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July 1, 2020

Virtual Guidance Extended & Financial Review Guidelines

Virginia PTA has extended the virtual governance guidelines for Local PTAs. The guidelines now expire on [October 30, 2020](#). Both board meetings and general membership meetings can continue to be held by video or audio conference calls. More updates may become available throughout the summer.

Due to COVID19, Virginia PTA offers the followings ways to complete the required financial review via committee:

1. **In Person with Social Distancing** – The financial review committee meets in person and adheres to community guidelines and is based on the comfort level of all committee members.
2. **Virtual with 3 Remote People and Physical Items** - Physical financial review records are disseminated among the committee members by the Committee Chair based on the divided responsibilities outlined below. Each member does their part. The committee comes back together virtually or by phone to wrap up.
3. **Virtual with 3 Remote People and Electronic Records** - Determine what items are available electronically. The Committee Chair scans other documents for review and distributes to other committee members based on the divided responsibilities outlined below. The committee comes back together virtually or by phone to wrap up.

This document describes how to divide the work of the financial review committee among 3 remote members. Please see [VAPTA COVID19 guidance](#) for guidance on virtual meeting tools and specifically the [VAPTA Financial and Meeting Guidance for PTA Units](#) regarding financial matters.

Committee information and discussions are confidential; therefore, meetings should be conducted in a private location and only include appointed committee members. The committee may contact the outgoing Treasurer and outgoing President for any clarification required. All findings should remain confidential until the report is delivered.

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

- Most recent financial review report
- Current year annual report (budget vs actual)
- General ledger (all transactions for the entire year)
- Adopted budget as amended
- All financial reports for the period to be evaluated
- All receipts for expenditures with PTA Funds Request Forms
- All receipts and deposit records
- All checks for all accounts – cleared, voided, and unused
- Images of cleared checks on bank statements are sufficient.
- Bank statements for all accounts
- Electronic banking documentation
- Reports from electronic systems used to collect funds online or in person
- 990N confirmation of acceptance or a completed draft of the appropriate Form 990-EZ or 990
- Sales tax returns; if applicable
- All correspondence with any taxing authority
- 501(c)3 determination letter
- Insurance policy
- Sales tax exemption certificate, if applicable

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

- Approved minutes from membership and executive board meetings
- Current membership roster
- Current bylaws and standing rules

Committee Chair (Member #1: Document Coordinator & Transaction Reviewer)

Job Description: Gather all required documents from the outgoing treasurer and secretary. Ensure each financial review committee member has the appropriate documents needed to complete his/her portion of the reconciliation. Review checks, debit card transactions, and deposits. Review the allocation of expenses and deposits. Report findings to Committee Member #2.

Has the following items for the financial review:

- All receipts for expenditures with PTA Funds Request Forms
- All receipts and deposit records
- All checks for all accounts – cleared, voided, and unused
- Images of cleared checks on bank statements are sufficient.
- Adopted budget as amended
- General ledger (all transactions for the entire year)
- All financial reports for the period to be evaluated
- COPY of standing rules and any stand alone financial policies, if applicable
- Electronic banking documentation
- Reports from electronic systems used to collect funds online or in person

When Reviewing Checks

- Make sure that each check written has proper documentation (vendor invoice, check request, etc.)
- Confirm that all expenses were allocated to the proper budget item and are within the approved budget
- Verify all checks adhere to the adopted check-signing policy
- Watch for checks with multiple handwriting (other than one of the signatures) or different inks. This would be an indication of blank checks being released.
- Confirm that no checks were made payable to “cash”

When Reviewing Debit Card Transactions

- Verify and review that standing rules or a stand-alone policy has been adopted to provide guidelines for use of debit card(s)
- Confirm debit card(s) were only used by authorized individuals
- Confirm that Automated Teller Machines (ATM) usage, cash back, or cash advances did not occur
- As with any payment, a PTA Funds Request form and receipt should accompany each debit card purchase
- Verify purchases were authorized in the budget and reflected in the financial reports

When Reviewing Deposits

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

Committee Member #2 (Report Drafter & 990/Sales Tax Verifier)

Job Description: Compile the financial review report information from each committee member, prepare the report, and obtain committee approval for the final report. Confirm that a 990 has been submitted or prepared.

Has the following items for the financial review:

- Most recent financial reconciliation report
- Current year annual report (budget vs actual)
- COPY OF General ledger (all transactions for the entire year)
- COPY OF Adopted budget as amended
- COPY OF All financial reports for the period to be evaluated
- 990N confirmation of acceptance or a draft of the appropriate Form 990-EZ or 990
- All correspondence with any taxing authority; if applicable
- Sales tax exemption letter, if applicable

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

When Reviewing Other Items

- Confirm a Form 990 has been submitted or prepared. If a 990-N is required, verify it has been submitted to and accepted by the IRS prior to the completion of the financial review. For a 990-EZ or 990, verify that the outgoing Treasurer has prepared a draft of the appropriate form and it is ready for electronic submission once the financial review has concluded.

When Preparing the Financial Review Report

- Collect feedback from other committee members.
- Review and complete the financial review report (included in this document)
- Provide the opening balance per the "Ending Balance" of previous financial review
- Enter totals for all income and expenses since the date of the previous financial review
- Calculate and enter the ending balance as of the date of the current financial review
- Enter totals for all outstanding deposits or disbursements, and provide a detailed list of those transactions
- Indicate the appropriate findings of the financial review and provide any needed comments or recommendations

- Ensure all members of the financial review committee sign and date the report

Allow the outgoing treasurer to correct any identified errors

- Mark the ledger, checkbook register, or carbon copy of last used check with a red line and have all members of the committee sign and date to indicate the completion of the financial review
- Present the report to the executive board and then to the general membership at the first meeting of the new fiscal year or the next general membership meeting after the completion of the financial review and email a copy to the Virginia PTA office at liaison@vapta.org
- When evidence that theft/fraud has occurred, please contact the Virginia PTA Treasurer at treasurer@vapta.org

Committee Member #3 (Document Reviewer)

Job Description: Review meeting minutes, governing documents, bank statement reviews, expense and deposit allocation for designated funds, and handling of dues. Report findings to Committee Member #2.

Has the following items for the financial review:

- Bank statements for all accounts
- Approved minutes from membership and executive board meetings
- Current membership roster
- Current bylaws, standing rules and any stand alone policies
- COPY of current year annual report (budget vs actual)
- COPY of general ledger (all transactions for the entire year)
- 501(c)3 determination letter
- Insurance policy

When Reviewing Approved Meeting Minutes

- Confirm that a quorum was present at all membership and executive board meetings where voting occurred
- Confirm financial reports were presented at all membership and executive board meetings and that beginning balances on each report match the ending balance on the previous report
- Verify the budget and all amendments were adopted by the membership
- Confirm all fundraisers were approved by the membership either through approval of the budget or, if added after the adoption of the budget, a special vote
- Verify the executive board approved all contracts, if applicable

When Reviewing Other Items

- Verify that bylaws and standing rules are current. Bylaws are date stamp within the last five years and approved by Virginia PTA
- Verify that a non-signer has reviewed, initialed, and dated all bank statements. If not completed, recommend the PTA complete
- Verify that bank reconciliations were performed monthly and review for accuracy
- Make sure that money collected for a designated purpose was spent only for that purpose
- Review the annual report and confirm that it will be retained as a part of the permanent file
- Confirm that Virginia PTA and National PTA portions of membership dues are held separately in and not as income on the budget
- Verify all current membership dues have been submitted to Virginia PTA, and that totals align with the membership roster
 - Dues collected at kindergarten round-ups or open houses for the following school year should be designated in full for the next membership year

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

A: Read the entire report, including the financial summary and bank account summary. All names and identifying language must be excluded from the report. If you suspect theft or fraud, it is imperative that names and accusations not be included in the report.

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

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

Q: What if there is missing documentation, such as receipts, voucher forms, etc.?

A: The committee should contact the outgoing Treasurer and ask if the documentation has been misplaced. If the Treasurer is unable to provide the documentation, then this would be noted on the checklist and would be recorded as discrepancies in the report.

Q: What is the policy for checks from previous years that never clear the bank?

A: PTAs need to develop a policy on the time frame for checks to clear in their Standing Rules. Virginia PTA recommends that “void after # days” is printed on the checks. To record the transaction, the entry would reflect the income and offset the carryover balance.

Q: The financial review committee ending balance does not equal the outgoing Treasurer's ending balance, and we do not suspect theft. Is it ok to move forward with our report if the outgoing Treasurer is not responding to our requests for additional information or clarification?

A: Yes, the financial review committee will present these findings in their report. The incoming Treasurer will make the appropriate adjustment in the financial software and checkbook.

Q: Is the outgoing Treasurer allowed to make corrections or enter missing transactions as directed by the financial review committee during the financial review?

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

Q: Is Virginia PTA allowing digital signatures on the Financial Review Report?

A: Yes

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