



Financial Reconciliation Committee Instructions

Committee members should be PTA members who are appointed by the president and approved by the executive board or membership. Members of the financial reconciliation committee shall not be the authorized signers, current secretary, or incoming treasurer. They shall not be related by blood or marriage nor reside in the same household as the authorized signers or current secretary. Members under 18 may not constitute a majority of this committee. A member may serve on consecutive committees. If you have been appointed as a committee member and are not eligible to be on the committee, please recuse yourself from the committee and contact the president so that someone else can be appointed.

The required year-end financial reconciliation must occur within 30 days of the PTA's fiscal year end. The secretary and treasurer shall provide the required documents within 10 days of the fiscal year end. For any other financial reconciliation, the financial reconciliation must occur within 20 days of the committee's formation.

Committee information and discussions are confidential; therefore, meetings should be conducted in a private location and only include appointed committee members. The committee should contact the treasurer, secretary and president for any clarification required and to correct any errors identified. All findings should remain confidential until the report is delivered. All members of the committee should sign a confidentiality agreement (see page 2).

Each committee member completes their portion of the checklist, checking off each box as it is completed and noting any discrepancies, issues or recommendations for each item. Committee members may use this [digital Financial Reconciliation Checklist](#) to document findings and recommendations. When committee members #1 and #2 complete their portion of the review, they should provide their results to committee member #3 to consolidate any findings and recommendations into the report.

If theft, fraud, or embezzlement is suspected, the committee members must follow the Texas PTA Theft, Fraud, and Embezzlement Policy at txpta.org/policies. One of the first steps in this process is to contact your PTA's Council President, if applicable, and Texas PTA Field Service Representative for assistance. You can find their contact information on the [Local PTA Roster](#).

The treasurer for the period being reviewed presents the following financial records for the period being reviewed to the committee (links to documents below are examples):

- Current year [annual financial report](#) (budget vs actual) or budget vs actual for period under review
- [Balance sheet](#) (to show sales tax or state/national dues liability balances)
- General ledger (detail of all transactions for period under review)
- All receipts/invoices for expenditures with [PTA Funds Request Forms](#)
- All bank receipts with [PTA Deposit Forms](#)
- All checks for all accounts - cleared (check images from bank suffice), voided, and unused
- Bank statements and reconciliations for all accounts
- Electronic payment collection system account reports (from PayPal, Square, merchant account, etc)
- For end-of-year review, [IRS Form 990-N confirmation of acceptance](#) or a draft of the appropriate 990-EZ or 990
- Sales and Use Tax permit and returns, if the PTA has a permit
- Any correspondence from/to the IRS or Texas Comptroller's Office

The secretary for the period being reviewed presents the following records for the period being reviewed to the committee (links to documents below are examples):

- Minutes from membership and executive board meetings (including presented [financial reports](#), last financial reconciliation report, [Statement Review by Non-Signer forms](#), [Records Retention Policy](#), and any other items presented at meetings)
- Current membership roster and executive board roster
- All bylaws, standing rules, and policies
- [Confidentiality, Ethics, and Conflict of Interest Agreement](#)
- Contracts for the period under review

PTA/PTSA
Financial Reconciliation Committee
Confidentiality Agreement

Committee information and discussions are confidential; therefore, meetings should be conducted in a private location and only include appointed committee members. While the committee should contact the treasurer, secretary and president for any clarification required, all findings should remain confidential until the report is delivered.

When there is evidence that theft, fraud, or embezzlement has occurred, the PTA must follow the Texas PTA Theft, Fraud, and Embezzlement Policy found at txpta.org/policies.

I hereby acknowledge by my signature below that I am not an authorized signer, current secretary, incoming treasurer, nor am I related by blood or marriage to another committee member and I do not reside in the same household as the authorized signers or current secretary. Further, any information presented or discussed during the meetings of the PTA Financial Reconciliation Committee will not be divulged by me outside the meetings or with any individual not a member of this committee. The committee should contact the treasurer, secretary, and president for clarification and to correct any errors identified. I acknowledge that a violation of this agreement shall result in my removal from the committee.

COMMITTEE SIGNATURES		
Name	Signature	Date



Financial Reconciliation Checklist

Committee Member #1 (Document Coordinator & Transaction Reviewer)

Job description: Gather all required documents from the treasurer and secretary. Ensure each committee member has the appropriate documents needed to complete his or her portion of the reconciliation. If committee members will not be reviewing documents together, some documents may require copies to be made. Review checks, debit/credit card transactions, deposits, and electronic payment collection systems. Review the allocation of expenses and deposits posted during the period under review. Report findings to Committee Member #3.

The following items are required for this portion of the financial reconciliation:

- General ledger (detail of all transactions)
- All financial reports (from minutes)
- All receipts/invoices for expenditures with PTA Funds Request Forms
- All bank receipts and PTA Deposit Forms
- Bank statements and reconciliations for all accounts
- All checks for all accounts - cleared (check images from bank suffice), voided, and unused
- Electronic payment collection system account reports (from PayPal, Square, merchant account, etc)
- All bylaws, standing rules, and policies

Review all checks:

- ☐ Verify that each check written has a PTA Funds Request Form and associated invoice(s) or receipt(s) .
- ☐ Confirm that all expenses were allocated to the proper budget item and are within the approved budget amount.
- ☐ Verify all checks adhere to the adopted check-signing policy in the standing rules or adopted as a separate policy (if applicable) and spot check signatures. In the absence of standing rules or a policy, only one check signer is required.
- ☐ Confirm that checks are not signed by the individual to whom the check is made payable.
- ☐ Watch for checks with multiple handwriting or different inks (other than one of the signatures). This is an indication of blank checks being released, which is not allowed.
- ☐ Confirm that no checks were made payable to "Cash" or "Petty Cash."

Review all debit/credit card transactions:

- ☐ Verify and review that standing rules or a policy has been adopted by the membership to provide guidelines for use of debit/credit card(s).
- ☐ Confirm debit/credit card(s) were in the possession of the treasurer when not in use (a checkout log should be utilized).
- ☐ Verify that debit/credit cards(s) were only checked out and used by authorized signers on the bank account.
- ☐ Confirm that Automated Teller Machines (ATM) usage, cash back, and cash advances did not occur.
- ☐ Confirm that a PTA Funds Request form and receipt(s)/invoices(s) accompany each debit/credit card purchase.
- ☐ Confirm that purchases were allocated to the proper budget item and were within the approved budget amount.

Review all deposits:

- ☐ Verify deposits are made timely by comparing the PTA Deposit Form date with the bank deposit receipt date.
- ☐ Confirm that all income was allocated to the proper, approved budget item.
- ☐ Verify that at least two people counted the monies and that a PTA Deposit Form was used and signed by all counters. Review the PTA's standing rules to confirm whether two counters, along with a separate count by the treasurer, are required.



Financial Reconciliation Checklist

Review electronic payment collection system account reports (PayPal, Square, merchant accounts, etc):

- ☐ Verify that documentation clearly shows all transfers were made to the PTA bank account, deposits were allocated to the correct budget line items, and any fees incurred were recorded as an expense.
- ☐ Confirm that money was transferred at least monthly to the PTA checking account.
- ☐ Confirm that electronic payment collection system account(s) were not used to make payments.
- ☐ If this is the end-of-year review, ensure no balance exists in the electronic payment collection system account(s).

Review all bank statements and reconciliations

- ☐ Verify that bank reconciliations were performed monthly and accurately.
- ☐ Confirm that cash withdrawals or transfers were not made from the bank account.
- ☐ Confirm that ACH payments were only made to approved vendors. Verify that a PTA Funds Request form and receipt(s)/invoices(s) accompany each ACH payment. The following are permitted: Texas PTA, Texas Comptroller for sales tax remittance, insurance renewal, Local PTA to Council PTA or Council PTA to Local PTA. ACH and eCheck payments to vendors outside of this group are not allowed unless a vendor does not accept checks. In that case, the executive board must approve an ACH or eCheck to the vendor.



Financial Reconciliation Checklist

Committee Member #2 (Document Reviewer)

Job description: Review meeting minutes, governing documents, expense and deposit allocation for designated funds, and handling of dues. Report findings to Committee Member #3.

The following items are required for this portion of the financial reconciliation:

- Minutes from membership and executive board meetings (including presented financial reports, last financial reconciliation report, Statement Review by Non-Signer forms, Records Retention Policy, and any other items presented at meetings.)
- Current membership roster and executive board roster
- All bylaws, standing rules and policies
- Confidentiality, Ethics, and Conflict of Interest Agreement
- Contracts
- Current year annual report (budget vs actual) or budget vs actual for period under review
- General ledger (detail of all transactions)

Review all meeting minutes:

- ☐ Ensure minutes were prepared, reviewed and approved in a timely manner. Minutes may be approved by a committee appointed by the president or may be approved at a meeting of the same type (membership minutes at a membership meeting, executive minutes at an executive board meeting). In either case, minutes should document the approval of the prior meeting minutes.
- ☐ Confirm that a quorum was present at all membership and executive board meetings where voting occurred.
- ☐ Verify that a member, who is not a signer on bank accounts, was appointed by the president to review all accounts and has completed the Statement Review by Non-Signer form each month for all bank, credit card, and e-commerce statements.
- ☐ Verify that the Statement Review by Non-Signer forms were presented by the secretary at each regular executive board meeting and any findings noted were investigated by the executive board.
- ☐ Confirm that the prior financial reconciliation report was presented and adopted by the membership (voted on at a membership meeting and recorded in the meeting minutes).
- ☐ Confirm that the recommendations from the prior financial reconciliation report were considered by the executive board and implemented, or if the executive board decided not to implement a recommendation, the minutes reflected their reasoning.
- ☐ Confirm financial reports were presented at all regular membership and executive board meetings and that the beginning balance on each report matches the ending balance on the previous report. Financial reports are not required at special meetings.
- ☐ Verify the budget and all amendments were adopted (budget) or approved (amendments) by the membership.
- ☐ Confirm all fundraisers were approved by the membership either through the adoption of the budget or, if added after the adoption of the budget, through a separate vote.
- ☐ Confirm any tax free sale days were designated in the minutes of an executive board or membership meeting prior to the event. PTAs are allowed to designate 2 tax free sale days per calendar year.
- ☐ Verify the executive board approved all Plans of Work and contracts.
- ☐ Verify that all executive board members signed the Confidentiality, Ethics, and Conflict of Interest Agreement.
- ☐ Confirm that the Records Retention policy was reviewed by the executive board. If changes were made, verify that members approved the changes at a membership meeting.
- ☐ Verify that any stand alone policies were approved by the membership.
- ☐ Verify that IRS confirmation of the prior year Form 990 acceptance was presented at the first executive board meeting.



Financial Reconciliation Checklist

Review other items:

- ☐ Verify that bylaws and standing rules (if applicable) are current (dated within 3 years of the beginning of the current membership year being reviewed) and approved by Texas PTA.
- ☐ Verify that all executive board members are members of the PTA.
- ☐ Make sure that any money collected for a designated purpose was spent only for that purpose. If the PTA advertises that money collected for a fundraiser will be used for a specific purpose, the PTA can only use that money for that specific purpose. Examples of this would be donations collected for senior scholarships or for a specific project for the school.
- ☐ Confirm that Texas PTA and National PTA portions of dues are recorded as a liability/escrow and not as income.
- ☐ Verify state and national dues recorded as a liability/escrow have been submitted to Texas PTA at least monthly. For end-of-year review, all dues related to the fiscal year being reviewed should have been submitted to Texas PTA.
- ☐ Verify that the total number of members on the PTA's membership roster agrees with the number of members submitted to Texas PTA. You can verify the total number of dues submitted to Texas PTA on the [Local PTA Roster](#). If there is a difference, the difference should be the balance remaining in the liability/escrow.
- ☐ Verify that contracts are signed by the president.



Financial Reconciliation Checklist

Committee Member #3 (Report Drafter & 990/Sales Tax Verifier)

Job description: Compile the financial reconciliation report information from each committee member, prepare the report, and obtain committee approval for the final report. For the year-end review, confirm that an IRS Form 990-N has been submitted and accepted or that a 990-EZ or 990 has been drafted. If the PTA has a sales tax permit, confirm that sales tax has been recorded correctly and sales tax returns have been filed timely.

The following items are required for this portion of the financial reconciliation:

- Current year annual report (budget vs actual) for end-of-year review, or budget vs actual for the period under review
- For end-of-year review, IRS Form 990-N confirmation of acceptance or a draft of the appropriate Form 990-EZ or 990
- Sales and Use Tax permit and returns, if the PTA has a permit
- Any correspondence from/to the IRS or Texas Comptroller's Office
- Last financial reconciliation report (from minutes)
- General ledger (detail of all transactions)
- All financial reports (from minutes)

Review the following items:

- ☐ For end-of-year review, confirm an IRS Form 990 has been submitted or prepared. If a 990-N is filed, verify it has been submitted to and accepted by the IRS. The 990-N acceptance should look like the following with the word **Accepted** after Filing Status:



For a 990-EZ or 990, verify that the outgoing treasurer has prepared a draft of the appropriate form and is ready to electronically submit once the financial reconciliation has concluded.

- ☐ Determine if the PTA had an obligation to collect sales tax (see the Collecting and Reporting Sales Tax portion of the Treasurer Resource Guide at txpta.org/treasurer for guidance on when sales tax should be collected).
- ☐ If the PTA has a sales tax permit, confirm that sales tax collected on taxable items has been recorded as a liability/escrow and not as income. See the When to Collect Sales Tax table in the Treasurer Resource Guide at txpta.org/treasurer for examples of taxable and nontaxable items.
- ☐ If the PTA has a sales tax permit, ensure sales and use tax returns were filed timely. For annual filers, the report is due by January 20th of the following year. For quarterly filers, the report is due by the 20th day of the month following each quarter's end (ex. 1st quarter would be due April 20th). If the PTA has a sales tax permit, returns must be filed timely even if no tax was collected during the period.
- ☐ Review any correspondence from/to the IRS or Texas Comptroller's Office. Ensure PTA responded timely to any requests.

Prepare the financial reconciliation report:

- ☐ Collect feedback from other committee members.



Financial Reconciliation Checklist

- ☐ **Allow the treasurer to correct any identified errors.**
- ☐ Review and complete the financial reconciliation report (included in this document). An example of how to complete the financial section can be found [here](#).
 - ☐ Provide the Beginning Cash Balance Forward per the “Ending Adjusted Cash Balance Forward” of the previous financial reconciliation report.
 - ☐ Enter totals for all Receipts and totals for all Expenses since the date of the previous financial reconciliation. If this is the end of the year review, the annual financial report includes these totals. Otherwise, the numbers are from a budget vs. actual report for the period under review. These totals should only include the funds that belong to your PTA, not the liability/escrow accounts.
 - ☐ Calculate the Cash Balance Forward. This amount should agree to the ending cash balance on the annual financial report or the budget vs. actual report. This balance only includes the funds that belong to your PTA, not the liability/escrow accounts.
 - ☐ Enter the Sales Tax and State and National Dues Liability/Escrow Period Changes and Balances.
 - ☐ Calculate and enter the Ending Adjusted Cash Balance Forward as of the ending date of the current review period. This balance includes the amounts in the liability/escrow accounts.
 - ☐ Enter the ending balance on the bank statement corresponding to the ending review date.
 - ☐ Enter totals for all Outstanding Deposits and/or Payments, and provide a detailed list of those transactions (the most recent bank reconciliation should include these details and can be attached).
 - ☐ Enter the Adjusted Bank Balance.
 - ☐ Ensure that the Ending Adjusted Cash Balance Forward matches the Adjusted Bank Balance. If not, determine why and note in the report.
 - ☐ Work with Committee Members #1 and #2 to determine the appropriate findings of the review and provide any comments or recommendations on the report. The following information is intended to assist in deciding the appropriate finding to select on the report. Ultimately the committee members must decide and agree on the appropriate committee finding:
 - ☐ **Correct** - This indicates that all required documents were received, no errors exist with the financial records and no, or only very minor, issues were identified with the documents reviewed.
 - ☐ **Substantially correct with the following adjustment(s) needed** - This indicates a minor financial number is incorrect and needs to be corrected and the treasurer did not correct after being asked to correct the error.
 - ☐ **Substantially complete with the following items noted** - This indicates that all documents were provided, but some items were missing from documentation. Examples could include quorum not being documented in the minutes, deposits not being made in a timely manner, etc.
 - ☐ **Incomplete with the following missing** - This indicates that required documents were not provided and as a result procedures could not be completed. This could include financial reports missing from the minutes, PTA Deposit Forms not being filled out, bank deposit slips missing from PTA Deposit Forms, etc.
 - ☐ **Incorrect with the following adjustments needed** - This indicates that more than minor issues or differences were identified. Examples would include budget not approved by membership, Confidentiality agreement not signed by executive board members, 990 or Sales tax returns (if PTA has a permit) not filed, etc.
- ☐ Ensure all members of the Financial Reconciliation Committee sign and date the report.
- ☐ Attach annual financial report or budget vs. actual report
- ☐ Attach 990-N confirmation or draft of 990-EZ or 990, if end-of-year review.



Financial Reconciliation Checklist

Immediately following the financial reconciliation:

- ☐ If no evidence of theft, fraud, or embezzlement is suspected, give the PTA records to the current treasurer and secretary so that they can proceed with business.
- ☐ If evidence of theft, fraud, or embezzlement is suspected, retain the review report and records and follow the Texas PTA Theft, Fraud, and Embezzlement Policy available at txpta.org/policies.

Deliver the financial reconciliation report:

- ☐ For the required year-end and check signer addition/deletion financial reconciliation:
 - ☐ provide a copy of the report to the treasurer immediately following the conclusion of the reconciliation;
 - ☐ present the report findings and recommendations at the next executive board meeting;
 - ☐ present the report for adoption at the next membership meeting; and
 - ☐ provide the financial reconciliation report and annual financial report or budget vs actual report to the secretary.
- ☐ For a reconciliation deemed necessary by the president or three or more members:
 - ☐ hold the report until the next membership meeting;
 - ☐ present the report for adoption at the next membership meeting;
 - ☐ provide the financial reconciliation report and annual financial report or budget vs actual report to the secretary;
 - ☐ provide a copy of the report to the treasurer; and
 - ☐ present the report findings and recommendations at the next executive board meeting.



Financial Reconciliation

Frequently Asked Questions

Q: How much of the financial reconciliation committee report does the chair need to read at the meeting after the completion of the financial reconciliation?

A: Read the entire report, including the financial summary, bank account summary and committee findings. Exclude any names and identifying language when reading the report. If you suspect theft, fraud, or embezzlement, it is imperative that names and accusations not be included in the report and that the [Texas PTA Theft, Fraud, and Embezzlement Policy](#) is followed.

Q: There is not a copy of the IRS Form 990-N acceptance or draft of the 990-EZ/990 for the fiscal year being reviewed. What do we do?

A: For the 990-N, contact the outgoing treasurer to verify the 990-N has been submitted to and accepted by the IRS. If it has not been filed, have the treasurer in office for the period being reviewed file and provide the “accepted” status page. For the 990-EZ or 990, ask the treasurer in office for the period being reviewed if they have prepared a draft of the appropriate form. If it has not been prepared, note the status of the filing on the financial reconciliation report and notify the incoming president to follow-up with the treasurer in office for the period being reviewed.

Q: The PTA has a sales and use tax permit, but there is not a copy of the filed Sales and Use Tax return. What do we do?

A: Contact the treasurer to find out if the report has been filed and the sales tax has been remitted. If no sales tax was collected during the reporting period, verify the report was filed. If the sales tax return was not filed, contact the treasurer to prepare and file the report immediately. Note in the report that sales tax return(s) were not filed timely.

Q: It seems like a sales tax permit is required for the PTA based on sales, but they don’t have one. What do we do?

A: Contact the Council President or Texas PTA Field Service Representative for the PTA who can better assist with determining if a sales tax permit may be needed. Also, see the State Sales Tax portion of the Treasurer Resource Guide at txpta.org/treasurer for guidance on when sales tax should be collected. If you conclude a sales tax permit is needed, note that in the report.

Q: What if there is missing documentation, such as funds request forms, receipts/invoices, minutes, etc.?

A: The committee should contact the treasurer or secretary and ask for the documentation. The treasurer or secretary should be allowed the opportunity to provide missing information. If the treasurer or secretary is unable to provide the documentation, this review is considered incomplete and appropriate recommendations should be made.

Q: What if the treasurer or secretary is unresponsive to our requests for information?

A: Contact the president. If the president is not responsive, you can contact the Council President or Texas PTA Field Service Representative for your PTA. You can find this information on the “Need Help?” tab of the [Local PTA Roster](#) or call 1-800-TALK-PTA.

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. Texas PTA recommends that “void after # days” is printed on the checks. How to record this transaction depends on the financial tracking program the PTA uses.

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

A: Yes, the discrepancy should be noted in the financial reconciliation report. The treasurer in office at the time the review is complete should make the appropriate adjustment in the financial records.



Financial Reconciliation

Frequently Asked Questions

Q: Is the treasurer allowed to make corrections or enter missing transactions as directed by the Committee during the financial reconciliation?

A: Yes, in a reasonable amount of time and if returned promptly to the committee with corrected reports. The treasurer only receives the necessary information to correct the errors. All other documents stay with the financial reconciliation committee.

Q: Does Texas PTA allow digital signatures on the financial reconciliation report?

A: Yes

Q: The current president or treasurer is asking for a check to pay an invoice due now. We are not done with our review. Should we give them a check?

A: Yes, checks may be written in emergency situations by the treasurer in office at the time the financial reconciliation occurs.

Date Review Completed: _____

FINANCIAL SUMMARY

Beginning Cash Balance Forward	\$ _____	as of _____	(previous review end date plus one day)
Total Receipts	+ \$ _____	(from Beginning Cash Balance Forward date to ending date of current reconciliation, do not include sales tax and state/natl dues liability/escrow receipts and payments)	
Total Expenses	- \$ _____		
Cash Balance Forward	= \$ _____		
Change to Sales Tax Liability	± \$ _____	Balance of Sales Tax Liability	\$ _____
Change to St/Natl Dues Liability	± \$ _____	Balance of St/Natl Dues Liability	\$ _____
Ending Adjusted Cash Balance Forward	= \$ _____	as of _____	(end date of current review)

BANK ACCOUNT SUMMARY

Last 4 Digits of Account Number	_____	
Balance of Bank Statement	\$ _____	as of _____ (statement end date corresponding to review)
Total Outstanding Deposits	+ \$ _____	
Total Outstanding Payments	- \$ _____	(as of end date of current review)
Adjusted Bank Balance	= \$ _____	(should match Ending Adjusted Cash Balance Forward)

OUTSTANDING DEPOSITS

Date	Event/Description	Budget Line		Amount
		TOTAL		

OUTSTANDING PAYMENTS

Date	Payee	Budget Line	Amount
		TOTAL	

COMMITTEE FINDINGS

We have examined the records of _____ PTA/PTSA and find them to be:

- ☐ Correct
- ☐ Substantially correct with the following adjustments needed:

- ☐ Substantially complete with the following items noted:

- ☐ Incomplete with the following missing:

- ☐ Incorrect with the following adjustments needed:

We make the following recommendations (attach a separate page or spreadsheet, if needed):

COMMITTEE SIGNATURES

Name	Signature	Date

For the end-of-year reconciliation, the annual financial report and accepted 990-N confirmation, if applicable, should be attached to this report.

For all other reconciliations, the budget vs. actual report for the period should be attached.