

## P&C Association Incorporated Finance Processes:

This document describes the process for managing P&C finances including:

- Funds handling process
- Stock handling process
- Reporting
- Auditing
- Probity Standards

### **Funds Handling Process:**

#### When to use this process:

This process is to be used any time fund raising activity results in the need for handling of cash, cheques or any other form of receipt or payment.

#### Cash handling:

- Any cash raised by the P&C may be collected via classroom teachers, office staff or parents assisting with P&C fund raising activity (eg mother's day stalls)
  - Cash must always remain on school grounds (rather than being taken and stored or banked by volunteers)
  - However collected, cash must be taken to a secure location (such as the front office) and counted
  - Cash raised must be counted by P&C volunteers on the day it is collected (irrespective of the anticipated value of funds raised) to conform with DEC cash management policy and practices.
    - In planning fund raising activities, the P&C should ensure volunteers are pre-arranged to attend school to undertake cash counting processes on the day of the fund raising collection
  - Records must be kept detailing what amount each child/family has raised
    - Except for activities where this is impractical such as mother's day or father's day stalls
  - Cash counted by P&C volunteers should be handed over to the office staff
    - There should always be at least two volunteers counting the cash together
    - Office staff will follow DEC processes in managing the funds (ie undertake a verification count and issue a receipt to the P&C)
  - The school will deposit the cash into the school's account via the existing secure cash collection/banking process used by the school
    - The P&C will carry all risk of any loss of funds from collection through to deposit at the bank (ie while the school/DEC may assist with banking of cash raised, neither the DEC, the school nor any staff will be responsible for any loss of P&C funds, no matter how the loss might arise)
  - A cheque will then be issued from the school back to the P&C for the same amount as the funds raised



### Cheques and electronic payments:

- Any cheques or payments received must be made payable to the *Hurstville Public School P&C* directly (as opposed to being made to individual volunteers who would then make payment to the P&C bank account)
- Records must be kept detailing what amount each child/family has raised and when payment was received
- Banking of cheques should be undertaken as soon as practical by the P&C volunteer in possession of the cheque

### Receipts:

- Receipts must be issued from the P&C official receipt book where any family requests a receipt following any general fund raising activity
- Receipts for annual membership fees will only be issued on request by a member
- A receipt must be issued if payment is received by the P&C for any non-standard activity (eg sale of surplus P&C stock).

NB: This section relating to receipts is not intended to mean that accurate fund raising records are not necessary to maintain (see previous processes relating to the need to maintain records).

### P&C Bank Account

- The P&C must operate a single day-to-day account in the name:
  - Hurstville Public School Parents & Citizens Association
- There must always be at least 3, but no more than 5 signatories to the account, being the P&C Executive who are the officers accountable to members for the management of the P&C's finances
  - The account signatories must be updated in a timely manner to reflect any changes in the Executive role holders
- The account must be established to require 2 signatures to make any changes to the account, withdrawals or to otherwise operate the account in any way
  - If there are two executive role holders from the same family who are authorised signatories to the P&C account, the bank account must be updated to require 3 signatures to operate the account
- Online access to the account may be established for convenient access to bank records, however, online access must not allow any transfers or changes to the account whatsoever
- All withdrawals from the P&C account must be made via a traceable mechanism (ie via cheque or electronic transfer)
  - Cash must not be withdrawn from the P&C account
- No debit or credit cards may be requested or issued for the P&C account

Expenses:

The P&C does not operate using any form of "cash float". As such, items to be purchased by the P&C (eg prizes for fund raising), are typically paid by volunteers personally. Reimbursement of such expenses are then sought from the P&C and made via cheque payment to the volunteer.

- **No funds may be issued or paid from the P&C bank account without approval of the P&C members at a general meeting.** This is done via a resolution at a monthly meeting to authorise any expense. Such a resolution must be accurately reflected in the minutes of each meeting to provide an audit history
  - This does not mean that an expense already incurred may not be reimbursed to a parent.
  - If a parent incurs an expense that is reasonably on behalf of the P&C, that parent may seek authorisation for reimbursement of that expense retrospectively after the expense is incurred.
    - However, until a resolution is passed at a general meeting, there is no guarantee that expenses incurred will be approved by the P&C membership.
    - It is strongly recommended that all expenses to be incurred by a volunteer be authorised prior to any parent personally paying for anything, to avoid the possibility of the parent being left without reimbursement for an expense
- The P&C membership may authorise any expenditure of the P&C's funds by resolution at a general meeting, providing it is consistent with the P&C Constitution and By-laws
- Expenses approved for payment by the P&C must be made using the standard reimbursement form.
  - This form requires the claimant to complete details of the reimbursement (date, purpose, amount etc), and requires two P&C Executive (other than the claimant) to counter sign the reimbursement form
  - The date of the meeting where P&C resolution was passed must be provided on the form
  - Any claim for reimbursement must also include the original receipt to be retained by the P&C for their records
- Any payment made by the P&C must be done via cheque. Never as cash.
- Where the P&C makes a payment directly to a supplier (eg P&C Federation fees) or the school (eg donation), records must be kept as to the date, purpose and meeting when the expense was approved by the P&C



**Stock handling process:**

The P&C regularly purchases stock from year to year for fund raising activities such as mother's day, father's day, Easter and walk-a-thons.

- Accurate records must be maintained of stock purchased by the P&C
  - Item, quantity, purchase price, meeting when purchase was approved
- When stock is issued (eg during Mother's day sale), accurate records must be kept of quantity sold and quantity retained
- Stock should, where possible, be delivered directly to the school rather than to any volunteer's personal address. This may not always be possible (eg during school holidays).
- Small amounts of stock with a low value may be allocated to the school or staff for giving away to students if requested by any staff member (eg surplus stickers, stationary etc) on a discretionary basis by a P&C Executive without prior approval of a general meeting (where this is done, this should be advised at the next general meeting)
  - This discretionary authority should be limited to giving away stock to a value less than \$50 without prior P&C resolution
  - This discretion must not be exercised where there is an actual or perceived conflict of interest (eg giving stock to your own child's classroom)
- Large quantities of stock being distributed for free must be approved by resolution at a general meeting (eg large quantities of uniform's purchased by the P&C)
- Stock may not be given away to any parent or volunteer
- Surplus/unsold stock must be kept on school grounds and may not be taken home by volunteers

**Reporting:**

Reporting of the P&C financial status must be made at every general meeting.

The following must be tabled and copies of documentation distributed to attendees:

- Latest bank statement/s
- Details of any fixed term deposits
- Spreadsheet listing all receipts and disbursements since the last general meeting and details of the purpose of the disbursement (when, amount, to whom etc)
- Current financial position of the P&C (detailing cash balance plus uncleared cheques, less any payments that are due to be made)
- Profit/Loss details of any fund raising activity undertaken since the last general meeting
- Stock statement detailing what stock the P&C has, where it is stored and quantities (eg after father's day sales)

Any member of the P&C or the Principal may request to review the full financial history and details of the P&C (within practical limits). The treasurer of the P&C should provide requested details as soon as practical to the requestor.

All members must be regularly encouraged to review the financial reports presented in general meetings and ask questions as they see fit.

Members must be reminded at general meetings that the funds raised by the P&C belong to the school community and to the P&C members and therefore, every member should be satisfied the P&C funds are being raised, managed, reported and distributed appropriately.

**Auditing:**

As per the P&C Constitution, the P&C must have its finances audited yearly.

- Auditor is to be agreed upon at the AGM
- The auditor does not need to be a qualified accountant, but should have some level of financial experience/confidence to undertake the due diligence required as an auditor.
- The auditor may be anyone confident enough to review the P&C financial records for the previous year/s and confirm that the records accurately reflect the previous year's financial transactions and processes have been followed relating to disbursements (ie all paperwork is available such as receipts and reimbursement forms)
- The auditor must not be a P&C Executive role holder in the current or previous year being audited, and must not be a relative of any such Executive.
  - An auditor must remain at arms length from the Executive to ensure proper due diligence and integrity of the audit process can be maintained
- The audit is to be presented at the next AGM for all members to review
- If there is anything concerning the auditor, this should be raised at the first available general meeting, rather than waiting for the next AGM



### **Probity Standards:**

As a volunteer organisation, the P&C, its Executive and members will regularly have a requirement to handle finances, stock and make financial decisions that carry cost implications for the P&C (eg the purchase of stock for father's day sales).

Since all funds raised by the P&C are for the benefit of the students and school more generally, it is expected that any P&C member involved in such activities or decision making do so with the highest ethical standards.

This section provides for rules and disclosure requirements to ensure transparency and avoidance of any conflict of interest arising from such activities undertaken on behalf of the P&C and its members.

### **Financial management**

Members have an expectation of transparency in financial management of P&C funds and assets.

The P&C Executive and the Treasurer in particular have a duty to ensure (to the best of their ability, keeping in mind the volunteer nature of these roles) that all processes contained in this document are adhered to.

Accurate and regular reporting is the mechanism through which members are able to regularly review the financial position of the P&C to ensure its executive and authorised bank signatories are managing the P&C's finances appropriately.

### **Financial benefit**

All financial expenditure decisions must be made *at arms length* from those in decision making positions. This includes any suggestions or recommendations made to members regarding expenditure of P&C funds.

No person or company connected with the P&C may obtain any financial benefit whatsoever from the P&C unless complete disclosure is made to members during a general meeting and such benefit is considered acceptable to the members via a vote requiring unanimous support of members in attendance at the general meeting.

Where a person or company related to the P&C proposes to make a profit from the sale of goods or services to the P&C, such sale must be competitive against other 3<sup>rd</sup> party suppliers.

For example, a P&C member owns a store supplying ice blocks. A recommendation is made to purchase ice blocks from the store for the annual walk-a-thon event. If the member is supplying the ice blocks "at cost", a declaration must be made to that effect at a general meeting. Alternatively, if the member intends to sell the ice blocks for a profit to the P&C (no matter how big or small the profit) the profit needs to be disclosed, voted on and accepted by the P&C prior to any such purchase commitment being made. The cost to the P&C of the ice blocks must be competitive against other 3<sup>rd</sup> party supplier of ice blocks (eg Coles or Woolworths).

If there is any doubt as to the integrity or ethical standards of any financial transaction, the purchase or proposal must be rejected.



### Conflict of Interest

No person attending a P&C meeting may be permitted to recommend, propose or contribute to decision making processes regarding the purchase of any goods or services where there may be a real or perceived conflict of interest, unless such conflict of interest is fully disclosed to members at a general meeting, prior to any financial commitment being made and the members unanimously vote to support the proposed purchase.

For example, a person must not propose the purchase of goods to sell for father's day if the supplier is in any way related to, friends with or holds some other form of prior relationship with the person making the recommendation/proposal/decision, unless the relationship or friendship is disclosed to members at a general meeting, together with details of the potential profit/benefit that will be made.

If there is any doubt as to the integrity or ethical standards of any financial transaction, the purchase or proposal must be rejected.