statement of Financial Position)
3. Bank Reconciliation Statement (for every bank account)
4. Bank Statement (for every bank account)

b) For a P&C using accrual accounting, at each P&C General Meeting (and when requested by the Executive Committee) the Treasurer must produce a Treasurer's Report that consists of:

1. Profit and Loss Statement (also known as a Statement of Income and Expenditure)
2. Balance Sheet (also known as Statement of Financial Position)
3. Bank Reconciliation Statement (for every bank account)
4. Bank Statement (for every bank account)

**Important:** Though it is not mandatory under *AIA2015* for a Tier 1 Association to complete a review or audit, if the P&C approves by a majority vote to undertake one, then the review or audit must be completed. WACSSO also recommends a Tier 1 P&C - with revenue over \$250,000 - use a professional bookkeeper to maintain accounts if the Treasurer lacks bookkeeping knowledge.

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It is WACSSO's recommendation that all Tier 1 P&Cs conduct an annual review as outlined on pages 6-7

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## **Tier 2 Associations (between \$500,000 and \$3 million in revenue)**

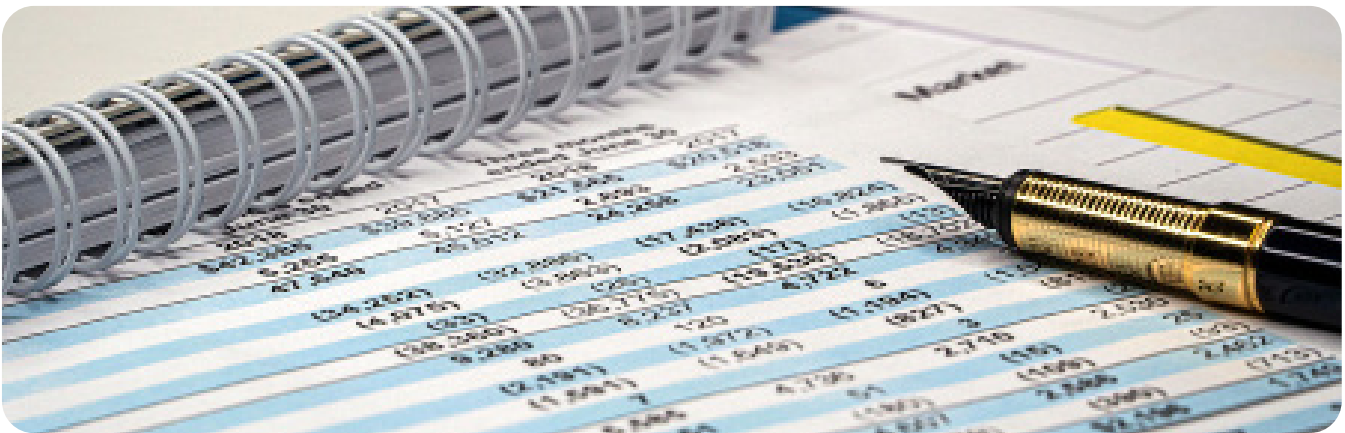
*Note: Unless a Tier 2 P&C has a Treasurer with extensive financial and bookkeeping experience, WACSSO recommends the P&C use the services of a professional bookkeeper in maintaining the accounts.*

A Tier 2 P&C must use accrual accounting for all financial reporting at General Meetings and Annual General Meetings. They will also need to conduct a review at the end of the financial year as a minimum requirement, unless the P&C specifically approves an audit be carried out.

At the Annual General Meeting the Treasurer must present for approval:

1. The Reviewer's or Auditors Report;
2. Annual Profit and Loss Statement; and
3. Annual Balance Sheet (also known as Statement of Financial Position).
4. Statement of cash flows
5. Statement of changes in equity
6. Explanatory notes
7. Solvency Statement

The process of reviewing the accounts is less detailed than an audit. The reviewer will look over your financial statements and other documents and advise if the financial records comply with the AIA2015 and Australian Accounting Standards. They will also ask about your processes and provide feedback.



## **Tier 3 Associations (over \$3 million in revenue)**

*Note: Unless a Tier 3 P&C has a Treasurer with extensive financial and bookkeeping experience, WACSSO recommends the P&C use the services of a professional bookkeeper in maintaining the accounts.*

A Tier 3 P&C must use accrual accounting for all financial reporting at General Meetings and Annual General Meetings. They will also need to conduct an audit at the end of the financial year as a minimum requirement.

An Auditor will require detailed financial records and transactions from the P&C to the point that they are satisfied that the financial information produced by the Treasurer is a true and accurate reflection of the P&C's finances. They will also advise whether the financial records comply with the *AIA2015* and Australian Accounting Standards and will report any irregularities within the financial documents or processes. The outcome will be stated in a report they produce for your AGM.

At the Annual General Meeting the Treasurer must present for approval:

1. The Reviewer's or Auditor's Report
2. Annual Profit and Loss Statement
3. Annual Balance Sheet (also known as Statement of Financial Position).
4. Statement of cash flows
5. Statement of changes in equity
6. Explanatory notes

#### 4. Auditors and Reviewers

If required under *AIA2015* to complete a review or audit (or if a Tier 1 association chooses to), the P&C will need to formally approve the auditor or reviewer to use. The Treasurer should seek names of suitable professionals and provide details to the Annual General Meeting for members to make a decision. The person chosen to complete the work must provide a declaration of independence before they commence work on preparing the review or audit report (*AIA2015*, s.80)

A review or audit must be conducted by an independent person who is:

- A member of Chartered Accountants Australia and New Zealand (CA or FCA), CPA Australia (CPA or FCPA) or Institute of Public Accountants (MIPA or FIPA); a registered company auditor under the *Corporations Act 2001*;
- Or approved by the Commissioner for Consumer Protection

In addition, the reviewer or auditor may not be (P&C Constitution 2019 Rule 22.4):

- i. a member or employee of the P&C Association;
- ii. someone who has prepared or assisted with the preparation of the financial statements; or
- iii. a spouse or de facto partner of a person described in (i) or (ii).

*“The person chosen to complete the work must provide a declaration of independence before they commence work on preparing the review or audit report.”*

## 5. The Solvency Statement Declaration (P&C Constitution Rule 17.10.3)

Before each Annual General Meeting, the Executive Committee of the P&C will meet to draw up an agenda and plan for the most important meeting of the year. During this meeting there will be a discussion of the completed Annual Financial Statements, Review or Audit report (whichever is required by the P&C) and budgeting for the year ahead.

A key component of proceedings at this Executive Meeting will be the P&C resolving to sign a Solvency Declaration. Like any resolution this will require a simple majority of members present to pass the motion that the President signs the declaration on behalf of the Executive committee. This is a statement declaring that, to the best of their knowledge, and in good faith, the Executive Committee has reasonable grounds to believe that the P&C is solvent. A solvent P&C is one able to meet all its debts and liabilities when they become due and payable.

WACSSO's suggested wording for the motion is:

*"that the President signs a positive solvency declaration on behalf of the Executive Committee to be presented with the annual financial statements / review / audit (whichever is applicable at the \_\_\_\_\_ (year) Annual General Meeting of the P&C."*

This declaration will then be presented with relevant financials and reports at the Annual General Meeting to inform the entire P&C membership that the P&C is a 'going concern' i.e. solvent. There is a copy of a suggested P&C Solvency Declaration template available on the WACSSO website.

## 6. Provision of Annual Financial Information to Relevant Bodies (P&C Constitution Rule 17.12)

### Principal and WACSSO

Once approved at the Annual General Meeting of the P&C, copies of the financial statement, review or audit (whichever is required) must also be given to the school Principal/s (*School Education Act 1999 s.147(b)*) and WACSSO before 30th April each year. The Treasurer should ensure the P&C Secretary submits these documents through the correct facility on the WACSSO website at the same time they are updating details of P&C Office Bearers.

<https://www.wacssso.wa.edu.au/resources/update-your-pcs-details/>

### AssociationsOnline Annual Information Statement

P&Cs are Incorporated Associations and as such are required to submit an Annual Information Statement to the Commissioner for Consumer Protection within 6 months after the end of the P&C's financial year. For most P&Cs that operate by the calendar year, this will need to be lodged by 30th June each year. The statement can be lodged by either the Primary or Authorised user linked to the P&C association's account using AssociationsOnline. If the P&C is registered with the ACNC and completes the ACNC annual information statement they will not need to complete the AssociationsOnline statement.

The user must have the following information available when completing the P&C's statement:

- The P&C's current address for service (this can be a street/school address or PO Box);
- the date of the most recent AGM; and
- the total revenue for the last financial year.

The P&C will also be asked to confirm:

- Whether the P&C has at least 6 voting members;
- the P&C's main purpose ('educational'); and
- whether the P&C is registered with the Australian Charities and Not-for-profit Commission (ACNC).

The P&C will not need to provide copies of financial documents, minutes or reports as part of this process.

### **ACNC Annual Information Statement**

Many P&Cs have registered with the Australian Charities and Not-for-profit Commission (ACNC) and therefore are required to complete an Annual Information Statement online at the end of a financial year. The ACNC requests general information about your association such as contact details of personnel, charity size, annual activities and some basic financial information. Those P&Cs with revenue less than \$500,000 are categorized as small charities and will not be required to provide evidence supporting their financial information. P&C's with revenue greater than \$500,000 (medium or large charities) are required to submit their audited or reviewed financial statements when completing their Annual Information Statement. [P&C Constitution Rule 17.12. (iii)]

## **7. Sub-committees**

The P&C Treasurer is responsible for all monies received and expended on behalf of the P&C, including any Sub-committees that have been officially formed through a resolution at a General Meeting. The P&C Treasurer should be familiar with and have access to all Sub-committee bank accounts.

All funds held in the accounts of Sub-committee of the P&C are the property of the whole P&C [P&C Constitution 2019 Rule 18.8] and must be spent in accordance with the Objects of the Association [P&C Constitution 2019 Rule 2.0]. It is preferable that any surplus funds held in these accounts are transferred to the P&C general account (after expenses and allowance for operational costs have been deducted) as this helps to simplify the Treasurer's job. Expenditure of P&C funds, including those held in committee accounts may only be made with the approval of a P&C General or Executive Committee meeting.

Sub-committees that have their own bank accounts may have a Sub-committee Treasurer who reports to the P&C Treasurer. The other roles of this person should be defined within the Terms of Reference for the Sub-committee.



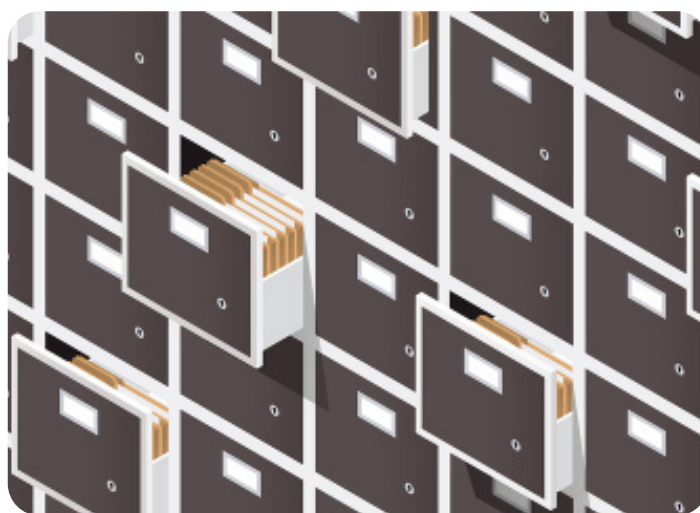
## 8. Financial Record Keeping Requirements

If the P&C has employees the financial records must be kept during the period of employment and for seven (7) years after employment ends. This includes - but is not limited to - employment records relating to hours worked, time sheets, wages, leave, superannuation, and contracts of employment. Any documents that contains remuneration reference to wages or salary of employees are subject to privacy laws

(<https://www.fairwork.gov.au/tools-and-resources/best-practice-guides/workplace-privacy>).

Some financial records, such as bank statements, form part of Correspondence In. Though classified as correspondence, they are still financial records and must be kept for seven (7) years after the last date of transaction.

Records should be kept in a safe place, preferably on school premises, and should be archived so that documents can be located if required at any stage. P&Cs that operate canteens usually have an area within that facility to store copies of paper records. It is also advisable to have a digital back-up of documents online (2FA enabled if possible), which allows for safekeeping and handover at the end of tenure. Using accounting software that backs-up to the cloud will make this handover a much smoother process.



Many software applications now have the capacity to store a PDF copy of source documents attached to the transaction within the application. It is worth noting that these PDF attachments often cannot be exported, so it is critical to keep PDF or hard copies as well.

## 9. P&C Employees

Approximately 70% of P&Cs in Western Australia that operate canteens have at least one employee. It is part of the Treasurer's duties to stay updated with legislation and awards that cover employees. WACSSO is unable to provide advice on employment matters for P&Cs but can guide P&Cs in the right direction to receive the information they require.

The Treasurer should be mindful that financial and other confidential employee information is not shared with non-Executive members of the P&C.

## **Award coverage**

A P&C will need to determine if their employees are covered by a federal or state award. The Fairwork Ombudsman can provide information on an appropriate award and National Minimum Standards of employment for those under the federal system.

The P&C is required to provide new employees with a copy of the Fairwork NES Information Statement and the Casual Employment Information statement (if casual employment).

<https://www.fairwork.gov.au/employment-conditions/national-employment-standards>

## **Single Touch Payroll (STP)**

Single Touch Payroll is now in Phase 2. Please see p30 of this guide for more information.

## **Record Keeping**

At a minimum, P&Cs must make sure they keep employment records relating to:

- hours worked (timesheet) ;
- pay records (including a pay slip issued to each employee at the time of payment);
- leave records;
- Superannuation contribution records;
- termination records; and
- any other records required under the relevant award.

Please contact Fairwork for a full list of employer record keeping obligations and templates to use.

## **Superannuation (SuperStream)**

Employees must receive superannuation payments from their employer as required by the Superannuation Guarantee Scheme. SuperStream is the legislated way businesses pay employee superannuation guarantee contributions to super funds. With SuperStream, money and data are sent electronically in a standard format. The P&C will pay super contributions for the employees electronically (electronic funds transfer or BPAY) and send the associated employee super information electronically in a standard format that meets SuperStream requirements. Most current accounting software packages have payroll software that meets SuperStream requirements. More information regarding SuperStream can be found at:

<https://www.ato.gov.au/Business/super-for-employers/>

If the P&C has 19 or less employees a simple way to pay Super is to use the ATO's free Small Business Superannuation Clearing House. For details visit <https://www.ato.gov.au/usiness/super-for-employers/paying-super-contributions/how-to-pay-super/small-business-superannuation-clearing-house/>.

## **Insurance**

Workers' compensation insurance protects your P&C from financial costs if a worker sustains a work-related injury or disease. It also protects injured workers by providing payments to cover loss of earning capacity, payment of reasonable medical and rehabilitation expenses, and other entitlements.

It is mandatory that your association has adequate workers compensation insurance coverage. The P&C can obtain insurance by engaging a WorkCover WA approved insurer or by using the services of an insurance broker to negotiate with an insurer on your behalf.

## 10. The P&C Constitution - Rules directly relevant to Treasurers

The P&C Constitution 2019 is the set of rules that applies all to P&Cs operating in Western Australia. Under the *School Education Act 1999*, P&Cs must be incorporated with Department of Mines, Industry Regulation and Safety (DMIRS). Incorporation is a legal process that gives the P&C its own legal identity, which is separate from its members and allows the P&C to enter into contracts, sign leases, employ people, sue and be sued. It also gives the P&C members certain legal protections from personal liability.

As part of the incorporation process, DMIRS must approve a P&C's Rules of Association (also known as a Constitution). WACSSO, The Department of Education and DMIRS have cooperated to develop the current P&C Constitution 2019.

This section of the guide highlights all references to the role of the Treasurer and P&C finances that are mentioned in the P&C Constitution 2019 and gives a brief explanation of the rule or where an explanation can be found in this guide.

Rules in the 2019 P&C Constitution	Comments
3.3 Power to open and operate a bank account.  3.4 Power to appoint and remove employees and to determine the remuneration and the terms and conditions of such appointments.	The Treasurer will be involved in choosing a bank and opening accounts (this includes any online sales accounts such as Square, Qkr!, TryBooking etc) As a member of the Executive Committee, they will also be part of employment processes. It is also their responsibility to stay current with relevant awards, Superannuation requirements and other financial aspects of an employee's entitlements.
<b>4.0 FINANCIAL YEAR</b> The financial year will be the period of 12 months commencing on _____.	The financial year was set by the P&C when the Constitution was adopted.  The Treasurer must ensure that all financial reporting timing aligns with the financial year.
<b>5.0 INCOME AND PROPERTY</b> 5.1 The property and income of the Association must be applied solely towards the promotion of the objects or purposes of the Association and no part of that property or income may be paid or otherwise distributed, directly or indirectly, to any member, except in good faith in the promotion of those object or purposes.	Although not just the responsibility of the Treasurer, they must be diligent in ensuring that any payments made are approved by the P&C and comply with the <i>School Education Act 1999</i> .

<p><b>(5.0 INCOME AND PROPERTY)</b></p> <p>5.2 A payment may be made to a member out of the funds of the Association, if it is authorised by a resolution of the Association, and if it is;</p> <p>i. in good faith as reasonable remuneration for any services provided to the Association,</p> <p>or</p> <p>ii. for goods supplied to the Association in the ordinary course of business.</p>	
<p><b>7.0 MEMBERSHIP SUBSCRIPTION</b></p> <p>7.1 The annual membership subscription of the Association shall be fixed by the Association at the Annual General Meeting but shall not exceed one dollar (\$1.00) per member for the period up to the next Annual General Meeting.</p> <p>7.2 The subscription of a member is due and payable on the date of the Annual General Meeting or at the General Meeting at which they join the Association.</p>	<p>The Treasurer and Secretary are responsible for collecting memberships. The Treasurer is responsible for banking.</p> <p>Membership fees form part of P&amp;C revenue.</p>
<p><b>9.0 SUSPENSION OR EXPULSION OF MEMBER OF THE ASSOCIATION</b></p>	<p>The Treasurer will be part of this process as it involves the Executive Committee of which they are a member.</p>
<p><b>11.0 EXECUTIVE COMMITTEE</b></p>	<p>The Treasurer is a member of the Executive Committee and therefore the rules governing the Executive Committee apply to the Treasurer.</p> <p>With the exception of the role of authorised signatory, any of these tasks may be delegated to another member through a resolution at a General Meeting.</p>

## THE HONORARY TREASURER

The duties of the Honorary Treasurer shall include:

17.1 Being responsible for the receipt of all monies paid to or received by the Association.

See page 24

17.2 Issuing receipts for all monies received on the receipt forms of the Association.

See page 24

17.3 Counting and signing off on all monies received with at least one other member of the Association.

See page 24-25

17.4 Paying all monies received into such bank account or accounts as the Association may from time to time decide upon.

See page 24-25

17.5 Making payments as authorised by a General or Executive Meeting by means of cheques or electronic fund transfer.

See pages 25-28

17.6 Ensuring all cheques on all accounts of the Association (including any committee of the Association) are signed by any two (2) of the following authorised signatories:

See page 26

i. President;

ii. Vice President;

iii. Honorary Secretary;

iv. Honorary Treasurer; or

v. One (1) member of the Executive Committee where appointed for such purpose at the Annual General Meeting of the Association.

17.6.1 Where there is a direct relationship between two authorised signatories, they shall not be permitted to co-sign any cheques of the Association.

See page 26-27

17.7 Electronic Funds Transfer may be used where the financial institution's software provides the required functionality and security and can occur with two authorisations.

See pages 25-30

<p><b>(THE HONORARY TREASURER)</b></p> <p>17.8 Maintaining proper accounting records.</p> <p>17.9 Ensuring that the Association complies with all its responsibilities to any employees including, but not limited to; complying with employment awards or agreements, paying tax and superannuation.</p> <p>17.10 Presenting for consideration at an Annual General Meeting of the Association:</p> <p>17.10.1 The annual financial statements in relation to the last financial year, to include:</p> <ul style="list-style-type: none"> <li>i. a statement of all monies received and paid during the financial year;</li> <li>ii. a reconciled statement of all bank account balances as at the end of the financial year; and</li> <li>iii. a statement detailing the Association's total assets and liabilities as at the end of the financial year.</li> </ul> <p>17.10.2 A copy of the report of the review or the auditor's report as required per Rule 21.0.</p> <p>17.10.3 A solvency statement in respect of the Association endorsed by the Executive Committee stating that the financial statement has been examined and whether or not in their opinion they will be able to meet the Association's debts and liabilities as and when they become due and payable.</p> <p>17.11 Presenting a written financial statement showing the current financial position of the Association to each General Meeting of the Association.</p>	<p>See pages 31-34</p> <p>See pages 10-11</p> <p>See pages 31-34</p> <p>See pages 31-34</p> <p>See page 7</p> <p>See page 8</p> <p>See pages 31-34</p>
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<p>17.12 Forwarding a copy of the annual financial statements that have been approved by the Annual General Meeting to:</p> <p>i. WACSSO Inc.;</p> <p>ii. the Principal of the school, or the Principal of each of the schools where an Association is formed for a group of schools in accordance with the School Education Act 1999; and</p> <p>iii. any other body such as the Australian Charities and Not-for-profits Commission (ACNC) as required.</p> <p>17.13 Retaining custody of all books, documents, securities and the like relating to the financial affairs of the Association.</p> <p>17.14 On expiration of term of position, resignation, redundancy or death, returning all documents belonging to the Association to the Executive Committee.</p>	<p>See page 8</p> <p>See pages 10</p> <p>This applies to documents held by any Executive Committee member and should form part of each P&amp;C's handover processes.</p>
<p><b>18.0 SUB COMMITTEES</b></p> <p>18.8 All monies raised by sub-committees are considered funds of the Association.</p>	<p>See page 9</p>
<p><b>20.0 BOOKS AND DOCUMENTS</b></p> <p>20.1 The books and documents of the Association may be inspected by any financial or ex-officio member of the Association on such terms and conditions as may be established from time to time by the Executive Committee.</p> <p>20.4 The Association must retain its accounting records in respect of a transaction for at least seven (7) years after the transaction was completed.</p> <p>20.5 Employment records must be kept for seven (7) years after the date employment ceases.</p>	<p>All P&amp;C financial members have the right to ask to see any document of the P&amp;C that is not related to employees.</p> <p>See page 10</p> <p>See page 10</p>

<p><b>21.0 FINANCIAL STATEMENTS AND FINANCIAL REPORTS</b></p> <p>21.1 For each financial year, the Executive Committee must ensure that the requirements imposed on the Association under the School Education Act 1999 and under Part 5 of the Associations Incorporation Act 2015 relating to the financial statements or financial reports of the Association are met.</p> <p>21.2 Without limiting Rule 21.1, those requirements include:</p> <ul style="list-style-type: none"> <li>i. if the Association is a tier 1 association, the preparation of the financial statements; and</li> <li>ii. if the Association is a tier 2 association or tier 3 association, the preparation of the financial report; and</li> <li>iii. if required, the review or auditing of the financial statements or financial report, as applicable; and</li> <li>iv. the presentation to the Annual General Meeting of the financial statements or financial report, as applicable; and</li> <li>v. if required, the presentation to the Annual General Meeting of the copy of the report of the review or auditor's report, as applicable, on the financial statements or financial report.</li> </ul>	<p>See pages 31-35</p>
<p><b>22.0 THE AUDITOR OR REVIEWER</b></p> <p>An Association must undertake an audit or review if required as per Rule 21.0, or where the Association has passed a resolution to audit or review the financial statements of that Association.</p> <p>22.1 At each Annual General Meeting there shall be appointed an auditor or reviewer, for that financial year only, who shall audit or review the annual statement of accounts and balance sheet of the Association.</p>	<p>The Treasurer is responsible for sourcing quotes from an appropriately qualified person and liaising with the appointed Auditor/Reviewer.</p> <p>It is not the Treasurer's responsibility to appoint the auditor.</p> <p>Fees paid should be approved at an AGM, General Meeting or Executive Meeting before audit/review work commences.</p>

## **(22.0 THE AUDITOR OR REVIEWER)**

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

22.3 The auditor or reviewer must be:

- a) a member of a professional accounting body who has a designation in respect of that membership that is prescribed by the Associations Incorporation Regulations 2016 for the purposes of this paragraph; or
- b) a registered company auditor under the Corporations Act; or
- c) a person the Commissioner considers has appropriate qualifications or experience and approves for the purposes of this section; and
- d) as far as is possible, be a person aware of the activities of Parents and Citizens' Associations.

22.4 The auditor or reviewer shall not be:

- i. a member or employee of the Association;
- ii. someone who has prepared or assisted with the preparation of the financial statements; or
- iii. a spouse or de facto partner of a person described in (i) or (ii).

22.5 The auditor or reviewer shall have the powers, at any time, to call for the production of all books of account, vouchers and documents of the Association.

See pages 5-6

See pages 5-6

<p><b>(22.0 THE AUDITOR OR REVIEWER)</b></p> <p>22.6 The auditor or reviewer must state:</p> <p>i. whether the financial statements of the Association are in the auditor's or reviewer's opinion properly drawn up so to give a true and fair view of the Associations financial affairs;</p> <p>ii. if the auditor or reviewer is of the opinion that the financial records do not comply with (i), the auditor's report must set out the reasons for that opinion.</p>	
<p><b>24.0 NOTICE OF MEETINGS AND MOTIONS</b></p> <p>24.1 Notice of all General Meetings of the Association, motions for approval to expend the Association funds (financial motions) to be dealt with at a General Meeting, and special resolutions shall be given in writing, by post or email, to all members not less than seven (7) days prior to the date of the proposed meeting.</p> <p>24.2 Notice of Executive Meetings and financial motions to be dealt with at these meetings, shall be given to all members of the committee not less than forty-eight (48) hours prior to the opening of the meeting.</p> <p>24.3 Non-financial motions may be proposed during the course of a meeting without prior notice.</p>	<p>See pages 22-23</p> <p>It is not the Treasurer's responsibility to arrange quotes for a motion to be put by a general member, however the Treasurer may be able to provide guidance/assistance in presenting information related to the motion.</p> <p>It is not the Treasurer's right to determine how the funds of the P&amp;C are spent.</p>
<p><b>28.0 DISPUTES AND MEDIATION</b></p>	<p>The Treasurer, as part of the Executive Committee may be involved in this process.</p>

<p><b>29.0 COMMON SEAL</b></p>	<p>The Treasurer, as one of the authorised signatories may sign for the use of the common seal. Most P&amp;Cs do not need to have/use a common seal.</p>
<p><b>35.0 DISPOSAL OF ASSETS ON WINDING UP</b></p> <p>35.1 The Association is prohibited from making any distribution to its members whether in money, property, or in any other way of any assets belonging to the Association. This does not prevent the payment in good faith of remuneration of any officers or servants of the Association for services actually rendered.</p> <p>35.2 A Special Resolution, to be endorsed at a General Meeting, shall nominate the incorporated Parents and Citizens' Association or Associations to which any surplus assets of the Association shall be transferred.</p> <p>35.2.1 Associations that have Deductible Gift Recipient (DGR) status must abide by the Australian Taxation Office requirements.</p>	<p>The Treasurer will be involved in the winding-up process, particularly in the action of distributing property.</p>

# Part 2 - Financial Management of the P&C

Sound financial management of the Association's funds can be broadly split into the following areas:

1. Budgeting
2. Giving notice of financial motions
3. Receiving money
4. Banking money
5. Paying accounts
6. Administering petty cash and event floats
7. Reporting receipts and payments
8. The Treasurer's Report
9. Managing Grants
10. Protection of the P&C assets
11. Insurances

## 1. Budgeting

A budget is the P&C's annual financial guide and an essential component for any P&C that desires a successful financial future. The end of the financial year is the best time to start considering and creating a future budget, with the beginning of the next year the time to refine it and table it for approval at either the AGM or first General Meeting of the year.

Unless there are major changes to the P&C and the school, a budget will look similar from year to year. As many P&Cs operate the same services and hold similar fundraising activities each year, it should not be difficult to determine the main sources of revenue and where money is spent. The P&C should liken the process of budget development as mapping an annual path that will allow them to reach their goals, expand their activities and increase P&C profits.

When developing a budget, the P&C should:

- Consider the previous year's income and expenditure and the timing of each item.
- Work with the school to seek a 'wish list' of resources and approximate costs of resources for the year ahead.
- Consider the timing of expected income and expenditure along with the 'wish list'.
- Develop a fundraising and activities calendar, considering the activities of all sub-committees and any existing expenditure commitments.
- Allow a buffer of funds for contingencies or emergencies.
- Ensure sufficient funds are allowed for employee entitlements such as annual leave, long service leave, sick leave, superannuation and wages (not an exhaustive list).



The advantages of budgeting are manifold and include:

- Raises the profile of the P&C by helping it be an organised and proactive group that works to benefit the school community;
- Helping ensure planned spending is within the P&C's capacity and tracking the financial solvency of the P&C;
- Gives direction to fundraising initiatives and helps members and the community work towards a financial goal;
- Can reduce the risk of unnecessary expenditure;
- Increases the efficiency of P&C volunteer time;
- Provides certainty for school finances where approved P&C donations are known early in the year;
- Reminds the P&C to consider contingencies and emergencies and review prior year spending;
- Provides continuity for future leaders and increases chances of ongoing success, particularly where projects run for multiple years;
- Periodic monitoring of actual spending against the budget can identify potential over or under spending and allow the P&C to modify plans and projects.

The Treasurer should report against budget regularly throughout the year to facilitate monitoring so members can work to make adjustments where required. They should advise the P&C of any significant variations in revenue and expenditure as part of their regular Treasurer's Reports.

## **2. Giving Notice of Financial Motions**

When P&Cs issue notice of an upcoming meeting they must ensure that it fits within the required time frame of 7 days' notice for a General Meeting and 48 hours' notice for an Executive Committee Meeting. Any financial motions requesting the expenditure of P&C funds also require the same period of notice (P&C Constitution 2019 Rule 24.0). A request for the P&C to spend funds is not able to be approved at a meeting if it is raised during that meeting, as it has not met the requirements of adequate notice.

Though it is every member's responsibility to protect the integrity of this rule, the Treasurer will have a leading voice in reminding members of proper process.

The intent of this rule is to improve financial governance of P&Cs by giving P&C members the time to complete due diligence on the spending of their hard-earned funds.

To enable the P&C to operate efficiently, but still comply with this rule, WACSSO suggests:

- Making sure the rule is well promoted and the Principal is made aware of it;
- the Executive must ensure there is no flexibility with the rule;

- the P&C request a 'wish list' at the start/end of year from the school so activities and funding can be approved and planned. The development of this 'wish-list' should be negotiated with the understanding that the principal ultimately has direction over internal school processes or staff;
- the term 'up to' is used in financial motions and a given percentage above expected expenses is requested. This provides a buffer in case of unexpected costs;
- include the following motion at the AGM under General Business (make sure proper notice is given as this is a financial motion): *"That the Treasurer and President, together, have delegated authority to spend up to \$200 per event on unforeseen expenses with a motion to retrospectively approve expenditure to be moved at the next meeting";* and
- Sub-committee Terms of Reference to have spending permissions, with **restrictions** e.g. *"the Sub-committee has the power to spend up to \$100 per term on consumable items directly aligned with the operations of the Sub-committee after confirmation from the P&C Treasurer that such funds are available."* Proper recording of expenditure must follow.

To help with transparency and accountability, when a financial resolution is passed at meeting, it must be noted in the minutes. When the funds are spent, the transaction recorded in the accounts should refer to the date of the meeting and/or the agenda item under which the spending was approved. Another approach is to give a unique reference number to the resolution in the minutes. This reference number can then be noted in the accounts (see section 6) against any transaction that has taken place as consequence of that resolution.

An example:

Financial resolution FR5/2/2019 *"that the P&C spend \$500 on consumables for the democracy sausage sizzle."*

When money is spent purchasing sausages for this event 'FR5/2/2019' will appear next to the amount in the cash book. The P&C can make up its own financial resolution numbering system or use the example above. This example means:

**The fifth financial resolution of 2019 approved at the second meeting of the year.**

It is best to keep the reference numbering simple, and to ensure the system is discussed when handing over to a new Treasurer so members understand how to refer back to approval for expenditure in the minutes.

*"A request for the P&C to spend funds is not able to be approved at a meeting if it is raising during that meeting, as it has not met the requirements of adequate notice."*

### 3. Receiving Money

Money can be received in several ways:

- by post (cheques);
- handed directly to the Treasurer by person paying, or by a third party;
- in cash;
- via electronic transfer and EFTPOS.

With the variety of ways money can be received it is essential to adopt a simple, accurate method of recording and receipting the money. It is a Constitutional requirement that all money received be counted by the Treasurer with another financial member of the P&C. If approved at a General Meeting, this duty may be delegated to another Executive Committee member in the anticipated absence of the Treasurer at an upcoming event.

Many organisations no longer issue official receipts, but it is advisable to issue receipts promptly and meticulously for every amount received. Receipting creates a paper trail, avoids any unpleasant misunderstandings and protects the Treasurer. There will be times that exchange of a good makes a receipt unnecessary such as at a sausage sizzle, cake stall or raffle. Best practice in these situations would be to keep a tally of every sale. The Treasurer should provide a simple tally/record sheet for volunteers at these events and provide an overview of its use.

The Treasurer should discourage people from delivering money in situations where it is difficult to adequately record and receipt the amount. School pick-up would be one such situation. It is also good practice to make sure the transporting of cash is not widely known or obvious to others. Where money is taken in a busy public area, such as during a sausage sizzle, it is good practice that cash is regularly removed and secured to reduce the risk of theft.

P&Cs also have the option of using EFTPOS facilities to receive money at the canteen, uniform shop or fundraising events. Traditional bank EFTPOS terminals have been used for many years by P&CS, and now newer wireless mobile EFTPOS devices such as Square Reader and Tyro are becoming more popular. WACSSO recommends P&Cs review all terms and conditions for the use of these devices, associated accounts and any other online trading/ticketing accounts prior to entering into any contract arrangements.

#### **The Receipt Book**

Only one official receipt book should be in use at any time and must be held by the Treasurer or his/her nominee as delegated and approved at an Executive or General Meeting.

The receipt book should be in duplicate, consecutively numbered and should bear the name of the P&C Association on every receipt. All receipts should be carefully accounted for. The information on receipt copies should be entered in the cash book and show the date received, the amount and full details of the purpose for which the money was paid. Issue receipts for all monies received, including member subscriptions. The annual P&C Handbook has a Membership Application form with detachable receipt.

## 4. Banking Money

The Treasurer is responsible for the security of monies received and should deposit it into the bank account as soon as possible. Sometimes a P&C may be forced to store money overnight. If this is the case, they should seek adequate insurance to cover that money.

Some P&Cs, with the permission of the school, install a fireproof safe in a P&C designated area such as the school canteen to hold cash until the next business day. This is preferred to taking cash home or leaving it in the school's safe, but the P&C should still have appropriate insurance coverage.

If P&C has taken out insurance to cover cash holdings, they must comply with the terms of the insurance. Avoid holding money on Friday when you are unable to get to the bank until Monday. Alternatively, consider holding accounts with a bank that opens on Saturday mornings.

All money should be banked, and cheques, EFT or petty cash used to pay for goods and services. Money should not be deducted from cash received in order to pay bills or for petty cash, as this can quickly lead to mistakes and makes proper recording of finances difficult.

WACSSO believes that P&C funds be spent in the year the school community has worked to raise it. It is not recommended that the P&C hold substantial amounts of money in reserve in the bank account unless accruing for a substantial project. If your P&C does hold excess funds or is working on a long-term project, members should consider the most appropriate interest-bearing account until the funds are required.

## 5. Paying Accounts

Payments to people and organisations that provide goods and services to the Association must be authorised by a General or Executive Meeting of the P&C and be included in the minutes. P&Cs should be able to trace all spending approvals through the trail of meeting minutes. Refer to Section 2 for a simple referencing system to track spending approvals in the minutes.

List all the payments to be made and attach the relevant invoices. Enough details must be presented to enable the P&C to approve payment as a legitimate use of P&C funds. If necessary, glue or staple small receipts onto an A4 sheet, scan or photograph/upload them.

If an urgent payment is required, the Treasurer may be pre-authorised to make the payment. The extent of this authority must be included in a minuted resolution at the start of every year and have very clear restrictions. The Treasurer has no authority to make payments unless the P&C delegates that authority in such a resolution (P&C Constitution 2019 Rule 26.1).



## Payment Methods

The P&C Constitution 2019 (Rule 17.5) clearly states that all payments are to be made by cheque or electronic funds transfer (includes debit cards).

If a cheque is canceled, it must be clearly marked and then stapled into the cheque book. The Treasurer should ensure any and all cheque books are stored securely to minimise the risk of theft and fraud.

For payments by debit card and cash please see section 6 (page 27).

## Signatories

### a) The mandatory signatories

The P&C has a minimum of four signatories which are the Office Bearers of the Association.

- President
- Vice President
- Honorary Secretary
- Honorary Treasurer

*“the role of signatory is not a duty that can be delegated.”*

When a person accepts a nomination for an Office Bearer position, they are then responsible to make themselves available as a signatory as required under the P&C Constitution. Though elements of an Office Bearers' role may be delegated to another member after approval by the general membership, the role of signatory is not a duty that can be delegated.

### b) The optional signatory

The P&C Constitution 2019 Rule 17.6 states: All cheques of the Association must be signed by any two of the P&C President, P&C Vice President, P&C Treasurer, P&C Secretary and one other member of the Executive Committee appointed for the purpose at the AGM. This includes the general bank account and any Sub-committee bank accounts. The optional fifth signatory must be an Executive Committee member who nominates to be the fifth signatory and has that nomination accepted by a General Meeting of the P&C (preferably the AGM). The benefit of having the fifth signatory is to increase accessibility to signatories.

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**Never, under any circumstance, sign blank cheques.**

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### Who is not permitted to be a signatory?

- *Any person that is not an Office Bearer or member of the Executive Committee (Rule 17.6)*
- *The Principal of the School (Rule 6.4)*
- *Any employee of the P&C Association (Rule 19.1(ii))*
- *Any person who is excluded from the Executive Committee under law (Rule 11.3)*

It is the responsibility of all signatories to ensure that cheques they sign are supported by legitimate invoices. The P&C Treasurer should note the cheque number on the invoice/receipt. Signatories should initial the cheque stub to show that they have signed the cheque and initialed the invoice/receipt.

Where payments are made by EFT, the Treasurer should provide the second signatory with paper copies or scanned copies of invoices. Email records and bank account transaction approval records can then constitute an audit trail for the payment.

If any authorised signatories have a direct relationship with each other they will not be permitted to co-sign any transactions (cheques or online banking). This is for the protection of those members and the P&C. A direct relationship is defined in the P&C Constitution as a business, immediate or extended family or marriage/de facto relationship.

When changing signatories after an AGM or appointment of an Office Bearer, most banks will require a hardcopy of the signed minutes with the full names of the new signatories.

## 6. Debit Cards, Petty Cash and Event Floats

The P&C Constitution 2019 does not exclude P&Cs from using debit cards, but it is up to each individual P&C Association to determine if a debit card is required for their operations. If the P&C decides they wish to use a debit card, then they will need to approve it at a General Meeting of the Association and put a strict Terms of Operation in place. For more information on debit cards please go to <https://www.wacssso.wa.edu.au/resources/pc-resources/>.

The petty cash float is a small sum of money entrusted to a person (not necessarily the P&C Treasurer) for the payment of amounts that are too small to warrant the formality of individual and separate authorisation at a P&C meeting, payment by cheque or by EFT. A limit must be placed on petty cash payments so that large amounts are not distributed. A resolution should be made at the start of every year governing maximum amounts for payments and delegating who has authorisation to sign for petty cash.

Resolutions could be worded separately as (examples only):

- *“that amount of funds in petty cash be set at a maximum of \$50”;*
- *“that the limit on payments from petty cash be set at a maximum of \$10 per day, per individual and be restricted to consumable items that align with the core objects of the P&C only”;*
- *“that petty cash be in the possession of the P&C Treasurer who has the authority to sign for release of funds”.*

It is often difficult to detect losses or theft from petty cash; therefore, petty cash vouchers are essential (see example below). Relevant invoices, receipts, statements etc must be attached to the voucher as supporting documents that form financial records and remain in the possession of the P&C Treasurer.



The person holding the petty cash should always be able to account for the money. This applies to all petty cash whether held by the Treasurer, Canteen Supervisor, uniform shop coordinator or any other person. Petty cash books are commercially available and should be kept with the petty cash lock box which should be stored in a safe when not in use.

If the amount of cash required for a purchase is not known, then a petty cash voucher should be completed with all the available details, including the amount that was initially distributed. Amend and initial the voucher once the amount is known and receipts and any change has been returned.

Petty Cash Voucher

Paid to:.....

Date: .....

Amount: .....

For: .....

.....

.....

Signature of recipient: .....

Approved by: .....

(authorised signatory)

Petty Cash Summary Sample

This form of summary shows any discrepancy in the amount of cash on hand and provides record of petty cash transactions.

Petty Cash Allocation (Approved by Committee)		\$50.00
Less vouchers on hand:		
Coffee	\$4.95	
Paper bags	\$6.50	
Cordial for icy poles x2	\$5.90	
Fruit and Vegetables	\$19.85	
Total	<u>\$37.20</u>	<u>\$37.20</u>
Petty cash on hand		\$12.80
Cheque, as reimbursement		<u>\$37.20</u>
Petty Cash Allocation		<u><u>\$50.00</u></u>



An event float is an approved amount of cash withdrawn from a P&C bank account to be used at an event. The size of the float is at the discretion of the P&C, but it should be a manageable amount. The nature of floats - and events they are used at - make it very easy for money to go missing, so extra care and diligence is required. There are occasional events, such as the point of sale at a Bunnings sausage sizzle or a cake stall, that are not compatible with the use of receipts, however an accurate tally of sales should still be made.

The minuted resolutions for event float amounts and restrictions would be similar to those for petty cash use.

As with all monies, floats should be counted in accordance with P&C Constitution 2019 Rule 17.3.

## **7. Recording Receipts and Payments**

Many P&Cs choose to use a software program for bookkeeping and financial management. While WACSSO is aware that some of the most popular packages with P&Cs include MYOB and Xero, WACSSO cannot recommend any particular software. Each P&C should assess the best product for their situation and always seek an NFP discount. It is worth remembering, you will almost certainly not have the same Treasurer for more than a couple of years, so choose a commonly used product with good support and online learning and help tools. An online product will enable easy handover of historical information.

Keep your systems and processes as simple as possible so future Treasurers are willing and able to take on the responsibilities.

### **P&Cs without employees**

WACSSO recommends that all P&Cs use a commercial accounting software package that enables accurate record-keeping and custom production of the required reports. There are many low-cost packages available that will save time, ease workload and enable proper handover of financial records at the end of the Treasurer's tenure.

At a minimum the software should allow for the production of:

- Cash Book (transaction details)
- Statement of Receipts and Payments
- Balance Sheet

If the P&C can't support a subscription to a software package, then the Treasurer should investigate some of the free products available online.

## **P&Cs with employees**

With the introduction of Single Touch Payroll (STP) requirements under Commonwealth legislation, employers must use a software package that automatically sends tax and superannuation information for their employees to the ATO each time the payroll is run. Refer to the ATO for information alternative arrangements for micro-employers (1-4 employees). Visit: <https://www.ato.gov.au/Business/Bus/Single-Touch-Payroll-for-small-employers-factsheet/>.

Most accounting software products available in Australia include STP, and are also the best option for setting up payroll so that employee information, payments and entitlements can be managed. If your P&C is considering moving from paper or spreadsheet-based systems to an accounting product, it may well be worth consulting a bookkeeper or accountant to assist with the transaction, particularly in relation to payroll setup.

## **The Cash Book**

A cash book is a simple system that enables the bank balance to be ascertained after each transaction is entered. The cash book should be in a digital form such as Excel, Google Sheets or tailored cashbook software.

The opening entry in the Cash Book is the reconciled bank balance from the previous financial year. The book/worksheet itself should be divided into several columns to record full details of transactions. Suggested columns are:

1. Date - the date the transaction occurred.
2. Amount - the amount of money transacted
3. Transaction method - How was the transaction carried out? Cheque, cash and EFT are the main methods.
4. Transaction type - Was it a payment or receipt?
5. Chq/Rec No. - The number of the cheque used, EFT transaction number or the number of the receipt issued.
6. Resolution No. - each resolution passed at a meeting should be given a reference number or code (see section 2 Financial Motions above to allow all expenditure to be traced back to a decision made at a meeting).
7. Name - who the payment was made to (expenditure), or who it came from (income).
8. Description - brief description of the reason for the transaction.
9. Receipt category - What was the purpose of the payment? Examples could include or be fundraising expenses, wages, admin expenses, insurance etc.
10. Payment category - What was the purpose of the payment? Examples could include or be fundraising expenses, wages, admin expenses, insurance etc.
11. Activity - What specific P&C activity was carried out that relates to the transaction - fete, colour run etc.
12. Bank Balance - The bank balance at the completion of the transaction.

## 8. The Treasurer's Report

For online examples and explanations of the various financial reports, statements and documents referred to below please see the 'Interactive Component' of the Treasurer's Guide at <https://www.wacssso.wa.edu.au/resources/pc-resources/> under 'P&C Guides.'

The Treasurer must present a written report at each meeting of the Association and be prepared to answer members' questions regarding the report. It is best practice that the report be circulated with the agenda prior to the meeting. This allows all members have time to read and understand it and consider any questions to ask of the Treasurer. If, for some reason the Treasurer cannot attend in person to give the report, then they must appoint a delegate and brief that person on the content of the report. Once the Treasurer's report is voted to be approved (received or adopted) by the General Meeting it will become part of the minutes and must be kept in perpetuity (P&C Constitution 2019 Rule 20.2).

In order to explain the financial position of the Association to the P&C Committee, the Treasurer's report must include (at a minimum) the following:

### For P&Cs with annual revenue under \$500,000

These P&Cs can choose to use either the Cash or Accrual basis accounting method. The Treasurer's Report must consist of the reports/statements as show below.

Cash accounting	Accrual accounting
Statement of Receipts and Payments	Profit and Loss Statement (P&L)
Balance Sheet	Balance Sheet
Bank Reconciliation Statement	Bank Reconciliation Statement
Bank Statement	Bank Statement

### For P&Cs with annual revenue between \$500,000 and \$3,000,000

These P&Cs must use the Accrual basis accounting method. The Treasurer's Report must consist of the reports/statements as shown under the Accrual Accounting heading (above). All financial reporting must comply with Australian accounting standards.

### For P&Cs with annual revenue over \$3,000,000

These P&Cs must use the Accrual basis accounting method. The Treasurer's Report must consist of the reports/statements as shown under the Accrual Accounting heading (above). All financial reporting must comply with Australian accounting standards.

## 1) Bank Reconciliation Statement - both Accrual and Cash Methods

Reconciliation of the bank account simply means matching the transactions on the bank account with those recorded in the financial records. A bank reconciliation report for each bank account held by the P&C should be presented to the general members at each meeting. The reconciliation should set out the balance in the bank account/s plus any outstanding deposits, less any unpresented cheques.

Accounting software packages will include a bank reconciliation function and generate a bank reconciliation report. For P&Cs using spreadsheets or paper-based systems, a simple bank reconciliation format should be given.

Checking the financial records against the bank statement can also help identify:

- Suspicious or unusual bank activity.
- Bank charges and fees not already recorded in the cash book.
- An anticipated deposit that has not occurred
- Inadvertent bank or Treasurer errors

## 2) Bank Statement/s - both Accrual and Cash methods

A Bank Statement shows all automated and manual transactions (payments, withdrawals and deposits) on a bank account. Proof of the bank account balance as at the date of reconciliation must be included so that members are aware of the funds held by the P&C. This might be a paper statement from the bank or a printout/screenshot from online banking. If a P&C has more than one account, then a bank statement must be presented for each account.

A Treasurer's Report **should never be approved** by the P&C General Meeting unless a current Bank Statement is attached to show the transactions and account balance. Bank statements are usually received by post or email, so form part of Correspondence In. As a financial record, they must be kept for seven years (P&C Constitution 2019 Rule 20.4).

"P&Cs that have employees need to be mindful of protecting the privacy of employees."

Most online banking accounts allow authorised users to produce and print a list of transactions and closing balance as at any date. This can be useful to provide an up to date bank statement and reconciliation for the chosen dates.

P&Cs that have employees need to be mindful of protecting the privacy of employees. Care should be taken that amounts paid to employees remain confidential and are not identified on the bank statement. Wages, superannuation and other employee related transactions should be annotated as 'Staffing expenses' and the amount redacted (blacked out) from the bank statement. P&C Office Bearers may wish to view the original statement or view transactions online to assure the members redacted amounts are legitimate employee payments.

### **3) Statement of Receipts and Payments - Cash method only**

The Statement of Receipts and Payments is a summary of what payments have been made and what money has been received during the time since the last meeting or on a monthly basis. It also shows a summary of past financial information.

It should comprise three columns that show:

- i. A summary of receipts and payments for the current month.
- ii. A summary and cumulative total of all receipts and payments for the financial year to date.
- iii. A summary and closing total of all receipts and payments for the previous financial year (for comparison purposes).

Receipts and payments are broken into general headings as shown in the online example. For accuracy, transparency and to make the Treasurer's role more efficient, it is essential that a calendar of all events and fundraising activities is established by the first General Meeting of the year, at the latest.

### **4) Balance Sheet - both Accrual and Cash methods**

A Balance Sheet is a snapshot of the financial position of your P&C on a chosen date, which for the P&C is usually at the end of each month and/or prior to a General Meeting. It lists all the Association's assets and liabilities and from this shows the net assets (equity) of the P&C. The Balance Sheet also shows whether a P&C has enough cash and assets to pay all debts and liabilities when they are due. This is what is referred to as the P&C being 'solvent'. A P&C that is not able to do this is potentially insolvent and should not be trading. Immediate and appropriate action must be taken to address the issue if the Executive Committee believes the P&C is insolvent.

### **5) Profit and Loss (P&L) - Accrual method only**

For P&Cs using the accrual basis of accounting, the Treasurer's Report should include a Profit and Loss statement (P&L) which will provide information about income received and invoices paid, as well as detail about income that has been invoiced to a customer, and payments that must be made to suppliers based on invoices received. The Profit and Loss statement is sometimes called a Statement of Income and Expenditure.

If the P&C has an approved budget, it is useful to show the year to date income and expenditure compared to budget. This will help the members understand what the future commitments for funds are, and how the P&C is performing against the expected budget. The P&C may need to alter plans based on how the financial statements are tracking against the budget.

If the P&C doesn't have a formal budget, but has approved spending that hasn't been paid yet, the Treasurer could include a report that shows funds committed by the P&C but unspent, and the approximate balance of funds available once they have been paid out.

<b>Current assets</b>	Items of value which the entity can trade or use to conduct its activities, that will be used or converted to cash within the year (short term) e.g. inventory, canteen stock, accounts receivable, cash.
<b>Non-current assets</b>	Items of value which the entity can trade or use to conduct its activities over a period longer than a year (long term) e.g. plant and equipment.
<b>Current Liabilities</b>	Items expected to be paid to others within the year e.g. canteen suppliers, wages, reimbursements.
<b>Non-current liabilities</b>	Amounts which the entity is obliged to pay to others but not due in the current year e.g. provision for employee long service leave, long term loans, long term project commitments.



## 9. Grants

There are many and varied grants available to P&Cs due to their not-for-profit status through local, state and federal governments as well as those provided by non-government organisations and members of the business community.

Grant providers will usually request that applicants provide:

- IARN – Incorporated Association Registration Number (available at <https://associations.commerce.wa.gov.au/associations/public/publicHomePage.aspx>)
- ABN – Australian Business Number (most P&Cs will have one)
- ACNC registration details as some grants will require ACNC registration.
- Proof of insurances, particularly Public Liability insurance

As with every other action of the P&C, the decision to apply for a grant must be approved by the association (P&C Constitution 2019 Rule 26.1). Sometimes a school may request the P&C apply for a grant on their behalf as the number of available grants for schools is limited because they are not incorporated associations. It is essential that this proposal be tabled at a P&C meeting for debate and that the process and the grant itself meet the Objects of the Association (P&C Constitution 2019 Rule 2.0). In this case, when the grant is received, it is received in the name of the P&C and proper process must be followed for it to be transferred to the school i.e. invoice raised by the school, and the P&C is receipted in return.



The P&C should ensure all members understand the acquittal requirements of any grant. Many grants require some financial contribution from the applicant and proof of expenses and/or a signed statement may be required to explain how funds have been used. These tasks will usually fall to the Treasurer to complete; however, all members must understand the requirements and approve the spending of P&C contributed funds.



## 10. Financial Protection

For every member's protection, the P&C has a responsibility to ensure that appropriate financial controls have been established and are being followed by the Treasurer.

These controls should be:

- clear enough that anyone can tell where responsibility lies, particularly where Sub-committees have separate bank accounts. If you operate Sub-committees with their own Treasurer, it is important that these people understand their responsibility to report to the P&C Treasurer.
- simple enough that anyone can follow them - if your reporting process is too complicated, it will be difficult to find people willing to take on the job of Treasurer.

Frequently people object to implementing strict controls for a number of reasons, such as:

- The P&C wants to involve as many people as possible and doesn't want to bog people down in paperwork or frighten them away. This is true; however, it highlights the need for simple procedures rather than none.
- "We are all friends...trust each other...should be flexible". This is probably also true, however, the mere suspicion that "something isn't right" can be disastrous for a P&C, never mind the problems that arise when money does go missing. One obvious advantage to having strict financial procedures is to publicly show that the P&C Association is operating in a business-like manner and protecting its members and employees.
- Some members or even Treasurers may feel affronted when questions are posed about financial transactions and reports. Processes are in place to protect the assets and reputation of the P&C, and also to protect office bearers from unfounded accusations of misappropriation. Members should ask questions as a matter of course, which will help everyone to feel this is a normal and necessary part of doing business as a P&C.

### Keeping P&C Finances Secure

Each year, P&Cs across WA transact tens-of-millions of dollars in revenue with some larger P&Cs having turnover of millions for canteen and uniform shop operations alone. Unfortunately, Associations in the larger not-for-profit sector throughout the state lose thousands of dollars each year through embezzlement, fraud and theft by volunteers and staff.

Each year the WACSSO office is informed of and advises on occurrences of misappropriation of P&C funds. Sometimes this is through actions the Association could not have foreseen, but a common thread is poor financial governance. The fact that money is earned by hard working P&C members who want to provide great educational experiences to children at WA schools, is not a deterrent for some people. Some events are willful, and some opportunistic, but all can be reduced by having tight financial controls.

Though it is the Treasurer's duty to be aware of the state of the P&C funds, it is also up to the rest of the committee to take an interest in the health of the financial situation.

Controls for the management of your P&C financials include:

- A Treasurer who has a sound understanding of correct financial procedures.
- Training for all P&C Executive and members.
- Only permitting constitutionally eligible members to have access to bank accounts.
- Removal of authority to sign on bank accounts immediately upon resignation of a signatory.
- Changing passwords on a regular basis and when a signatory or Office Bearer resigns.
- Tight spending controls and restrictions in Terms of References of Sub-committees.
- Securing all cash on premises.
- Auditing petty cash on a regular basis.
- Accurate control of floats.
- Rigorous Terms Of Operation for any debit card
- Conducting an Annual Review or Audit of P&C finances even if not required.
- Ensuring a suitably qualified person is engaged to conduct the annual review or audit where required
- Presenting properly constituted Treasurer's Reports at every General Meeting.
- The Treasurer and one other financial member to count and sign-off on all monies.
- Ensuring thorough background checks of employees.
- Never signing blank cheques.
- Encouraging members to ask questions of the Treasurer and to take ownership of financial decisions.

In the experience of WACSSO staff, there are usually early (and obvious) indicators of misappropriation of P&C funds. Some of these are:

- Poorly configured or non-existent Treasurer's Reports.
- Lack of a bank reconciliation and accompanying bank statements.
- bank deposits of unknown origin.
- money not being banked (on time/at all).
- a signatory signing a cheque where they are the payee.
- transfers to personal or unknown accounts.
- Signatories avoiding meetings and other P&C Office Bearers and members.
- Sudden and unexpected decline in canteen or uniform shop revenue or profits.
- absence of a paper trail.

Last, and perhaps most controversially, the lack of turnover of P&C Office Bearers can also lead to a clique or 'purple circle' where a culture of secrecy becomes the norm. This can sometimes create an environment ripe for misappropriation.

If the Treasurer or other P&C members suspect that unusual financial activity is occurring within the P&C, they should contact WACSSO immediately for advice.

## **Scams**

It is not unusual for P&Cs to be targeted by professional scammers who use personal details of P&C members to attempt to receive payments from the P&C. Because P&C Office Bearers sometimes provide contact names and email addresses on the school website or P&C social media to allow others to contact them, this can also be an avenue for those with nefarious intent to harvest these details to produce false invoices. The message here is not to hide or delete your details, but to be aware of the strategies of some of these scammers and ensure that all payment requests and invoices are genuine.

There are also a variety of other scams that associations and businesses across Australia are regularly subjected to. The P&C Executive can stay up to date with these at [www.scamwatch.gov.au](http://www.scamwatch.gov.au).

The Treasurer should also be vigilant in checking that invoices received are only paid where funds have been approved by the P&C. It is also worthwhile to phone any new supplier, after searching their details, prior to paying their invoice to confirm bank account details.

## **11. Insurance**

Through affiliation with WACSSO P&Cs receive insurance coverage for:

- Public Liability Insurance cover up to \$20 million per incident
- Volunteer Personal Accident Policy

These insurances will lapse if WACSSO affiliation fees are not paid by the due date.

The P&C may require property insurance, workers compensation insurance or various other types of insurance to protect the P&C from loss. P&Cs should seek appropriate information to make their own decision on insurance policies and providers. WACSSO does recommend P&Cs contact Grange Insurance Services to discuss specific needs and obtain expert advice on appropriate insurances and levels of cover.

## TABLE FOR ANNUAL FINANCIAL REPORTING REQUIREMENTS (IF THE P&C IS NOT REGISTERED WITH ACNC)

Name (official terminology)	Tier 1	Tier 2	Tier 3
Revenue	<\$500K	\$500K< and > \$3M	> \$3M
Cash or Accrual Accounting	Cash or Accrual	Accrual	
Audit / Review	No review or audit unless required by the membership. Annual Financial Statements must be presented at the AGM. WACSSO does recommend a review.	Review is mandatory unless Audit is mandated by general members	Audit is mandatory
Annual Financial Statements	Mandatory submission to WACSSO and the School Principal		
DMIRS Annual Information Statement (AssociationsOnline)	Mandatory		
ACNC Annual Information Statement	Not relevant to P&Cs that are not registered with the ACNC		
ACNC Reporting Entity	Not relevant to P&Cs that are not registered with the ACNC		
Type of ACNC Financial Report	Not relevant to P&Cs that are not registered with the ACNC		
Accounting Standards	N/A	Australian Accounting Standards	
Signed and Dated Responsible Persons Statement	YES		
Management Committee declaration including Solvency Statement	YES		
Statement of receipts and payments	Cash accounting - YES Accrual accounting - OPTIONAL	YES	YES
Bank Reconciliation & Statements	Cash accounting - YES Accrual accounting - YES	YES	YES
Balance sheet	Cash accounting - YES Accrual accounting - YES	YES	YES
Statement of Income and Expenditure (P&L)	Cash accounting - NO Accrual accounting - YES	YES	YES
Cash Flow	Cash accounting - NO Accrual accounting - NO	YES	YES
Statement of changes in Equity	Cash accounting - NO Accrual accounting - NO	YES	YES
Notes to the Financial Statements	Cash accounting - YES Accrual accounting - YES	YES	YES
Auditor Requirements	If a review is conducted, the auditor must be a member of Chartered Accountants Australia (CA or FCA), CPA Australia (CPA or FCPA) or Institute of Public Accountants (MIPA or FIPA); a registered company auditor; or approved by the Commissioner.		If a review is conducted, the auditor must be a member of Chartered Accountants Australia (CA or FCA) and hold a public practice, CPA Australia (CPA or FCPA) or Institute of Public Accountants (MIPA or FIPA) and hold a public practice; a registered company auditor; or approved by the Commissioner.

## TABLE FOR ANNUAL FINANCIAL REPORTING REQUIREMENTS (IF THE P&C IS REGISTERED WITH ACNC)

Small Charity	Medium Charity	Large	Name (official terminology)
<\$500K	\$500K< and > \$3M	> \$3M	Revenue
Cash or Accrual	Accrual		Cash or Accrual Accounting
No review or audit unless required by the membership. Annual Financial Statements must be presented at the AGM. WACSSO does recommend a review.	Review is mandatory unless Audit is mandated by general members	Audit is mandatory	Audit / Review
Optional submission to ACNC	Mandatory submission to ACNC and submit to WACSSO and the School Principal		Annual Financial Statements
Mandatory submission to WACSSO and the School Principal			
Mandatory (Not required if submitting an Annual Information Statement to the ACNC)			DMIRS Annual Information Statement (AssociationsOnline)
Mandatory			ACNC Annual Information Statement
If the P&C <u>chooses</u> to submit financial reports then	Self-assess as either a Reporting entity or Non-reporting entity		ACNC Reporting Entity
If the P&C <u>chooses</u> to submit financial reports then	Self-assess as requiring either <b>*Special Purpose</b> <u>OR</u> <b>*General Purpose</b> Financial Reports based on		Type of ACNC Financial Report
If the P&C <u>chooses</u> to submit financial reports then	Self-assessed Reporting entity - Special Purpose Financial Reports require adherence to 6 Australian Accounting Standards as per ACNC website  Self-assessed Non-reporting entity - General Purpose Financial Reports require adherence to Australian Accounting Standards		Accounting Standards
If the P&C <u>chooses</u> to submit financial reports then YES	YES		Signed and Dated Responsible Persons Statement
YES			Management Committee declaration including Solvency Statement
If the P&C <u>chooses</u> to submit financial reports then YES	YES	YES	Statement of receipts and payments
If the P&C <u>chooses</u> to submit financial reports then YES	YES	YES	Bank Reconciliation & Statements
If the P&C <u>chooses</u> to submit financial reports then YES	YES	YES	Balance sheet
If the P&C <u>chooses</u> to submit financial reports then YES	YES	YES	Statement of Income and Expenditure (P&L)
If the P&C <u>chooses</u> to submit financial reports then YES	YES	YES	Cash Flow
If the P&C <u>chooses</u> to submit financial reports then YES	YES	YES	Statement of changes in Equity
If the P&C <u>chooses</u> to submit financial reports then YES	YES	YES	Notes to the Financial Statements
If a review is conducted, the auditor must be a member of Chartered Accountants Australia (CA or FCA), CPA Australia (CPA or FCPA) or Institute of Public Accountants (MIPA or FIPA); a registered company auditor; or approved by the Commissioner.			Auditor Requirements
If a review is conducted, the auditor must be a member of Chartered Accountants Australia (CA or FCA) and hold a public practice, CPA Australia (CPA or FCPA) or Institute of Public Accountants (MIPA or FIPA) and hold a public practice; a registered company auditor; or approved by the Commissioner.			

\*Please refer to the ACNC website for an explanation of these terms.

## NOTES

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