Financial Reconciliation

(Language copied from website: https://www.txpta.org/financial-reconciliation)

A financial reconciliation reviews all financial transactions to ensure that expenditures are properly documented and conform with the approved budget and the PTA's governing documents. Additional information can be found in the BASICS Treasurer Resource Guide.

A financial reconciliation is required, at least annually, at the end of the fiscal year. The review should also be performed:

- when any authorized check signer is added or deleted on any bank account; and
- at any time deemed necessary by the president or three or more members.

Financial Reconciliation Committees

- A minimum of three members are appointed by the president, at least 30 days before the last regular meeting of the year. All appointments are subject to the approval of the board.
- Authorized check signers, nor their family members, may not serve on the committee.
- Texas PTA advises against appointing the incoming treasurer to the committee.

Preparing for the Financial Reconciliation

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

- most recent financial reconciliation report
- all checks for all accounts, both cancelled and unused
- bank statements and deposit receipts
- treasurer's books and ledgers
- annual financial report
- all receipts for expenditures
- minutes from membership and executive board meetings
- adopted budget as amended
• sales tax returns filed
• Form 990
• all correspondence with any taxing authority
• all financial reports for the period to be evaluated
• report of all fundraising events since the last sales tax return was filed. Include dates held, tax-free day designations, total sales, taxable sales and sales tax collected.
• roster of all dues-paying members and the executive board
• current bylaws and standing rules
• any other information requested by the Financial Reconciliation Committee

**During the Financial Reconciliation**

• Incoming and outgoing treasurers should immediately update the banking signature cards to remove any outgoing signers and add approved signers.
• Checks should only be written in the case of an emergency and cannot be signed by the outgoing treasurer.
• The committee should adhere to the Financial Reconciliation Checklist and Report
• 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 for any clarification required.

**Reporting the Results**

• A member of the committee should present a report for adoption at the first membership meeting held after the conclusion of the review.
• A copy of the annual report should be attached to the financial reconciliation report and maintained permanently by the treasurer and placed in the minutes.
• In the event a complete financial reconciliation cannot be done due to the inadequacy or unavailability of the records, the membership should be notified and the report should include recommendations to correct the situation.
• View sample report language in the BASICS Treasurer Resource Guide.