



Financial Reconciliation Checklist

The President will appoint, subject to the approval of the board, a financial reconciliation committee consisting of at least THREE members, who are not authorized signers. Members of the financial reconciliation committee will not be the current treasurer, secretary, incoming treasurer, or be related by blood or marriage to those officers, may not reside in the same household as the authorized signers, and may not serve two consecutive years. The committee will conduct a review of the financial and meeting records and produce a report of findings. The findings will be adopted by a majority vote at the first regular meeting following the review. Committee members must read and sign the Confidentiality Agreement included in this document.

A member of the committee will collect the financial books and secretary's binder from the treasurer & secretary respectively. The treasurer should make themselves available during the financial reconciliation should the committee need help locating or deciphering records.

Records provided by Treasurer:

- Current fiscal year annual report (budget vs. actual)
- Balance sheet or other report to show sales taxes collected but unpaid, if needed (may be an off-budget account on the Treasurer's report)
- General ledger or other report showing all transactions for the fiscal year under review
- All financial reports for the fiscal year under review
- All invoices/sales receipts for expenditures including Request for Reimbursement/Check Request Forms
- All deposits with appropriate Deposit Form/documentation from E-Payment systems (ex. Stripe, Cheddar Up)
- Confirmation or statement of E-Payment systems balance at end of fiscal year
- All checks for all accounts including blank check stock (**processed checks may be images on bank statement**)
- Bank statements/bank reconciliations including Statement Review by Non-Signer forms
- IRS Form 990 confirmation of acceptance for fiscal year under review
- All correspondence with any taxing authorities, includes sales taxes if applicable
- Prior year's Financial Reconciliation Report

Records provided by Secretary

- Minutes from membership and board meetings
- Current membership roster & executive board roster
- By-Laws, Standing Rules, and/or policies in effect during fiscal year under review
- Confidentiality, Ethics, and Conflict of Interest Agreements
- Evidence of insurance

Committee Member #1 – Financial Transaction Reviewer

Job Description: Gather all required documents from the treasurer & secretary as noted above. Review checks, deposits, and E-Payment collections systems records. Review the allocation of expenses and deposits posted during the fiscal year under review. Report findings to Committee Member #2.

Reviewing Checks:

- Verify each check written has proper documentation (signed check request and receipt or invoice)
- Confirm signatures on checks have two signatures (usually treasurer, president or secretary)
- Confirm that checks are not signed by the individual to whom the check is payable
- Watch for checks with multiple handwriting which may indicate a blank check was released
- Confirm that no checks were made to Cash or Petty Cash
- Confirm on bank statements that there were no debit card/ATM transactions (currently, LJ PTOs do not use Dr/Cr cards)

Reviewing Deposits:

- Verify deposit forms match the bank deposits on the bank statements
- Verify that two people counted cash and check receipts, as evidenced by the PTO Deposit Form signatures
- If an E-Payment system is used without an automatic transfer (such as CheddarUp), make sure that money was transferred regularly and that the E-Payment system balance is \$0.00

Reviewing Other Financial Items:

- Confirm an IRS Form 990 has been submitted or prepared
- Ensure sales and use tax returns were filed timely if PTO has a sales tax permit (look for quarterly or annual E-web file on bank statements)
- Confirm that any collected sales tax has been allocated to a separate off budget line item and not as income or expense
- Verify that a member was appointed by the president as the non-signer reviewer of the bank statements (secretary minutes) and that the Statement Review by Non-Signer Form and bank statements have been completed, reviewed, and signed each month
- Verify that bank reconciliations were performed monthly

Committee Member #2 – Document Reviewer

Job Description: Review meeting minutes & governing documents.

Reviewing Meeting Minutes:

- Ensure minutes were prepared, reviewed and approved (may be by committee) in a timely manner
- Confirm that the prior year financial reconciliation report was presented and adopted by membership
- Confirm that any recommendations from the prior year financial reconciliation were implemented
- Confirm quorum at all executive and membership meetings where voting occurred
- Confirm financial reports were presented at all executive and membership meetings and that beginning balances on each report match the ending balance on the previous report
- Verify the budget and all amendments were adopted/approved by membership
- Confirm all fundraisers were approved by membership
- Confirm any tax-free fundraisers were designated in the form of a motion and approved by membership
- Verify that all board members signed the Confidentiality, Ethics, and Conflict of Interest Agreement

Reviewing Other Secretarial Items:

- Verify By-Laws and Standing Rules are current (dated within 3 years)
- Verify evidence of insurance coverage (Certificate of Insurance or other documentation)

Committee Member #3 – Report Drafter

Job Description: Compile the financial reconciliation report information from each committee member, prepare the report, and obtain committee approval for the final report.

Reviewing Other Items:

- Review prior year reconciliation committee report
- Use prior year reconciliation committee report ending balance to start the current reconciliation committee report
- Use general ledger and/or financial reports to fill in Receipts and Expenses since the date of the prior year reconciliation report
- Calculate the Cash Balance Forward
- Enter sales taxes that have been collected but not yet remitted to the state (usually zero)
- Calculate the Ending Adjusted Cash Balance Forward as of the ending date of the current financial reconciliation (which does include amounts collected for sales taxes but not yet remitted)
- Balance the bank statement based on the most recent statement which should correspond to the fiscal year end date
- Enter totals for any outstanding deposits or payments and provide a detailed list of those items
- Enter the Adjusted Bank Balance
- Ensure that the Ending Adjusted Cash Balance Forward matches the Adjusted Bank Balance
- Indicate the appropriate findings of the reconciliation and provide any needed comments or recommendations

- Ensure all members of the Financial Reconciliation Committee sign and date the report
- Allow the treasurer to correct any identified errors
- Present the report to the membership at the first meeting of the new fiscal year and file the report permanently with the secretary

Financial Reconciliation Frequently Asked Questions

Q: How much of the financial reconciliation committee report does the chair need to read at the first membership meeting of the year?

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, fraud, or embezzlement, it is imperative that names and accusations NOT be included in the report.

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

A: Contact the treasurer to verify it has been submitted to and accepted by the IRS. Have the treasurer file and print the “accepted” status page.

Q: There is not a copy of the filed Sales & Use Tax return. What do we do?

A: Determine if the PTO has an obligation to collect sales tax. If so, 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 fiscal year, verify the report was filed. If the sales tax return was not filed, but should have been, contact the treasurer to prepare and file the report immediately. This is noted on the report.

Q: What if there is missing documentation, such as Check Request/Reimbursement Forms, receipts/invoices, etc.?

A: The committee should contact the treasurer and ask if the documentation has been misplaced. If the treasurer is unable to provide the documentation, appropriate recommendations should be made. See also Q: What is the difference between Substantially Complete, Incomplete and Incorrect below.

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 incoming treasurer will make the appropriate adjustment in the financial records.

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 remaining documents or records stay with the financial reconciliation.

Q: Can the financial reconciliation report have digital signatures?

A: Yes

Q: What is the difference between Substantially Complete, Incomplete and Incorrect?

A: *Substantially Complete* would include any set of records where the policies of the PTO were followed consistently and the vast majority of records/documentation is included and proper. A set of records missing a few items would be Substantially Complete if the items that are present are properly documented. *Incomplete* records would include any set of records with many missing items or incomplete meeting minutes for several meetings. *Incorrect* records would be a set of records that do not tie to the supporting documentation (for example, the bank statement does not reconcile to the account balance or you see substantial amounts of missing documentation). In each case, commentary should explain why the rank was chosen in the area provided along with recommendations.

FINANCIAL RECONCILIATION REPORT

PTO Name:		Date Review Completed:	
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FINANCIAL SUMMARY

Beginning Balance Forward	\$		as of		(previous review end date plus one day)	
Total Receipts	+	\$		(from Beginning Balance Forward date to ending date of current reconciliation, do not include sales tax)		
Total Expenses	-	\$				
Balance Forward	=	\$				
Balance of Sales Tax Liability	+	\$		(also referred to as Escrow or Off Balance Account)		
Ending Adjusted Balance Forward	=	\$		as of		(end date of current review)

BANK ACCOUNT SUMMARY

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

OUTSTANDING DEPOSITS

Date	Event/Description	Budget Line	Amount
		TOTAL	

OUTSTANDING PAYMENTS

Date	Payee	Budget Line	Amount
		TOTAL	

FINANCIAL RECONCILIATION REPORT (Page 2)

COMMITTEE FINDINGS

We have examined the records of _____ PTO/PTSO and find them to be:

- ☐ Correct
- ☐ Incomplete with the following missing:

- ☐ Substantially correct with the following adjustments needed:

- ☐ Incorrect with the following issues found:

We make the following recommendations:

COMMITTEE SIGNATURES		
Name	Signature	Date

For the end of year reconciliation, the annual 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 reconciled period should be attached.

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 may contact the outgoing treasurer and outgoing 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 PTO must contact the Council of PTOs president immediately.

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 and do not reside in the same household as the authorized signers. Further, any information either presented or discussed during the meetings of the PTO Financial Reconciliation Committee will not be divulged by me outside the meetings or with any individual not a member of this committee. The committee may contact the outgoing treasurer and outgoing president for clarification. I acknowledge that a violation of this agreement shall result in my removal from the committee.

COMMITTEE SIGNATURES		
Name	Signature	Date