

P&C Association Accounting Manual

VERSION 5.1

FEBRUARY 2023



CONTENTS

1	Parents and Citizens' (P&C) Associations	6
1.1	Legislative requirements.....	6
2	Internal controls: Protecting against fraud and errors	9
2.1	Detecting fraud	10
2.2	Reporting suspected fraud or misappropriation	10
3	Establishing a P&C Association – financial arrangements	11
3.1	ABN and ABR.....	11
3.2	GST	12
3.3	FBT	12
3.4	PAYG.....	13
3.5	Online Government services.....	13
3.6	Start-up Grant	13
3.7	Amalgamation of P&C Associations	14
4	Closing a P&C Association.....	14
5	Banking	14
5.1	Opening a bank account	15
5.2	Changing account signatories	15
5.3	Electronic banking.....	15
5.3.1	Creating and managing an electronic bank account	16
5.4	Banking procedures	16
5.5	Bank reconciliations	17
5.6	Unclaimed money to a payee	17
5.7	Unclaimed money to Public Trustee	18
5.8	Unclaimed money belonging to a P&C Association	18
6	Budget Management	18
6.1	Preparing a budget.....	18
6.2	Monitoring the budget.....	19
7	Expenditure	19
7.1	P&C Association Funds.....	20
7.2	Giving a donation, gift or benefit	21
7.3	Scholarships	21
7.4	Providing catering and hospitality	22
7.5	Purchasing, Procurement & Contracts.....	22
7.5.1	Online ordering systems	22
7.5.2	Leasing.....	23
7.5.3	Contracts	23
7.5.4	Purchase orders and receiving goods	23

7.6	Methods of Payment	24
7.6.1	EFT	24
7.6.2	Direct Debit Arrangements	25
7.6.3	Debit cards	25
7.6.4	Prepaid cards.....	25
7.6.5	Cheque payments	25
7.6.6	Petty cash	26
7.6.7	Credit cards and loans.....	27
8	Revenue	27
8.1	Commercial activities.....	28
8.1.1	Fair Trading	29
8.2	Issuing invoices	29
8.3	Fundraising.....	30
8.3.1	P&C Association responsibilities when conducting fundraising activities	30
8.3.2	Is a proposed fundraising activity appropriate?	31
8.3.3	Is GST charged on sales generated through fundraising activities?.....	31
8.3.4	Third party collection agency	31
8.3.5	Record keeping.....	31
8.4	Receiving a Donation	32
8.5	Grants.....	32
8.6	Costing and pricing.....	33
8.6.1	Pricing strategy.....	33
8.6.2	Pricing products and services.....	33
8.6.3	Developing your pricing strategy	34
8.7	Receiving payments	35
8.8	Payment Card Industry Data Security Standard (PCI DSS)	36
8.8.1	How can P&C Associations comply with the PCI DSS?	36
8.9	(Electronic Funds Transfer) EFT	37
8.10	Cash registers.....	38
8.10.1	Cash float.....	39
8.11	Collecting P&C funds.....	39
8.11.1	Cash sales sheet	39
8.12	Issuing receipts	39
9	Asset Management.....	40
9.1	Useful life and depreciation	41
9.2	Disposing assets	41
9.2.1	Asset write-off.....	42
9.3	Inventory management	42

10	Taxation	42
10.1	Income Tax	42
10.2	Payroll Tax	42
10.3	Fringe Benefits Tax	42
10.4	Deductible Gift Recipient (DGR)	43
10.5	Activity Statements	43
10.5.1	Instalment Activity Statement (IAS)	44
10.5.2	Business Activity Statement (BAS)	44
10.5.3	How and when to lodge your Activity Statement	44
10.6	Correcting GST errors	45
10.7	GST Concessions	45
10.8	GST arrangements between a P&C Association and the school	46
10.9	Non-profit sub-entity (NPSE)	46
10.9.1	Managing an NPSE	47
11	P&C Association employees	48
11.1	Employee entitlements	48
11.1.1	Salary and Wages	48
11.1.2	Superannuation	48
11.1.3	WorkCover	48
11.1.4	Contractors	48
11.2	Single Touch Payroll	49
11.3	Gifts and benefits	49
11.3.1	Receiving a gift or benefit	49
11.3.2	Honoraria	50
12	Recording and Reporting	50
12.1	Accounting method	50
12.2	Financial account record keeping	51
12.2.1	Selecting a financial account keeping tool	52
12.2.2	Engaging an accounting/bookkeeping service	52
12.3	Accountable forms	53
12.4	Financial records retention	53
12.5	Financial Reporting	54
12.5.1	Monthly reporting	54
12.5.2	Annual financial reporting requirements	55
13	Audit	55
13.1	Appointing an auditor	55
13.2	Conducting the audit	56
13.2.1	Interim Audit	57

14 Contacts 57

15 Definitions..... 58

1 PARENTS AND CITIZENS' (P&C) ASSOCIATIONS

In the performance of its functions, a P&C Association must comply with the [Education \(General Provisions\) Act 2006 \(Qld\)](#) and any written directions the Minister may give the P&C Association about:

- complying with Departmental policies that apply to P&C Associations
- a matter relevant to the performance of the P&C Association's functions.

This manual provides information and support to help state school P&C Associations meet their financial responsibilities.

1.1 LEGISLATIVE REQUIREMENTS

There are a number of legislative requirements outlined in both state and federal Acts and Regulations that P&C Associations must comply with. The key legislative requirements include:

Queensland Legislation	Notes	Related policies
Education (General Provisions) Act 2006	<p>Chapter 7 of this Act prescribes: Part 1 Formation, objectives etc. of a P&C Association</p> <ul style="list-style-type: none"> • P&C Associations may be formed for a State instructional institution in the way prescribed under a regulation. • The objectives of a P&C Association are to promote the interests of, and facilitate the development and improvement of the State instructional institution, for which it is formed. • P&C associations must comply with Departmental policies that apply to associations. <p>Part 7 Financial provisions</p> <ul style="list-style-type: none"> • Any money received by a P&C Association must be applied by the Association to the following purposes: • firstly, in paying expenses lawfully incurred by the association • secondly, in achieving the objectives, and performing the functions, of an association. • A P&C Association must have a financial year starting on 1 January in a year and ending on 31 December in the year. The accounts of an association for each financial year must be audited as prescribed under a regulation. 	<p>Parents and Citizens' Associations procedure</p> <p>Loans sought by Parents and Citizens' Associations procedure</p> <p>Appropriate and ethical use of public resources policy</p> <p>Donations and bequests procedure</p> <p>Purchasing and procurement procedure</p>

Education (General Provisions) Regulation 2017	<p>Part 6 of this Regulation prescribes requirements for the establishment and governance of parents and citizens associations. This includes:</p> <p>Section 44 Annual general meeting</p> <ul style="list-style-type: none"> The annual general meeting of a P&C Association for a year must be held within 3 months after the end of the preceding financial year of the P&C Association. <p>Section 47 Audit of Association's accounts</p> <ul style="list-style-type: none"> The person auditing the accounts of the P&C Association must be: appointed by the P&C Association at an annual general or special meeting a suitably qualified person to the extent practicable, a member of the local community aware of the activities of the P&C Association. 	
Statutory Bodies Financial Arrangements Act 1982	<p>A P&C Association is a statutory body under this Act.</p> <p>Part 2B of this Act sets out the way in which a P&C Association's powers are affected, including:</p> <ul style="list-style-type: none"> banking power borrowing powers investment powers 	
Statutory Bodies Financial Arrangements Regulation 2019	<p>This Regulation governs the financial arrangements of a P&C Association, including</p> <ul style="list-style-type: none"> Per Schedule 2, P&C Associations may borrow under the Act. Per Schedule 3 and Schedule 6, P&C Associations have prescribed investment arrangements. 	
Workers' Compensation and Rehabilitation Act 2003	<p>This Act establishes a workers' compensation scheme for Queensland, providing benefits relating to workplace injuries or fatalities, and insurance for employers.</p>	
Collections Act 1966	<p>This Act relates to public collections for purposes of charity and otherwise of the community, and for other purposes.</p> <p>Per Part 3, section 13A, P&C associations' objectives under the</p>	Fundraising procedure

	<i>Education (General Provisions) Act 2006</i> are sanctioned under this Act.	
<u>Collections Regulation 2008</u>	This Regulation governs the following fundraising requirements: <ul style="list-style-type: none"> • appeals for support • accounting requirements and record keeping • general provisions • charity registration. 	
<u>Charitable and Non-Profit Gaming Act 1999</u>	The objective of this Act is to ensure that, on balance, the State and the community as a whole benefit from general gaming. P&C Associations are deemed to be eligible Associations under the Act to conduct certain gaming activities. The Act prescribes: <ul style="list-style-type: none"> • the different categories of gaming • tickets, dealing with prizes and claims for prizes • accounting requirements and record keeping • audit requirements. 	
<u>Charitable and Non-Profit Gaming Regulation 1999</u>	This Regulation outlines the requirements for gaming activities including: <ul style="list-style-type: none"> • prizes (including prohibited prizes) • refunds • audits. 	
<u>Competition and Consumer Act 2010</u>	The objective of this Act is to enhance the welfare of Australians through the promotion of competition and fair trading and provision for consumer protection. The Australian Competition and Consumer Commission (ACCC) administers this Act.	

Federal Legislation	Notes
<u>A New Tax System (Australian Business Number) Act 1999</u>	The objective of this Act is to make it easier for businesses to conduct their dealings with the Australian Government by establishing a business register system so businesses can be identified using a unique identifier that is Australian Business Number (ABN). This Act governs ABN dealings, including: <ul style="list-style-type: none"> • when to register and deregister • obligations to update contact and address details • multiple businesses trading under an ABN.
<u>A New Tax System (Goods</u>	This Act governs the Goods and Services Tax (GST), including: <ul style="list-style-type: none"> • when and how GST arises, and who is liable to pay it

<u>and Services Tax) Act 1999</u>	<ul style="list-style-type: none"> • when and how input tax credits arise, and who is entitled to claim them • how to work out payments and refunds of GST • when and how the payments and refunds are to be made.
<u>Fringe Benefits Tax Assessment Act 1986</u>	<p>This Act governs Fringe Benefits Tax (FBT).</p> <p>A fringe benefit is a 'payment' to an employee or their associate in a different form to salary or wages.</p> <p>The Act prescribes:</p> <ul style="list-style-type: none"> • types of fringe benefits • benefits exempt from FBT • tax liabilities.
<u>Income Tax Assessment Act 1997</u>	<p>This Act governs Australia's Income Tax System.</p> <p>The Act sets out the requirements for income tax exemptions for community service associations (that is P&C Associations).</p>
<u>Superannuation Guarantee (Administration) Act 1992</u>	<p>The Act was introduced by the Federal Government on 1 July 1992 to ensure that most employees receive superannuation support from their employer. The superannuation guarantee or SG is the minimum amount of super you must pay to your employees to avoid the super guarantee charge. The eligibility rules and the SG rate can change over time. It's important to visit the ATO website to ensure you are paying the correct amount of super to your employees.</p>

2 INTERNAL CONTROLS: PROTECTING AGAINST FRAUD AND ERRORS

Internal controls are the processes, systems, records and activities designed to provide reasonable assurance that an Association is achieving its objectives meanwhile protecting itself against the risk of fraud and corruption.

As a minimum, a P&C Association must implement the following internal controls:

- Training – facilitate inductions and ongoing training. [P&C Finance Training Package from DoE](#) is available through P&Cs Qld.
- Segregation of duties – multiple people having different responsibilities over a single transaction
- Authorisations and delegations – financial delegations to limit individuals' expenditure authority
- Security – safeguard assets and confidential and financial information
- Reconciliations – performed regularly to detect irregularities and errors
- Managing conflicts – having processes for members to declare and manage conflicts of interest
- Reporting – performed regularly to review and monitor performance
- Audit – annual audit of financial statements

2.1 DETECTING FRAUD

Members and Office holders must exercise professional scepticism when reviewing the information about the P&C Association's performance.

P&C Associations should always seek detailed explanations and corroborating evidence about specific matters or transactions if they suspect fraud. Indicators of fraud may include:

- unexpected, unapproved or unusual changes in financial processes
- financial reports not being consistently presented at P&C Association meetings, or vague / unsupported explanations for variances from normal expenditure patterns / budgets
- declining financial results for commercial activities, such as tuckshops, uniform shops or Outside School Hours Care
- late payment of accounts to suppliers
- money not being banked or delays in banking
- lack of segregation of duties (for example, only one signature on cash receipts and bank deposits)
- forged signatures
- inadequate or infrequent reconciliation of bank accounts.

Fraud and corruption occur in many forms. It may involve misappropriation of funds by

- unauthorised EFT transfers to personal accounts
- cheque signatory drawing a cheque to themselves
- submitting false invoices or creating other false financial records.

Be sure to look out for 'tips for safeguarding against fraud' throughout this document, which demonstrate when and where fraud can occur, followed by the relevant internal controls a P&C Association can implement to reduce the risk of fraud and corruption.

2.2 REPORTING SUSPECTED FRAUD OR MISAPPROPRIATION

Any member of a P&C Association can and should report suspicions of fraud to the Principal.

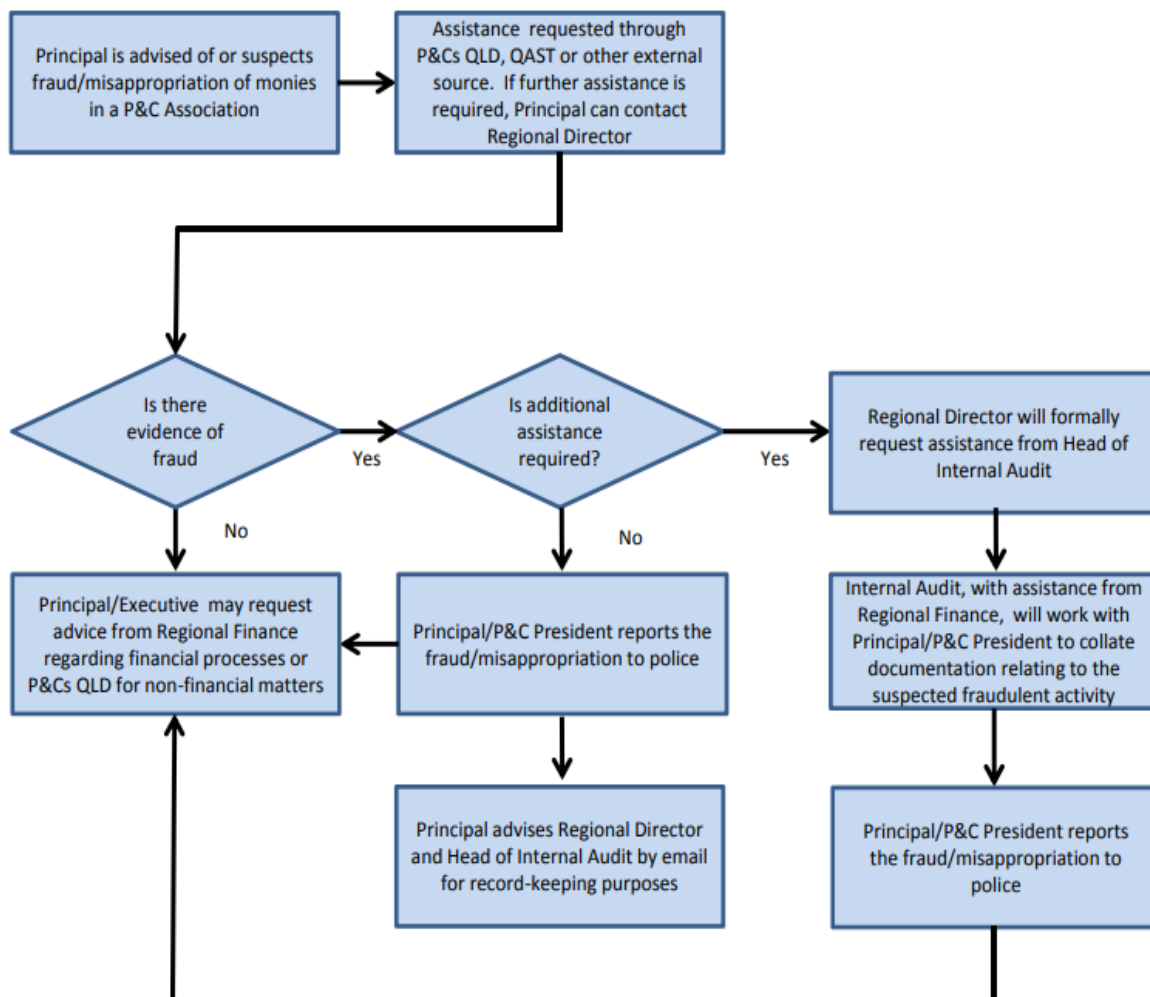
- Principal is advised of, or suspects P&C Association Executive/member of fraud or misappropriation
- Principal reports (in writing) to their supervisor detailing grounds for suspicion
- Principal's Supervisor refers matter (in writing) to the Head of Internal Audit (IA)
- Circumstances and available evidence reviewed by IA
 - If there is insufficient grounds to proceed, the parties will be advised that no further action will be taken by IA
- If there is sufficient grounds to proceed, Auditor conducts Targeted Audit Enquiry
- Internal Audit Targeted Audit Enquiry Report issued
- Internal Audit will determine whether or not there is sufficient evidence of fraud to refer the matter to the Queensland Police Service.

- To be reported to Police, the suspected loss must be able to be quantified and suspect officer(s) identified

Auditor may make recommendation to improve internal controls.

P&C members should not investigate suspicions themselves, as doing so could influence an official investigation.

PROCESS TO REPORT SUSPECTED FRAUD – P&C ASSOCIATIONS



3 ESTABLISHING A P&C ASSOCIATION – FINANCIAL ARRANGEMENTS

The Australian Government and ATO provides [support for businesses in Australia](#) and information on [Starting a Not for Profit organisation](#) respectively.

The information and checklists published cover many of the topics/issues that you may need to consider when establishing a P&C Association.

3.1 ABN AND ABR

Each P&C Association must have an Australian Business Number ([ABN](#)).

The Australian Business Registration (ABR) service combines several business and tax registrations in one place (that is ABN, GST, PAYG Withholding etc.). P&C Associations can register for an ABN and other relevant tax registrations via <https://register.business.gov.au/>.

A P&C Association may also wish to register subcommittees that run commercial activities.

On registration of an ABN, the P&C Association's business registration information is published at www.abr.business.gov.au and is publicly accessible. The published information includes the registration status of the ABN, P&C Association name, registered business name, GST registration status, and if the P&C Association has any other registrations.

3.2 GST

You can register for GST via <https://register.business.gov.au/>.

If your P&C Association's turnover is \$150,000 or more, it must register for GST. The P&C Association can register voluntarily even if its GST turnover is lower than this.

A P&C Association's current GST turnover is its total income during the current month and the previous 11 months. Projected GST turnover is the income during the current month and projected income for the next 11 months.

Both current and projected GST turnover is based on gross income, excluding:

- GST included in sales to customers
- sales that aren't for payment and aren't taxable
- sales where GST is not payable, called input-taxed sales (for example, P&C Associations can treat all sales of tuckshop food as input-taxed sales)
- sales not connected with an enterprise it runs
- sales not connected with Australia.

Being registered for GST means the P&C:

- must pay the GST included in its sales to the ATO
- is able to claim GST credits for any GST included in the price of purchases made for carrying on its activities
- must complete a Business Activity Statement (BAS) to report its taxable sales and claim GST credits. P&C Association's can have an option to choose either a [simpler or full BAS reporting method](#) based on the P&C Association's turnover.

A P&C Association can account for GST on a cash basis if its GST turnover is \$2 million or less. A P&C Association must account for GST on an accruals basis if its GST turnover is over \$2 million. However, where a P&C Association's GST turnover is over \$2 million, the P&C Association can ask the ATO to be allowed to account for GST on a cash basis.

3.3 FBT

You can register for fringe benefits tax (FBT) via <https://register.business.gov.au/>.

If your P&C Association has employees and you provide fringe benefits (reimbursement for personal expenses, private use / home garaging of a business vehicle, entertainment, living away from home allowances, etc.) to your employee or their associates (other family members) then the

P&C association may be liable for FBT with certain fringe benefits being reportable (reportable fringe benefit amount) on employee income statements.

Employers must be registered for fringe benefits tax (FBT) with the ATO and lodge an FBT return if they're liable to pay FBT during an FBT year (1 April to 31 March).

3.4 PAYG

You can register for Pay As You Go withholding (PAYG) via <https://register.business.gov.au/>.

PAYG withholding obligations are the same for not-for-profit and for-profit organisations. Organisations that are exempt from income tax are not exempt from PAYG withholding obligations.

If your P&C Association has employees, you must withhold amounts from their pay and send the withheld amounts to the ATO through the PAYG withholding system.

You must register your organisation for PAYG withholding with the ATO when you are required to withhold amounts from payments to your employees, your independent contractors or other businesses that have not quoted their ABN on a supplier invoice.

3.5 ONLINE GOVERNMENT SERVICES

To access the Government's online services on behalf of a business or entity, you need to use the following:

- [myGovID](#) - an app you download to your smart device. It lets you prove who you are when using Government online services (note: it is different to a myGov account).
- [Relationship Authorisation Manager \(RAM\)](#) - allows you to act on behalf of a business or entity online when linked with your myGovID. You'll use your myGovID to log in.

A principal authority needs to link to the P&C association's RAM before authorising other committee member / employee access. The principal authority is a person responsible for the P&C Association/business (that is an Officer of the Association). For more information, refer to <https://info.authorisationmanager.gov.au/principal-authority>.

Once you have linked your myGovID to the P&C Association's RAM, you can access the Government's online services, including the ATO Business Portal.

The ATO Business Portal can be used to:

- prepare, lodge and revise activity statements
- update business registration details, including email addresses
- register for goods and services tax (GST) and pay as you go (PAYG) withholding
- lodge various online forms
- communicate with the ATO through a secure mailbox.

3.6 START-UP GRANT

The Department provides a \$4,000 [start-up grant](#) (paid once per centre) to assist with a P&C Association's establishment costs. The grant is paid into the school's bank account until the new P&C Association's bank account has been established.

Contact the Department's Portfolio Establishment (Infrastructure Services Branch) Phone: (07) 3034 4831 for information on the process.

3.7 AMALGAMATION OF P&C ASSOCIATIONS

Two or more schools may amalgamate to create a new school. The Principals and P&C Associations of the affected schools can enter a written agreement to form an interim P&C Association for the new school.

In agreeing to form a new interim P&C Association for the new amalgamated school the following will need to be considered:

- arrangements for final audit of accounts for the existing P&C Associations before the interim P&C Association is formed
- establishment of a bank account and application for an ABN in preparation for the commencement of the new interim P&C Association. This will enable funds to be transferred from the existing P&C Associations' account/s when they are closed.

4 CLOSING A P&C ASSOCIATION

A P&C Association may be dissolved for one of the following reasons:

- If the school for which the P&C Association was formed is closed (section 122 of the [Education \(General Provisions\) Act 2006](#))
- If the number of members of the P&C Association is 2 or less (section 122 of the [Education \(General Provisions\) Act 2006](#))
- If the question of dissolution is put and resolved in the affirmative on a three-fourths (75%) majority vote of its members present and entitled to a vote at a special meeting called (section 49 of the [Education \(General Provisions\) Regulation 2017](#)).

The [P&C Dissolution Checklist](#) provides guidance on the requirements, key steps and activities for dissolving a P&C Association. This includes:

- lodging the final Business Activity Statement (BAS), deregistering the P&C Association's tax registrations (that is GST, PAYG, FBT etc.), cancelling the P&C Association's ABN and notifying the ATO of the P&C Association's dissolution
- cancelling any planned fundraising activities
- ceasing all subcommittee activities
- ceasing all commercial activities run by the P&C Association (the Principal will need to make other arrangements to continue them)
- organising a final audit to be conducted
- ensuring all P&C Association property and funds remaining after the payment of expenses will be dealt with by the Principal's supervisor, as directed by the Minister.

5 BANKING

P&C Associations will be required to manage banking operations in a safe and controlled manner. This section outlines the key considerations for banking operations.

Tips for safeguarding against fraud

Fraudulent activity can occur throughout banking operations if adequate internal controls are not implemented. For example, having only one signatory on a bank account, the absence of segregation of duties when conducting transactions, or infrequent reconciliations can increase the likelihood of fraud occurring.

Internal controls required for banking operations:

- ❖ **Authorisations - P&C Associations must authorise at least two Officers to be bank account signatories.**
- ❖ **Segregation of duties - at least two non-related people must be involved in and responsible for a banking task.**
- ❖ **Reconciliations - the Treasurer must reconcile the bank account(s) against the financial records each month.**

5.1 OPENING A BANK ACCOUNT

The P&C Association must establish an account with an [approved financial institution](#), such as a bank, building society or credit union.

The P&C Association must authorise at least two Officers to be account signatories. The signatories must not be:

- the school Principal or a P&C Association employee
- related parties (for example, two members from the same family).

For a new school, a P&C Association's bank account can be opened by the two account signatories once the school's name is officially approved by the Minister.

The P&C President must sign the financial institution's form requesting establishment of an account in the name of the P&C Association. The P&C Association's must provide its ABN to the financial institution to avoid being charged withholding tax.

P&C Associations should keep bank accounts to the minimum required. However, each commercial activity (for example, tuckshop, uniform shop, outside school hours care) may operate a separate bank account, managed by the respective subcommittee,. Refer to the [Subcommittee Operating Guidelines](#) template for information about operating subcommittee bank accounts.

5.2 CHANGING ACCOUNT SIGNATORIES

Any change to signatories must be authorised by the P&C Association at a P&C Association meeting. To change bank account signatories, the P&C President must advise the financial institution in writing (the financial institution will generally provide a form). The new account signatories will need to complete the financial institution's documentation and provide proof of identity. The P&C Association must retain copies of change of signatory forms for 7 years.

Refer to Financial account signatories section in [Temporary arrangements — P&C executive officer vacancies](#).

5.3 ELECTRONIC BANKING

P&C Associations and subcommittees may use electronic banking facilities where the financial institution's software provides the necessary functionality and security.

P&C Associations must carefully consider the risks of using PayPal, including linking a P&C Association's bank account to a PayPal account.

Merchant charges (the fees paid to receive proceeds from a customer credit card transaction) cannot be passed on to the customer.

5.3.1 CREATING AND MANAGING AN ELECTRONIC BANK ACCOUNT

- Choose an account with two factor authentication. Use a financial institution that provides security tokens as a level of security.
- Create a strong password for electronic banking.
- Ensure the computer is secure and kept up-to-date with the latest internet security. Only access accounts from a secure location. Avoid using publicly accessed shared computers and networks.
- Never access electronic banking via email. Always check on the browser to see the address for internet banking starts with https:// and has a padlock.
- Always log out when finished with the online banking session.
- Set up account notifications if available.
- Monitor accounts regularly.
- Be cautious of cyber-attacks, phishing emails and spam messages.

5.4 BANKING PROCEDURES

To prevent fraud and errors there must be a segregation of duties when collecting, counting and banking money received. At least two non-related people must be involved in and responsible for a banking task. The same person must not perform all tasks.

When collecting and counting any money received the [P&C Daily Takings Sheet](#) template can be used to help track the sales and check takings. The Treasurer must ensure that records are detailed enough to identify income sources and dates received. Use bank deposit books or deposit cards for each account and retain a copy of the processed bank deposit receipt—

- all money must be banked promptly
- the amount banked must match the total of receipts.

Where possible, deposit collections into the P&C Association's or the relevant subcommittee's financial institution account on the day they are received or the next working day. If cash cannot be banked immediately it must be securely stored, either:

- in the school safe, labelled with the name of the P&C Association and the date received
- in the bank's night safe (it is recommended that night safes at the financial institution be used to hold large amounts of money after hours).

Under no circumstances should a member take home the P&C Association's cash.

Consider and follow any insurance policy terms and conditions regarding money in transit with the financial institution.

5.5 BANK RECONCILIATIONS

A bank reconciliation is used to review differences between the bank balance according to the financial institution and in the P&C's financial accounts.

Differences between the two might be caused by timing issues (that is uncleared deposits and outstanding cheques) bank charges, clerical errors, or fraud.

The Treasurer must reconcile the bank account(s) each month and present the reconciliation to each P&C Association meeting for the Executive Committee's endorsement.

To reconcile a bank account, compare the opening balance, transactions for the period and closing balance on the bank statement with the P&C's financial accounts for the relevant period. Where they do not match:

- confirm that the opening balance on the bank statement and financial account reconciles with the closing balance for the previous months reconciliation
- review unreconciled transactions in the bank statement against the financial accounts, checking for discrepancies, which may arise as a result of:
 - uncleared deposits (that is deposits into the bank account that have not yet cleared)
 - unpresented cheques (that is cheques which the recipient has not yet presented to their bank)
 - bank fees (that is bank fees displaying on the bank statement not yet recorded in the financial accounts)
 - clerical errors
 - fraud.
- once discrepancies have been identified and accounted for in the bank reconciliation process you should be able to explain the difference between the closing balance in the bank statement, and in the financial accounts.

After performing the bank reconciliation process, it is important to follow up or investigate any uncleared deposits, unpresented cheques or unusual activity/transactions.

5.6 UNCLAIMED MONEY TO A PAYEE

Unclaimed money includes rejected Electronic Funds Transfer (EFT) payments and cheque payments that are not claimed or cashed.

When an EFT rejection appears on the bank statement, incorrect bank account details may have been entered or the payee may have closed their account.

Cheques returned or not presented (unclaimed/uncashed) indicate the cheque may have been lost in the post or sent to an incorrect address.

When unclaimed money has been identified:

- attempt to contact the payee to ensure details are correct and finalise payment
- record actions taken against the transactions, such as efforts made to:
 - contact the payee (when and how contact was attempted)
 - find a new address where cheques have been returned in the mail
 - ensure that outstanding cheques have not been cancelled or reissued

Money unclaimed for more than three months must be noted and recorded during the bank reconciliation process.

When a payee reports a cheque lost:

- ensure enough time has passed for the cheque to have been received
- ensure the cheque has not been presented (investigate the most recent un-presented cheque listing in the bank reconciliation and subsequent bank statements)
- contact the bank to stop payment on the original cheque, and draw a new cheque.

5.7 UNCLAIMED MONEY TO PUBLIC TRUSTEE

Funds that are due to a person, company or organisation that have not been claimed become unclaimed money. All unclaimed money is to be remitted to the [Public Trustee](#) after 24 months from the date of the original transaction. This includes un-presented cheques, outstanding rejected EFT payments and unidentified bank deposits.

When remitting unclaimed money to the Public Trustee, lodge a stop payment request with your bank for outstanding cheques.

For further information and queries email unclaimedmoney@pt.qld.gov.au.

5.8 UNCLAIMED MONEY BELONGING TO A P&C ASSOCIATION

On occasions money owing to a P&C Association may become unclaimed for a number of reasons. An Association should periodically review the [ASIC unclaimed money](#) site and search for their P&C Association and related entities to identify any unclaimed money.

Generally, the unclaimed money is a result of dormant bank accounts or refunds to closed accounts. In most cases it appears the money is owing to a P&C Association and other accounts set up for various fundraising activities. Money in bank accounts becomes unclaimed if the account has not been active for 7 years.

6 BUDGET MANAGEMENT

The best learning outcomes are achieved when the P&C Association and the school work together. The P&C Association and the school should plan activities for the year, and estimate the timing and value of revenue and expenditure to ensure that funds are available when they are required.

6.1 PREPARING A BUDGET

A P&C Association financial year starts on 1 January and ends on 31 December each year. An annual budget should be prepared and presented at a P&C Association meeting held prior to the start of the financial year it relates to. This is to ensure that funds are available when expenditure is incurred and is spent in accordance with the budget allocation.

If an approved budget is not in place at the start of the new year, spending on routine operational items (for example, staff wages, urgent tuckshop supplies etc.) can still occur. However the P&C Association should not commit to or pay expenditure for any other items that were not included in an approved budget without the approval of the P&C Association.

If there are changing circumstances that affect original income and/or expenditure projections (for example, cancelling/postponing a major fundraising event, reprioritisation of school projects

requiring support etc.) a revised budget must be submitted for approval at a P&C Association meeting.

The P&C Association may wish to form a Budget Committee to help the Treasurer to prepare the budget.

When preparing a budget:

- Identify all existing and any proposed activities that involve revenue and expenditure. Estimate costs and prioritise. Note: Estimated costs should be GST exclusive when the P&C Association is registered for GST as GST is either remitted (revenue) or refunded (expenditure). The only activities that include GST is expenditure related to elected input taxed activities that is P&C Association run tuckshop – food sales or Non-Profit Sub-Entities.
- Estimate receipts for the coming year by reviewing the previous year's receipts and consulting with subcommittees about anticipated differences from previous years.
- List known and/or recurring payments for the coming year.
- Estimate when receipts and payments are likely to occur. For example, money raised by a fundraising event in September might not actually be received until October. Consider the actual cash flow for activities in previous years.
- Identify anticipated surpluses or deficits—
 - If you expect a surplus (taking into account provisions for any unforeseen expenses), consider how the money could be used to benefit students at the school. Maintaining excessive cash may delay achieving the P&C Association's objectives.
 - If you expect a deficit, review expenditure and revenue programs to identify whether there are ways to increase revenue or decrease expenditure to reduce the deficit. A deficit may be acceptable if you have surplus funds from previous years to cover it. Ongoing deficit budgets are not sustainable.
- Combine all subcommittee plans into a single budget.

The [P&C Annual Budget and Monthly Profiling Template](#) is available to assist P&C Association's to prepare a budgeted Income Statement and Cash Flow Forecast Statement.

6.2 MONITORING THE BUDGET

In each P&C Association meeting, compare actual receipts and payments for all accounts with the budgeted cash flows. It is important to identify the P&C Association's current financial position, as well as to identify trends over time.

If expenditure is greater or revenue is significantly less than expected, the Treasurer must notify all Executive Committee members. The P&C Association can then decide what action needs to be taken.

7 EXPENDITURE

P&C Associations will incur costs in carrying out its functions through the consumption of goods and services. This section outlines the key considerations in the expenditure cycle.

Tips for safeguarding against fraud

Fraudulent activity can occur throughout the expenditure cycle if adequate internal controls are not implemented. For example, having inadequate processes around authorisations and delegations, the absence of segregation of duties or infrequent reconciliations can increase the likelihood of fraud occurring.

Internal controls required for the expenditure cycle:

- ❖ **Authorisations – expenditure must be approved by the P&C’s Executive Committee.**
- ❖ **Delegations – implement financial delegations to limit individuals’ expenditure authority.**
- ❖ **Segregation of duties – all transactions must be authorised by two approved signatories.**
- ❖ **Reconciliations – reconcile goods received with purchase orders.**

7.1 P&C ASSOCIATION FUNDS

The main purpose of P&C Association funds is to facilitate the development and further improvement of the school. This is through giving, or assisting in the giving of, financial or other resources or services for the benefit of students who receive an education at the school for which the P&C Association is formed.

Expenditure other than urgent, unforeseen expenses must be approved in advance by the Association and recorded in the minutes. Urgent, unforeseen expenses must be approved by a majority of the executive committee, and the decision tabled and minuted at the next Association meeting.

When using P&C funds, there are a number of principles that are applied, including:

- the decision to use P&C Association funds must align with the main objectives of a P&C Association
- funds must be used for official purposes
- expenditure must represent the best use of P&C Association funds to achieve the desired objective
- procurement policies and practices must be followed
- expenditure must be properly authorised, and provide an audit trail of that authorisation
- use of P&C Association funds must be publicly defensible
- a P&C Officer must not authorise expenditure that provides, or could be perceived to provide, a personal benefit to themselves, or where there is a conflict of interest.

The P&C Association must not distribute funds directly or indirectly to its members, other than approved reimbursements and wages.

All funds received by the P&C Association must be banked into the P&C Association’s bank account(s).

P&C Association funds must firstly be used to pay any legitimate outstanding debts (that is, debt that is due and payable) incurred by the P&C Association, and secondly, to achieve the objectives and perform the functions of the P&C Association. P&C Associations should avoid excessive bank balances unless provided for in the P&C Association’s operational plan (for example, if there is a longer-term goal, such as capital improvements).

Funds may be used to pay for reasonable costs of managing the P&C Association including wages, bank fees and charges, stationery, bookkeeping, accounting and audit costs.

Money raised through fundraising activities by the P&C Association for a particular purpose must be used for that purpose.

Any funds raised by a subcommittee are the P&C Association's funds and under the P&C Association's control. In the subcommittee's operating guidelines template, the P&C Association and subcommittee should outline a schedule for transferring the excess funds from the subcommittee to the P&C Association. Excess funds are funds the subcommittee has after paying all expenses lawfully incurred by the subcommittee, and as agreed by the P&C Association and subcommittee.

7.2 GIVING A DONATION, GIFT OR BENEFIT

Under the [Education \(General Provisions\) Act 2006 \(Qld\)](#), one of the main [functions of a Parents and Citizens' \(P&C\) Association](#) is to give, or assist to give, financial assistance, other resources or services for the benefit of students at the school for which it is formed.

Money raised by the P&C Association is to enhance the educational opportunities and/or amenities of students.

When using P&C Association funds to give a gift or donation consider the following:

- Does the decision align with the main functions and objectives of the P&C Association?
- The value of the gift/donation.
- The appropriateness and reason for giving the gift/donation.
- Community/public scrutiny of the decision for giving the gift/donation.
- Whether there is any personal benefit to P&C Association members.
- Whether there is any conflict of interest.

Low-value mementos such as key rings, coasters, spoons, and mugs may be appropriate gifts to acknowledge official guests and speakers at school functions.

7.3 SCHOLARSHIPS

A scholarship is a grant or payment made to support a student's education, awarded on the basis of academic or other achievement.

The provision of funding to assist students is covered by the [P&C Constitution](#) (section 5.4), which states that one of the functions of an P&C Association is to:

“give, or assist in the giving of, financial or other resources or services for the benefit of persons who receive educational instruction at the School”

P&C Associations should have a policy on how such support is to be administered within their school to ensure equal treatment of all students applying for assistance. This should ensure:

- financial controls are in place to manage risks associated with the scholarship
- funds are available to cover the scholarship
- proper approval is sought for the expenditure
- selection criteria for the scholarship prize is well documented

- terms and conditions of the scholarship prize are clearly identified
- the scholarship is voted on and endorsed by the P&C Association
- approval from the Principal.

Refer to the P&C Qld [Student Representation Policy](#).

7.4 PROVIDING CATERING AND HOSPITALITY

Catering and hospitality should be appropriate with the circumstances of the meeting, function or event. The P&C Association should use their judgement when making decisions about whether to offer catering and the nature of that catering. When considering whether or not to use P&C Association funds for catering or hospitality expenses, consider the following principles from the department's [catering and hospitality procedure](#):

Category	Consideration
Attendees	Consider number of and types of attendees, as this will affect the budget and type of catering provided. If attendees at the event to be catered are solely members of the P&C Executive Committee, catering the event may be perceived to be poor use of P&C Association funds.
Purpose	It is more appropriate to provide catering if there is a goodwill element or to encourage attendance.
Duration	The longer the duration, the more appropriate it may be to provide refreshments in order to maintain attendees' energy levels and attention spans.
Timing	Catering may be more appropriate for events that are [unavoidably] held over normal mealtimes.
Location	Catering may be more appropriate if attendees are not otherwise able to access food and beverage facilities.

7.5 PURCHASING, PROCUREMENT & CONTRACTS

P&C Associations must comply with the department's [Purchasing Policy and Procedures for P&Cs](#) when using P&C Association funds to purchase goods and services. Purchases must be properly authorised and relate to expenses related to the P&C Association's functions and objectives. Personal purchases must not be made using P&C Association funds.

P&C Associations can also refer to the [Queensland Government's Procurement Policy](#) for further information.

7.5.1 ONLINE ORDERING SYSTEMS

The Department has a mandatory [Standing Offer Arrangement for online ordering systems](#), (Arrangement number: DETSOA-62891) which allows parents to place orders for school items such as:

- bookshop
- event ticketing (for example, formals and performances)
- tuckshop
- uniform shop.

Orders are collated and sent to the school with funds deposited into school/ P&C Association's bank accounts at least weekly.

7.5.2 LEASING

A lease is a contractual arrangement to acquire or use assets. Leases may involve significant costs and potentially contain provisions weighted heavily in favour of the lessor. While leases are not prohibited, [Queensland Treasury](#) provides information on leasing and the approvals required depending on the type of lease being entered into. P&C Associations must have the Principal's approval in writing before considering any leasing proposal, and must purchase insurance cover for leased assets, as leased assets are not covered under the school's insurance arrangements.

7.5.3 CONTRACTS

As stipulated in the [Education \(General Provisions\) Act 2006](#) (section 137) and the Department's instrument of delegations, P&C Associations cannot enter into contracts without the approval of the Principal as the Minister's delegate.

The P&C President may sign a contract or agreement once a motion to enter into the agreement has been passed at a general or special meeting and the Principal's written approval has been received. Where there are contractual disputes (for example, unauthorised contract approvals, disputes with contractors) the P&C Association may need to seek independent legal advice.

A P&C Association is legally independent of a school. It is responsible for its own actions, and under the Act, court action can be taken against a P&C Association directly. The [Education \(General Provisions\) Act 2006](#) (section 141) provides that a member of a P&C Association does not incur civil liability for an act done, or omission made honestly and without negligence under the Act. The liability attaches instead to the State.

Any damages or costs incurred by a P&C Association and not covered by the P&C Association's insurer are to be paid from the P&C Association's funds.

To limit the P&C Association's exposure to any contractual liability, rather than entering into contracts directly, the P&C Association may choose to donate funds for specific facilities or services to the school, for the Principal to manage any necessary contractual arrangements in line with their delegations.

Where possible, equipment and materials (especially large value items) should be purchased by the school, especially if the P&C Association is not registered for GST. In this instance, the P&C Association is to provide the funds to the school to make the purchase. Schools can then arrange the contractual arrangements and receive the supplier tax invoice in the name of the school, enabling the school to claim the GST on the purchase.

7.5.4 PURCHASE ORDERS AND RECEIVING GOODS

An official purchase order from the P&C Association or one of its subcommittees provides a record of a request for the supply of goods or services, and prevents disputes about price, quantity and items ordered. Purchase orders also allow the P&C Association's Treasurer to monitor purchasing, and to identify any unacceptable practices, such as someone mixing private and official purchases.

All purchase orders must display the P&C Association's ABN.

When receiving goods from a supplier, officers must:

- check that all goods listed on the invoice have been received in good condition - return any substandard stock and obtain a credit note from the supplier

- stamp the invoice with “goods received / date” and sign the invoice to show the check has been carried out
- check all invoices for the quantity ordered, price charged, credits for returned goods, discounts and other calculations
- give certified and checked invoices to the Treasurer.

7.6 METHODS OF PAYMENT

Methods of payment to suppliers include:

- direct deposit using electronic funds transfer (EFT) (authorised by two account signatories)
- direct debit arrangements – these agreements tell your bank to deduct money from your account to pay the merchant for the goods or services you are receiving
- debit card (amounts of \$1,000 and under)
- prepaid card (amounts of \$500 and under)
- cheque (authorised by two account signatories)
- petty cash (amounts of \$100 and under).

All expenditure must have supporting documentation validating the transactions (for example, original dockets, payment vouchers, receipts and invoices as evidence of purchases).

Just like issuing invoices for sales, P&C Associations registered for GST must have a valid supplier tax invoice when GST is charged on transactions totalling more than \$82.50 (GST inclusive).

For purchases under \$1,000, the invoice should:

- display whether the invoice is intended to be a tax invoice. Businesses registered for GST are required to have the words ‘tax invoice’ displayed on the invoice
- include the seller's identity
- include the seller's Australian Business Number (ABN)
- include the date the invoice was issued
- include a brief description of the items sold, including the quantity (if applicable) and the price
- include the GST amount (if any) payable

In addition to the invoice requirements above, invoices for purchases over \$1,000 also need to include the buyer / P&C Association's identity (that is the name and address) or ABN.

7.6.1 EFT

All transactions (including electronic transactions) must be authorised by two signatories. Both members must have an individual Personal Identification Number (PIN). Both signatories must sight, check and approve all documentation before authorising a transaction.

When using electronic banking, a transaction number will be generated upon payment. This verifies that the payment has been made, and must be recorded for account keeping purposes. A record of all EFT payments must be printed and attached to the relevant document (invoice) and filed.

A record of any transactions deleted or edited must be printed and filed for audit purposes.

7.6.2 DIRECT DEBIT ARRANGEMENTS

P&C Associations can approve, in advance, direct debit arrangements for a financial year. The approval will be for the total amount of expenditure to be direct debited and could include items such as monthly subscriptions, utility payments, regular insurance premiums etc.

7.6.3 DEBIT CARDS

P&C Associations can use debit cards for appropriately approved official purchases of \$1,000 and under.

- Debit cards must not be used to withdraw cash, and direct debit arrangements cannot be attached to the debit card account.
- Retain receipts for all transactions. Reconcile the account monthly.
- Transaction charges for debit cards will be charged to the respective bank account and must be entered as an expense in the financial accounts when the monthly bank statement is received.
- Set up the debit card account as a separate account to the main bank account.

7.6.4 PREPAID CARDS

P&C Associations are allowed to use prepaid cards (for example, prepaid Mastercard/visa, load and go cards) to purchase and pay for low value items.

A prepaid card is not considered as a form of borrowing as you can only spend the funds that have been loaded onto the card. Unlike a debit card, a prepaid card is not linked to a bank account.

- Using prepaid cards does not remove other purchasing, payment and expenditure requirements and approvals.
- Prepaid cards must be listed on the accountable forms register.
- The total amount loaded on to card must not be greater than \$500 (in case of lost or stolen cards and for security purposes a smaller card total is recommended).
- Prepaid cards cannot be used to withdraw cash.
- Receipts for all transactions must be retained.
- Prepaid cards must be reconciled, with the balance on the card plus receipts for purchases made equal to the original value of the card.
- If the prepaid card can be topped up it must be reconciled when the top up occurs or monthly (whichever is earlier).
- Generally you claim the GST input tax credit (refund) when you operate the prepaid card and buy something with GST included in the price not in the reporting period when you purchase or top up the prepaid card. Further ATO information see [GST and vouchers](#).

7.6.5 CHEQUE PAYMENTS

Cheques can be convenient as only the name of the payee is required and payees do not need to have any special facilities or technology in place to accept payment. However, cheques are inefficient, and take longer to process than electronic payments. A cheque will take three to five business days to clear.

Order chequebooks marked 'not negotiable' where possible. Otherwise, on receipt of a chequebook from the financial institution, mark all cheques 'not negotiable – account payee only' and cross out the words 'or bearer'. The P&C President or Secretary must certify and date the inside cover of each chequebook when all cheques have been properly marked or stamped.

A list of all chequebooks and the names of people holding them must be maintained in the [P&C Accountable Forms register](#).

All officers issued with a chequebook must keep them secure. If a chequebook is missing, lost or stolen, a bank account signatory must contact the bank to stop payment on all cheques relating to the chequebook.

Cheques must be signed by two account signatories.

Before signing a cheque, complete the payee and amount details and date the cheque. With the exception of petty cash recoupment, cheques must not be made out to cash. Never sign a blank cheque.

Cheque butts must be completed in detail as a record of payments made.

Cancelled cheques, along with their butts, must be crossed with the word 'Cancelled', and either retained in the cheque book or filed with the invoices to which they relate and recorded in the cashbook as cancelled

7.6.6 PETTY CASH

Petty cash is used to reimburse expenditure valued at \$100 and less, and is restored periodically to a fixed amount.

As per the P&C Association Model Constitution clause 23.7.3., if the P&C Association decides to have a petty cash fund, the decision, including the amount of the fund must be recorded in the AGM minutes.

The petty cash fund must be kept in a locked box in a secure location, and not managed by the Treasurer (as the Treasurer reconciles the account). It is generally managed by the Secretary.

Using petty cash does not remove other purchasing, payment and expenditure requirements and approvals.

The purchaser is reimbursed for the outlays after a receipt is provided for the purchase. Store the receipt in the cashbox with the balance of the fund to account for money taken. At any given time, the total of cash and receipts in the cash box should equal the amount of the petty cash float.

The Treasurer must ensure:

- that the petty cash account is reconciled monthly and is recorded in the financial accounts (that is the total value of the balance of the petty cash box and receipts for any payments made equals the approval value of the fund)
- a table report of expenditure from the petty cash fund is submitted to the general meeting of the P&C Association.

7.6.6.1 REPLENISHING THE PETTY CASH FUND

Periodically, the Treasurer will need to return the balance of the petty cash fund to its original level.

The payment to replenish the petty cash fund should be made by cheque to minimise the risk of fraud.

The process for replenishing the petty cash fund is as follows:

1. Total the individual payments made since the last time it was replenished using the receipts provided.
2. Count cash on hand.
3. Add the two amounts. This should equal the amount of the original fund.
4. Draw a cheque to replenish the petty cash fund to the value determined in Step 1. Ensure both account signatories sign the cheque and note 'Pay Cash' on the top of the cheque so it can be cashed.
5. The Officer then presents the cheque to the nominated bank branch and replenishes the petty cash fund with the cash received.
6. Secure the cash in petty cash box and ensure the fund has been returned to its original balance.
7. Document the transaction to replenish the fund in the financial records.
8. Any changes to the petty cash funds, such as increasing the value or closing the fund must be approved by the P&C Association.
9. If cheques are unavailable to replenish the petty cash fund other options may be considered.
10. Controls around the top up of the petty cash fund must include a proper reconciliation of the accounts.

7.6.7 CREDIT CARDS AND LOANS

P&C Associations are statutory bodies governed by the [Statutory Bodies Financial Arrangements Act 1982](#), which prescribes that a P&C Association may borrow but approval from the Queensland Treasurer is required.

Credit cards and loans are classified as a form of borrowing and accordingly, approval from the Queensland Treasurer is required.

Prepaid cards (for example, prepaid Mastercard/visa, load and go cards) are not classified as a form of borrowing as you can only spend the funds that have been loaded onto the card.

A school cannot loan funds to a P&C Association, or pay an invoice on behalf of the P&C Association in place of making a loan. When seeking a loan, the P&C Association must comply with the department's procedure, [Loans Sought by Parents and Citizens Associations](#).

On receipt of a loan:

- record the receipt of the loan in the P&C Association's financial accounts
- enter the loan repayments in the P&C Association's financial accounts as they occur
- report on loan balances in the annual financial statements.

8 REVENUE

P&C Associations will generate revenue through multiple avenues including commercial activities (for example, a tuckshop) and fundraising. This section outlines the key considerations for the revenue cycle.

Tips for safeguarding against fraud

Fraudulent activity can occur throughout the revenue cycle if adequate internal controls are not implemented. For example, having a high volume of cash transactions, receiving cheques and the absence of a segregation of duties can increase the likelihood of fraud occurring.

Internal controls required for the revenue cycle:

- ❖ Reconciliation – ensure cash and electronic transactions collected reconcile with the daily takings sheet.
- ❖ Validation – ensure cheques are complete, signed and are within an acceptable date range.
- ❖ Segregation of duties – no one person should be allowed to collect, handle or transport and deposit takings.
- ❖ Privacy – ensure customers' sensitive information is stored securely and discarded appropriately.
- ❖ Authorisation – users of credit or debit cards must be authorised to use the card (for example, card expiry date must be valid, do not accept any cards presented that have been listed on warning bulletins).

8.1 COMMERCIAL ACTIVITIES

Commercial activities commonly include:

- bookshops
- [outside school hours care \(OSHC\)](#)
- swim clubs
- tuckshops
- uniform shops.

Commercial activities may be operated by either the school, the P&C Association or a third-party operator engaged by the school. P&C Associations may establish subcommittees for a special purpose including commercial activities.

Each commercial business operation must develop an operating guide outlining:

- Business objectives and associated pricing policy.
- Acceptable methods of payment.
- Purchases on credit – commercial activities cannot offer credit for purchases of goods. Goods purchased through commercial activities like the tuckshop, bookshop and uniform shop must be paid for at or before the point of sale.
- Debt collection – commercial activities need to manage debts confidentially and effectively. The P&C Association and school should follow the same process to recover debts. The Principal and P&C Association should determine the decision-making parameters and processes for the timely collection of money owed, and the action to be taken for non-payment of money.
- Refund policy – the commercial activity should have a very clear and concise refund and exchange policy.

- Where the P&C Association is registered for GST, different GST treatment may apply to different activities:
 - Bookshop, Swim Club or Uniform shop – GST is charged on sales unless P&C Association is eligible to establish a Non-Profit Sub-Entity.
 - Outside School Hours Care – registered child care facility is a GST-free supply, otherwise GST applies.
 - Tuckshop - the default position is the same as a school-run tuckshop, that is GST is charged on all sales of food and drinks, unless:
 - the tuckshop has 'Point of sale' equipment to identify GST-free food/drinks (such as water, plain milk, raw/altered fruit and vegetables, etc) from the remaining items where GST is charged, or
 - the P&C Association has elected for its tuckshop food supplies to be input-taxed. If the P&C Association is GST-registered and has made an election for the tuckshop food supplies to be input-taxed, then all sales are input taxed supplies (that is, no GST charged on sales and the P&C Association cannot recover GST credit for related expenses).

The operating guide/s must be tabled at the AGM.

8.1.1 FAIR TRADING

Businesses operated by P&C Associations must comply with the [Competition and Consumer Act 2010](#). The Act aims to provide businesses with a fair and competitive operating environment while setting out consumers' rights and responsibilities. It covers areas such as returns, refunds, warranties, contracts, marketing and advertising.

Legally enforceable penalties can apply for non-compliance with the *Competition and Consumer Act 2010*. The [small business self-assessment checklist](#) provided by the Office of Fair Trading helps businesses know their rights and obligations under Australian Consumer Law.

Refer to [small business and the Competition and Consumer Act](#) for further information.

8.2 ISSUING INVOICES

In some cases when running a commercial activity, you may be required to collect payments from your customers for products or services rendered. When you issue an invoice, you are billing your customers for their purchases. Ensure the payment terms are clearly detailed on the invoice. Invoices should be in sequential date order.

A GST-registered P&C Association must issue a tax invoice within 28 days of a request from another business.

[ATO's invoice requirements](#) for sales under \$1,000:

- display whether the invoice is intended to be a tax invoice. P&C Associations registered for GST are required to have the words 'tax invoice' displayed on the invoice
- include the seller's identity (that is the name of the P&C Association)
- include the seller's Australian Business Number (ABN) (that is the P&C Association's ABN)
- include the date the invoice was issued
- include a brief description of the items sold, including the quantity (if applicable) and the price

- include the GST amount (if any) payable – this can be shown separately or, if the GST amount is exactly one-eleventh of the total price, as a statement which says 'Total price includes GST'
- include the extent to which each sale on the invoice is a taxable sale (that is you may identify taxable sales with an asterisk (*)) and include a legend at the bottom of the invoice denoting that sales marked with an '**' are taxable sales)
- clearly show the amount of GST charged, or note 'nil' or 'zero' if not charged, particularly where the invoice has pre-printed terms like 'Invoice includes GST of <amount>'.

In addition to the invoice requirements above, invoices for sales over \$1,000 also need to include the buyer's identity (that is the buyers name and address) or ABN.

Note: no invoice or tax invoice is issued for donations, voluntary contributions or gifts (only issue receipts for these transactions).

8.3 FUNDRAISING

P&C Associations are sanctioned under the [Collections Act 1966 \(Qld\)](#) to fundraise for a community or a charitable purpose (as defined by the [Collections Act 1966 \(Qld\)](#)). As a result, most fundraising for schools is conducted by P&C Associations.

Fundraising activities may supplement government funding to enhance services, facilities and/or resources for the school for which the P&C Association is formed.

A P&C Association can undertake fundraising on behalf of external charities, and/or raise funds for a specific charitable cause (for example, Red Cross). However, their main purpose is to facilitate the development and improvement of the school.

The department's [Fundraising Procedure](#) and [Fundraising guidelines](#) provides guidance on fundraising by staff, students and P&C Associations.

P&C Associations can also contact the [Office of Fair Trading](#) with questions about the [Collections Act 1966 \(Qld\)](#).

8.3.1 P&C ASSOCIATION RESPONSIBILITIES WHEN CONDUCTING FUNDRAISING ACTIVITIES

- Ensure compliance with the [Collections Act 1966 \(Qld\)](#).
- Conduct fundraising where the school is the beneficiary.
- Ensure that fundraising that involves charitable gaming (that is raffles and games of chance etc.) complies with the [Charitable and Non-Profit Gaming Act 1999](#). Contact [Office of Liquor and Gaming](#) for advice.
- Consider information privacy, security (physical and IT) requirements, and insurance cover.
- Consider local approvals, licences, registrations or obligations which may be required (for example, council permits, liquor permit).
- Consider any fees/charges/commissions.
- Parents and Citizens' Associations can use the Departments [Sponsorship Procedure](#), guideline and checklist to help guide decision making.
- Seek approval from the Principal before entering into contracts.
- Develop, in conjunction with the school:

- a fundraising program outlining the purpose of fundraising and how funds raised will be used
- an annual [fundraising calendar](#) that includes all events planned by the P&C Association and known activities organised by staff or student groups or other related entities.
- Comply with general financial practice requirements, such as cash handling, banking and insurance as outlined in this manual.
- Funds raised for an identified purpose at the school (e.g. playground upgrade) can be transferred to the school in the form of a donation.

8.3.2 IS A PROPOSED FUNDRAISING ACTIVITY APPROPRIATE?

To ensure fundraising activities are appropriate, ensure that the activity:

- has a clear purpose
- does not unreasonably disrupt the delivery of education at the school
- is not discriminatory, obscene, degrading, sexual, or violent, or incite illegal acts
- does not include P&C members receiving goods, incentives or commissions for sales of loans, mortgages, insurance, real estate or other potentially high-risk products
- maintains information privacy for all concerned
- meets requirements of [Smart Choices Healthy Food and Drink Supply Strategy for Queensland Schools](#) where food and/or drink is involved
- does not:
 - use the school name or letterhead to promote an external product or service
 - involve commercial advertisements on school intranet or internet pages (see the [advertising](#) procedure)
 - align to any political party or organisation
 - include agreements with a commercial business where students use school identification cards to access services provided by that company.

8.3.3 IS GST CHARGED ON SALES GENERATED THROUGH FUNDRAISING ACTIVITIES?

Sales (for taxable supplies and where P&C is GST-registered) generated through a P&C Association's fundraising events will attract GST unless it is eligible to establish a Non-Profit Sub Entity.

8.3.4 THIRD PARTY COLLECTION AGENCY

P&C Associations may use a third party collection agency to collect money (for example, for fundraising through crowd-funding organisations), but must follow Queensland Government and departmental [procurement policies and practices](#) in selecting the agency. Considerations when using third party collection agencies include the information privacy and security provisions for payers, how quickly or frequently funds are transferred from the agency to the P&C Association, and the fee charged by the agency.

8.3.5 RECORD KEEPING

For each fundraising campaign, the P&C Association must record:

- the fundraising campaign's purpose
- the full name and address of the promoter
- all income raised by, or resulting from, the campaign, and how those funds are used
- all expenditure incurred (as well as approvals of expenditure) in establishing and managing the fundraising campaign
- a copy of any audit report generated.

8.4 RECEIVING A DONATION

Donations may be received as money, goods (for example, land, equipment, teaching and learning resources) or services. P&C Association's are able to accept cash donations. To be recognised as a donation, there must be no obligation for the donor to make the offer and the donor must not receive any material benefit.

Any donations should be assessed for suitability and appropriateness before they are accepted.

Donations may be offered with conditions, such as how the money or goods may or may not be applied. A P&C Association is under no obligation to accept donations if the conditions are unacceptable or too onerous

It must be remembered that the main purpose of P&C Association funds are to facilitate the development and further improvement of the school. This is through giving, or assisting in the giving of, financial or other resources or services for the benefit of students who receive an education at the school for which the Association is formed.

If the use of the donation contravenes the purpose and objectives of a P&C Association, then the P&C Association can decline the offer.

The receipt of a true donation or gift (that is with no obligation) has no GST implications and not reported on the BAS – no tax invoice is issued.

Note: P&C Association is not a registered charity or deductible gift recipient and cannot issue a tax deductible receipt (the donor cannot claim a income tax deduction for any donation/voluntary contributions paid to a P&C Association).

8.5 GRANTS

A P&C Association may apply for grants from external organisations such as local councils and the [Gambling Community Benefit Fund](#) to fund projects and improvements, such as playgrounds, shade sails, computers and tuckshop refurbishment.

The P&C Association must consider and understand the obligations (legal, financial, reporting) within the grant agreement and ensure the benefits outweigh the ongoing costs.

If the funding body requires a sponsor organisation for a grant application, the P&C Association can use the school as the sponsor. The P&C Association is responsible for:

- completing and submitting the grant submission
- complying with any terms and conditions attached to the acceptance of a grant, including reporting requirements
- ensuring the correct GST treatment for any grant funds.

Refer to the Australian Taxation Office (ATO) GST ruling [GSTR 2012/2: Financial Assistance Payments](#) for guidance on determining if a grant received is consideration for a taxable supply. If there is no binding obligation or supply that the P&C Association has to make, the grant is likely to be outside the scope of GST. If there is a related supply or a binding obligation for the P&C Association to do or not do something, the grant payment is likely to be considered as a taxable supply. Upon receipt of a grant:

- Verify with the organisation making the grant payment if the amount is inclusive of GST and if the payer requires a tax invoice.
- Ensure that grant funds are applied as specified in the application. The P&C Treasurer must consider whether the P&C Association spends the grant funds directly or gives them to the school to spend.
- Review the grant agreement for any recipient created tax invoice (RCTI) requirements and obligations. Refer to the ATO website for further information on [RCTI](#).

Refer to [P&Cs Qld](#) for additional information on grants.

8.6 COSTING AND PRICING

It's important for P&C Associations to understand the cost of their goods and services and how to price them accordingly in order to recover costs and generate profit. This section outlines the key considerations in costing and pricing.

8.6.1 PRICING STRATEGY

For each commercial activity and for some fundraising activities (for example, fete), the school and P&C Association need to identify a pricing strategy.

A decision is to be made on the objective of the activity, being either to:

- raise funds that can be applied to enhance the learning environment and resources at the school
- provide a cost-effective option for parents to access the product or service being provided.

The objective identified will determine the pricing strategy implemented for that activity.

The pricing strategy for the activities:

- must be tabled and approved at the AGM
- must be reviewed if any commercial operation is repeatedly or continuously running at a loss (as the viability of running the operation may not be sustainable)
- may be used to influence behaviours, for example, by providing healthier options in the tuckshop at lower cost.

Once the P&C Association has determined its pricing strategy for an activity it must then calculate the selling price for the product or service.

8.6.2 PRICING PRODUCTS AND SERVICES

Setting the right price for products or services helps the P&C Association achieve its' objectives.

Effective pricing can help you avoid financial problems that may occur if your prices are too high or low—

- over pricing will affect sales if customers are not willing to pay
- under-pricing can affect the P&C's associations sustainability if it cant cover its' operating expenses.

It is important to continue to monitor the prices regularly, and listen to feedback from customers.

8.6.3 DEVELOPING YOUR PRICING STRATEGY

Develop your pricing strategy with the following key areas in mind:

- recouping costs and generating a profit
- comparing favourably to competitors
- appealing to your target market.

8.6.3.1 COST ANALYSIS AND PROFIT GENERATION

Cost analysis and profit generation involves:

- identifying your direct and indirect costs
- understanding what each product's gross profit margin is and determining an appropriate mark up to achieve sales targets.

8.6.3.2 UNDERSTAND YOUR COMPETITORS

In order to understand your competitors, it is recommended to:

- research who your direct competitors are and what value they deliver to the market
- research who your indirect competitors are and understand the types of alternatives/options they deliver to the market.

8.6.3.3 APPEALING TO YOUR TARGET MARKET

In order to appeal to your target market, it is recommended to:

- understand the demographics of your target market as this will influence how you will communicate with them
- understand what your target market values (that is low price, quality, social impact, environmental impact etc.).

8.6.3.4 ESTABLISHING A SELLING PRICE

Category	Definition
Selling/sales price	<p>The price at which a product or service is sold to the buyer</p> <p>Selling price = (cost of goods sold + operating expense) x mark-up percentage</p> <p>Note: if the P&C Association is registered for GST, ensure GST is included in price (for taxable sales only)</p>
Cost of goods sold	<p>Calculate the cost of goods sold (COGS)</p> <p>COGS refers to the amount paid to buy or produce an item that you then sell. Understanding COGS is the basis for calculating a mark-up percentage and gross profit.</p> <p>Cost of goods sold = opening stock + purchases - closing stock</p>

Operating expenses	Determine the level of operating expenses the sales activity will incur which may include, wages and superannuation, stationery, postage, bank charges, insurance and depreciation.
Mark-up percentage	<p>Determine a mark-up percentage based on pricing objectives.</p> <p>Mark-up is the difference between the selling price and cost of a good, divided by the cost of that good.</p> <p>It is important that an appropriate level of profit is generated to cover all operating costs so that the P&C Association can pay any legitimate outstanding debts incurred.</p> <ul style="list-style-type: none"> • A portion of earnings should also be identified and saved for future capital replacement and/or replenishment. • An overall mark-up percentage can be applied to the selling price of all products and/or services, or alternatively apply a different mark-up percentage for specific items. <p>Mark-up percentage = (selling price - cost of good) ÷ cost of good x100</p>
Gross profit	<p>Gross profit is the difference between the total amount generated from sales and the cost of goods sold.</p> <p>A lower than anticipated gross profit percentage indicates:</p> <ul style="list-style-type: none"> • prices are too low • stock is being wasted • giveaways or discounts are too high, and/or • money or stock is being lost due to theft or fraud. <p>Gross profit = sales - cost of goods sold</p>
Net profit	<p>Net profit is the amount you have earned after deducting operating expenses from gross profit.</p> <p>If net profit is lower than desired, the P&C Association can:</p> <ul style="list-style-type: none"> • increase prices • reduce the number of low-profit or cost-neutral sales items • look for new opportunities to generate income • review the operating expenses and identify if some of the costs can be reduced. <p>Net profit = gross profit - operating expenses</p>

8.7 RECEIVING PAYMENTS

Payments for commercial activities, fundraising activities and donations can be received and processed in several different ways, including:

- Electronic Funds Transfer (EFT) including Electronic Funds Transfer at Point of Sale (EFTPOS), credit or debit card, online payments, direct deposits.
- Cash.
- Cheque.

Before you choose the method/s for receiving payments, speak to your financial institution about transaction charges, operating procedures, and security.

Some things to consider when choosing a payment method to include:

- Customer preference – choosing a payment method your customers prefer will make them more likely to pay you on time.

- Risk – for example, cash has a higher risk of theft since it doesn't go directly into a bank account. There's also more risk of mistakes.
- Privacy – different payment methods provide different levels of privacy for customers in recording transaction information. For example, credit cards automatically record transaction details. Some customers might prefer to pay cash for certain goods and services.
- Service fees – for example, EFTPOS and credit card providers often charge service fees.
- Transaction costs – the bank may charge a cost for each transaction.
- Reliance on electrical and telecommunications infrastructure – for example, EFTPOS uses electricity and needs access to a phone/Wi-Fi network. These payment methods can be unavailable if these systems go down.

Do not accept a cheque if it:

- is unsigned or incomplete
- is incorrectly completed (for example, the amount in words does not agree with the amount in figures)
- the date on the cheque is 15 months or more in the past.

8.8 PAYMENT CARD INDUSTRY DATA SECURITY STANDARD (PCI DSS)

P&C Associations must comply with the Payment Card Industry Data Security Standard (PCI DSS) if accepting credit cards as a method of payment.

The PCI DSS is a worldwide data security standard designed to help protect cardholder information. It provides a minimum set of technical and operational requirements for how customer card data is used, managed and stored. The PCI DSS is a mandatory requirement for merchants receiving credit card data.

8.8.1 HOW CAN P&C ASSOCIATIONS COMPLY WITH THE PCI DSS?

- Establish processes so customers provide card data directly to the bank rather than giving it to you for example, card-present transactions directly in to a PCI DSS secure EFTPOS machine, or an approved on-line payment gateway. In these situations, the bank takes on the PCI DSS responsibilities for the card data. Check with the issuing bank for details on available products.
- Never send or receive cardholder data by email or text message.
- Do not record card numbers from telephone calls. If the P&C Association cannot receive card details in person, you must receive customer card information on a paper form, for manual entry into an EFTPOS terminal, do not store that data. Card numbers must be destroyed once the transaction is processed. Remove and destroy the card number from the form using a cross cut shredder once the payment has been processed.
- Do not use "black out" methods to disguise a card number. Inks can be removed by a variety of chemical processes. If you must keep a form that has a card number and you need to disguise that number, mask the number using ink or white-out, photocopy the document, destroy the original and keep the photocopy.
- Ensure EFTPOS machines are housed securely when unattended or not in use and that staff are aware of tampering and substitution devices for EFTPOS machines.

- Make sure staff are regularly trained about PCI DSS requirements.
- Restrict access to cardholder data by business need to know.

Comprehensive information about PCI DSS is available at: <https://www.pcisecuritystandards.org>.

8.9 (ELECTRONIC FUNDS TRANSFER) EFT

Financial institutions have products to help receive and process payments, including business banking facilities such as EFTPOS terminals and direct debit options. The following table sets out the different types of EFT transactions and when they can be used:

Payment method	About the transaction	Ways to receive payments
Over the counter	Where payments are made in person (for example, fetes, tuckshop, uniform shop)	An EFTPOS terminal accepts both credit cards and debit cards
Mobile	Where there is a need to accept electronic payments on the go (for example, fetes, fundraising)	Mobile EFTPOS, Smartphone options, for example ApplePay
Phone or mail order	Sales or orders which aren't made in person (for example, uniform shop, bookshop)	Payments are processed via a secure webpage
Online & eCommerce	Customers issued with an invoice which they can pay online at their convenience (for example, OSHC)	BPoint
Billing and recurring payments	Schedule future periodic payments or batch payments uploaded in one file (for example, fundraising drive, OSHC)	BPay, Direct debit

Do not accept credit or debit cards if:

- the point-of-sales (POS) terminal does not have facilities to accept the type of card offered
- the expiry date on the card has lapsed
- the credit card is listed on an electronic warning bulletin. A warning bulletin is a list of credit cards that are reported stolen, cancelled or compromised in some way. When using a POS terminal the user is notified through the terminal if the card has been placed on a warning bulletin.

8.10 CASH REGISTERS

The P&C Association may wish to operate a cash register where there are a substantial number of cash transactions.

If a P&C Association or subcommittee wishes to use a cash register, it must develop operating guidelines, including responsibilities for operators. The P&C Association must appoint a cash register manager, sub-manager, and authorised operators. These people will have defined responsibilities to make sure that there are adequate controls over cash received.

The cash register must have the following capabilities and functions:

- The cash register must be capable of accumulating separate totals for each mode of payment (that is EFTPOS, cash, cheques).
- The cash register must record and report the amount received, a sequential receipt number, the date of receipt, the method of payment, the operator's and cash register's ID (if more than one), a description of the item and the GST applicable.
- The cash register must feature audit trail functionality into every transaction.

The following controls must be adhered to where a P&C Association operates a cash register:

- Access to the cash register must be restricted and must be placed under register manager control and only be accessible to authorised persons (sub-manager, and authorised operators).
- Every day, the cash register sub-manager must prepare a daily takings sheet and attach it to the balancing total cash register report and store these securely in date order.
- Every day, the cash register manager must:
 - check the cash register readings against the entries in the cash register readings report
 - verify every adjustment made
 - verify all cancellations by ensuring the reason for cancellation is recorded
 - ensure that all receipts are securely filed
 - verify the cash on hand
 - verify that the sub-manager has prepared a daily takings sheet, attached the daily balancing total cash register report, and stored these securely in date order
 - issue a receipt for the total takings and securely store the original receipt
 - record the money received according to the categories in a daily taking sheet summary so that sales can be recorded appropriately in the financial accounts.
- The Treasurer must keep a cash register readings report.
- Every month, the cash register manager must check each daily balancing entry on the monthly balancing cash register report against the financial accounts and bank statement, and initial the cash register readings report.
- Online Cash Registers (OCR) have additional requirements including:
 - require the OCRs to be registered with the tax administration
 - issue cash receipts to customers or to transmit the sales data
 - keep a secure encrypted log of all events

- require information to a core set of elements such as the seller's name and tax ID, date and time, transaction value and GST payable.

The OECT has published comprehensive information about online cash registers at [Implementing Online Cash Registers](#).

Refer to the [P&C Cash Register Readings Template](#) to capture and record the cash register readings and any required adjustments made.

8.10.1 CASH FLOAT

The cash float allows the cash register operator to provide change for customers, before a sufficient number of cash sales accrue to make change from the day's sales.

The cash float is the total value of cash counted and removed from the cash register, but not included in the bank deposit. This cash remains in circulation to be used the next time the cash register is opened. This option can be used whenever you need to change the amount withheld from the bank deposit, and can be adjusted per cash register.

The cash float should be kept to an amount that is not excessive but is reasonable for the type and size of commercial activity it is used for.

The cash float should be accounted for and stored securely at the end of each day.

Any changes to the cash floats such as increasing the value or closing the float must be approved by the P&C Association.

8.11 COLLECTING P&C FUNDS

When money is collected and brought to the Treasurer, whether it is from a commercial activity or ongoing collections during the course of a fete or other activity, ensure the following is conducted:

- Record the names of people authorised to collect money.
- Ensure two independent people collect and count money daily.
- Maintain a daily takings register/collection sheet for trading activities. The register must be certified by two people.
- Check that the money received is the same amount shown on the receipt that has been signed by the collectors. Provide a receipt to the people who have collected the money for the amount handed over.

8.11.1 CASH SALES SHEET

Where cash registers are not available, a cash sales sheet will help to track the sales and check takings. The total of the sales sheet should equal cash on hand, minus float. Create one cash sales sheet for each sales point.

8.12 ISSUING RECEIPTS

A receipt or proof of purchase is a document that you provide to your customers as record of their purchase of your goods or services. A receipt can be in the form of a tax invoice, or a printed cash register or hand-written receipt.

P&C Associations must provide customers with a receipt or proof of purchase for all amounts over \$82.50 (GST inclusive). A customer has the right to ask for a receipt (tax invoice) for any purchases under \$82.50 (GST inclusive).

The P&C Association must provide a receipt within seven days of the request. But it is good practice to offer a receipt at the time of purchase, regardless of the total amount.

Any receipt or proof of purchase you give to customers must include:

- the P&C Association's name and ABN
- the date of supply
- details of the product or service
- the price.

Receipts should be issued in sequential date order.

Note: P&C Associations must generate and retain business copies of receipts for all cash purchases regardless of value.

9 ASSET MANAGEMENT

An asset is a resource owned or controlled by a P&C Association that will provide a future economic benefit. The following section outlines the key considerations relating to assets, including to ensure that assets are maintained, secured and [insured against loss](#).

Tips for safeguarding against fraud

Fraudulent activity can occur where adequate internal controls around the asset management process are not implemented. For example, having inadequate safeguarding processes for assets or infrequent reconciliations against the asset register can increase the likelihood of fraud occurring.

Internal controls required for asset management:

- ❖ **Security – safeguard assets and accountable forms/registers against damage, theft and misappropriation.**
- ❖ **Reconciliations – perform regular physical stocktakes to reconcile physical assets with the asset register.**

The P&C Association must keep a register of its assets to:

- ensure that there is a record of assets as proof if they are lost or stolen
- know what assets exist for maintenance and insurance purposes
- report their value in financial records.

At a minimum the asset register must contain:

- a description of the asset (including a brand, model and serial number)
- purchase date and value (if the P&C Association is registered for GST, enter the value excluding GST as the GST will be claimed in the BAS)
- expected date of disposal
- current value (that is the value it was purchased for less depreciation)
- location.

Note: capital (asset) purchases are recorded in a separate BAS category (capital acquisitions) under the full BAS reporting method, therefore ensure correct tax code allocation if using a financial system.

Any goods or equipment that the P&C Association buys for school use must be registered on the school's asset system. Refer to the [Equipment Management for Schools](#) procedure.

9.1 USEFUL LIFE AND DEPRECIATION

To plan for asset replacement, and ensure accurate recognition of depreciation, P&C associations must assess the useful lives of its assets annually. It is important to use this information plan and set aside funds for assets which will require replacement in future years.

In the long term, the service potential of any asset will decline. Factors that affect this decline include:

- wear and tear through physical use beyond which repairs and maintenance can sustain
- technical advancement and improvement rendering an asset obsolete
- fall in the demand for the goods or services produced by the asset rendering it redundant.

Depreciation expense related to an asset should reflect the underlying physical, technical and, where appropriate, legal factors that affect its useful life.

Depreciation is commonly calculated on a periodic basis (that is annually). The method for calculating depreciation expense should consider various underlying factors. Common depreciation methods include the straight-line method and the diminishing-value method. Once the method of depreciation has been determined, it should be applied consistently from one reporting period to the next. Note: Inventory (stock) are not depreciable items.

9.2 DISPOSING ASSETS

It may be necessary to dispose of assets that are no longer required, obsolete, have reached the end of their useful life or are unaccounted for.

Asset disposal or write-off must be approved by the P&C Association.

Disposal of assets must be promptly and accurately recorded on the asset register.

Assets must be safeguarded from physical loss or damage during the disposal process.

Key principles for the disposal of assets are:

- ensure best overall use of public property
- maximise the sale price
- minimise the cost of disposal
- all disposal processes undertaken must be transparent and equitable
- P&C Association members must not be advantaged.

There are a number of options for disposing of an asset which include:

- sale by auction
- sale by inviting offers
- trade-in

- disposal through private treaty
- disposal by dumping
- disposal through scrapping.

Note: all sales, trade-in or transfer of assets is a taxable supply (GST is charged) when the P&C Association is required to be GST registered.

9.2.1 ASSET WRITE-OFF

- Assets beyond economic repair can be written-off and sold for scrap or dumped.
- Stolen or damaged assets due to criminal activity must be reported to the police in writing providing full details of the stolen equipment.
- Missing assets must be investigated prior to write-off and investigations must be documented.

9.3 INVENTORY MANAGEMENT

Understanding the way stock is consumed can help with re-ordering, expense management, and maintaining a reasonable profit.

Keep accurate records of inventory. Stocktakes must be completed at least every quarter (at the end of each term), preferably monthly. To conduct a stocktake, one person should count while another checks and records.

Monitor sales and stock levels to ensure funds are not being tied up in items that are not selling.

Reduce stock in the lead up to holidays.

Rotate stock regularly to ensure older stock is sold first.

10 TAXATION

10.1 INCOME TAX

Being a not-for-profit entity, P&C Associations are income tax exempt under section 50(1) of the [Income Tax Assessment Act 1997](#). A P&C Association does not pay tax on any income it generates and is not required to lodge an annual income tax return.

For a comprehensive guide on tax issues affecting P&C Associations refer to [Tax basics for non-profit organisations](#).

10.2 PAYROLL TAX

Payroll tax is a tax imposed by the State on the wages that P&C Associations pay to their employees when the total value of wages is more than the payroll tax threshold.

A P&C Association is required to register for payroll tax within 7 days after the end of the month when the P&C Association pays more than \$25,000 a week in Australian taxable wages.

Taxable wages include salary/wages, leave entitlements, allowances and benefits.

For further information on payroll tax refer to [Getting started with payroll tax](#).

10.3 FRINGE BENEFITS TAX

If you're registered for FBT but don't need to lodge an FBT return for the year, complete a [Fringe benefits tax - notice of non-lodgement](#).

How an employer calculates and reports the taxable value of fringe benefits depends on the type of benefit provided, that is, how it's categorised for FBT purposes. Possible fringe benefits provided to P&C employees (and their associates) could be entertainment, car or expense benefits. Note: car parking on school grounds is FBT exempt.

For further information refer to [Fringe benefits tax](#).

10.4 DEDUCTIBLE GIFT RECIPIENT (DGR)

Under recent [ATO legislative changes](#), to be eligible for DGR endorsement a fund, authority or institution must now be:

- a registered charity; or
- an Australian government agency, or
- operated by a registered charity or Australian government agency.

Queensland (Qld) P&C Associations are formed as a statutory body under the *Education (General Provision) Act 2006*. The ATO classifies P&C Associations as a government entity (differs to a government agency) and a community service association which are only entitled to an income tax exemption and certain GST concessions.

Under the [Charities Act 2013 \(Cth\)](#), a 'government entity' cannot be a registered charity which includes Qld P&C Associations (refer Australian Charities and Not for Profits Commission - ACNC Ruling 2015).

As a result, effective from 14 December 2022, a P&C Association operating a school building fund will not be entitled to retain their DGR endorsement (status). The P&C Association must cease operation and wind-up DGR endorsed school building fund accordingly.

While P&C Associations will no longer be able to operate DGR endorsed school building funds, a school can operate a building fund. Gifts and/or donations can be paid directly into a school-operated building fund if the school has one setup.

10.5 ACTIVITY STATEMENTS

P&C Associations are required to lodge an activity statement with the ATO on a periodic basis.

Activity Statements are used to report and pay a number of tax obligations, including:

- GST
- PAYG withholding
- FBT Instalments.

The type of activity statement required to be lodged will depend on the tax registrations the P&C Association is registered for—

- Where a P&C Association is not registered for GST but is registered for PAYG withholding, the P&C Association will be required to lodge an Instalment Activity Statement (IAS) with the ATO.

- Where a P&C Association is registered for GST along with any other tax registrations (for example, PAYG withholding and FBT) the P&C Association will be required to lodge a Business Activity Statement (BAS).

10.5.1 INSTALMENT ACTIVITY STATEMENT (IAS)

Where a P&C Association is registered for PAYG withholding only, the P&C Association is required to lodge an IAS. The P&C Association will report the total wages and amount withheld from wages for the respective period.

The amount required to pay will be equal to the PAYG withholding amount.

10.5.2 BUSINESS ACTIVITY STATEMENT (BAS)

Where a P&C Association is registered for GST (among other registrations, for example PAYG withholding, FBT etc.), the P&C Association is required to lodge a BAS. The P&C Association will report the following for the respective period under the simpler BAS method:

- total wages and PAYG withholding from wages
- total FBT instalment (if applicable)
- total sales and GST collected
- total GST on purchases.

The amount required to be paid will be equal to:

- PAYG withholding amount, plus
- FBT instalment (if applicable), plus
- GST collected through sales, less
- GST paid through purchases.

For BAS reporting requirements using the full reporting method refer to [Full reporting method](#).

10.5.3 HOW AND WHEN TO LODGE YOUR ACTIVITY STATEMENT

Depending on your preferred method of contact with the ATO, they will send an activity statement via post or online through the ATO Business Portal.

The activity statement will be personalised to suit the P&C Association and will generally show the tax obligations that relate to the P&C Association as well as the due date for lodgement and payment.

Generally, P&C Associations will be required to lodge their activity statement on a quarterly basis unless otherwise directed by the ATO.

The following table sets out the activity statement lodgement dates for P&C Associations that are required to lodge their activity statement on a quarterly basis:

Quarter	Due date
January to March	28 April
April to June	28 July
July to September	28 October

October to December

28 February

For more information on lodging activity statements refer to [Activity statements for not-for-profits](#) and [Business activity statements](#).

10.6 CORRECTING GST ERRORS

If you make a mistake on an activity statement (that is, a GST error) you can correct the error on a later activity statement.

GST errors are classified into 2 types— credit errors and debit errors.

Credit errors mean you have reported or paid the ATO too much GST. Examples of credit errors include:

- Reporting a GST sale more than once (for example, raising an invoice twice for the same transaction).
- Overstating the GST on a sale (for example, reporting a larger figure for GST on sales than the correct amount).
- Under-claiming GST credits on purchases.
- Incorrectly recording a sale as taxable when it is GST-free, input-taxed or outside the scope of GST.

The time frame you have to correct a GST error (known as the 'period of review') is 4 years beginning the day you lodged your activity statement.

Debit errors mean you have reported or paid the ATO too little GST for the reporting period. Examples of debit errors include:

- Failing to include GST on a taxable sale.
- Understating the GST on a sale (for example, reporting a lesser figure for GST on sales than the correct amount).
- Overstating GST credits (for example, claiming GST credits for a purchase twice).

The period of review for correcting debit errors is generally 18 months (where turnover is less than \$20 million).

For more information on GST errors refer to [Correcting GST errors](#).

10.7 GST CONCESSIONS

There are a range of GST concessions available to a P&C.

This table summarises what GST concessions are applicable to certain supplies made by a GST-registered P&C Association, DGR fund and a government school:

Exemptions	P&C	DGR School Building Fund of a GST-Registered Entity	Government school
GST-Free: Nominal consideration	No	Yes	Yes
GST-Free: Second hand goods	No	Yes	Yes
GST-Free: Raffles, bingo and similar supplies	No	Yes	Not allowed

Input-taxed: Fundraising events	No	Yes	Not allowed
Sale of food as Input-taxed: Tuckshop	Yes	No	No
Non-Profit Sub Entity	Yes	Yes	Yes

10.8 GST ARRANGEMENTS BETWEEN A P&C ASSOCIATION AND THE SCHOOL

The P&C Association makes payments to the school as part of its business. Some payments are grant/funding to support the school and/or students (such as contributing to the global school budget, helping the school to acquire classroom/playground resources, or subsidising certain school activities); others are for the purchase of goods/services from the school (such as reimbursing operating expenses, photocopying charges, or requiring the school to upgrade or maintain facilities used by the P&C Association).

As the P&C Association and the school are separate entities for GST purposes, transactions between the two must comply with the [GST Act 1999](#) and other relevant legislation. Where the P&C Association makes a payment to the school:

- To obtain goods and/or services or to enter into/or exit from an obligation, the payment is for a taxable supply, unless there is a provision in the *GST Act 1999* that makes the supply not taxable.
- To help the school or students but with no material benefit to the P&C Association, there is no supply and the transaction is outside the scope of GST, even if the P&C receives an acknowledgement of thanks for support or receives a report/ information of some kind that is not for the purpose of the payment.

Example: A P&C Association that is not registered for GST provides funds to the school to purchase a garden furniture set. As the school is registered for GST, the school can recover the GST paid to the furniture supplier.

- If the P&C Association does not benefit, the payment is not for a taxable supply and the school should account for the receipt as such.
- If the P&C Association does benefit (for instance, by using the furniture to extend the P&C Association operated tuckshop), the payment is for a taxable supply.

Refer to [GSTR 2012/2: Financial Assistance Payments](#) for guidance on determining if a payment is consideration for a taxable supply.

10.9 NON-PROFIT SUB-ENTITY (NPSE)

A P&C Association is considered to be a not-for-profit organisation by the ATO. As a not-for-profit organisation, any profit made by the P&C Association must be used to carry out the objectives of the P&C Association and must not be distributed to office bearers, members or other individuals. This is stipulated in the [model constitution](#).

Payment of wages and business expenses (including payment to a contractor or consultant) is not considered to be a distribution to a member.

A GST-registered P&C Association may have some (or all) of its subcommittees or activities treated as separate entities for GST purposes. These separate branches/units are called Non-profit Sub-entities (NPSE).

An NPSE can access the same GST concessions as the P&C Association, however its financial activities are not reported on the P&C Association's BAS.

For example, if a P&C Association's uniform shop was nominated as an NPSE:

- GST cannot be claimed back on any purchases
- GST cannot be added to sales prices.

There are pros and cons in being a NPSE. While there is no need to charge GST on sales and no need to report sales transactions in the P&C Association's BAS, any GST that the NPSE pays on its purchases is not recoverable as input tax credits (no GST refund on purchases).

Before making an activity an NPSE, consider:

- implications for administration and accounting
- the types of supplies (whether taxable/GST-free or input-taxed) and related acquisitions that are to be accounted to an NPSE, and their impacts on the BAS of the P&C Association (i.e. whether the activity normally results in net refund or net GST payable)
- whether charges for the activity will increase or decrease.

10.9.1 MANAGING AN NPSE

Once a P&C Association has decided to make an activity that of an NPSE, all it needs to do is to record that decision in the minutes of a P&C Association meeting. The decision will come into effect immediately and the P&C Association cannot revoke it within 12 months. The P&C Association also cannot re-make an activity an NPSE within 12 months after it has revoked a previous decision. None of these decisions need to be provided to the ATO but they must be documented and be available if required for audit purposes.

An NPSE that has a GST turnover of under \$150,000 operates under the ABN of the P&C Association. Once the GST turnover is \$150,000 or more, the NPSE must apply for a separate ABN and be registered for GST.

It is not in the best interest of an NPSE to meet or exceed the \$150,000 GST turnover threshold, and thus the P&C Association must actively monitor the NPSE's GST turnover. Where the projected GST turnover of an NPSE comes close to meeting the threshold, the P&C Association will need to move some activities back to the main entity or to another NPSE.

A P&C Association does not need to maintain a separate bank account or a separate set of accounts for a NPSE. However, the accounts of the NPSE must be clearly and easily distinguished from the accounts of the P&C Association.

Accounting transactions relating to an NPSE must not be shown on the BAS.

GST must not be charged for an NPSE supply, and any GST paid to a supplier that relates to the activities of an NPSE cannot be recovered by the P&C Association.

Where the P&C Association pays for an acquisition that is used by the main entity and for a NPSE, the P&C Association can only recover the GST portion that relates to the main entity.

Example: A P&C Association operates a second-hand store in the school as an activity of an NPSE. It also operates a tuckshop which makes input-taxed food supplies. The school provides a \$330 tax invoice (which includes \$30 GST) to the P&C Association for electricity for the quarter. Based on a reasonable calculation of electricity usage, the P&C Association determines that 60% of electricity is for the tuckshop and 10% for the second-hand store. The remaining 30% relates to the making of taxable/GST-free supplies. This expense is to be apportioned as:

Types of supplies	Apportionment	Amount incl. GST	To report on the BAS?	Amount to recover as GST credit
Making taxable/GST-free supplies	30%	\$99	Yes	\$9
Input-taxed supplies	60%	\$198	Yes	\$0
NPSE	10%	\$33	No	\$0

For more information on NPSEs refer to [GST branches, groups and non-profit sub-entities](#).

11 P&C ASSOCIATION EMPLOYEES

P&C Association employees are employed by the P&C Association itself as the legal entity, regardless of which activity or subcommittee they are connected to. This section outlines the key considerations in relation to employing staff.

11.1 EMPLOYEE ENTITLEMENTS

Employees (and some contractors) are entitled to a number of entitlements including salary and wages, superannuation, allowances, leave entitlements and WorkCover.

11.1.1 SALARY AND WAGES

The [Parents and Citizens Associations Award – State 2016](#) (the Award) sets out the hourly rates of pay and other employment entitlements for P&C Association employees.

Other employment entitlements covered by the Award include allowances, superannuation and leave entitlements. The P&C Association is responsible for accounting for provisions in the P&C Association's financial accounts relating to employee leave entitlements as they occur.

Employees must be paid by EFT or cheque (never cash). The P&C Association must ensure employee payments and the wage records in the financial accounts are correct. The P&C Association must issue payslips to each employee for each pay cycle.

11.1.2 SUPERANNUATION

Superannuation is paid on top of your worker's wage to provide for their retirement. The minimum you must pay is called the Superannuation Guarantee (SG). The SG is the minimum amount of super you must pay to your employees to avoid the super guarantee charge. The eligibility rules and the SG rate can change over time. It's important to visit the ATO website to ensure you are paying the correct amount of super to your employees. For more information on the SG refer to [Super for employers](#).

11.1.3 WORKCOVER

WorkCover Qld provides insurance to businesses in Queensland who employ workers, and advise employers on what they should do in the event of an injury.

WorkCover is a separate payment from wage and superannuation etc.

For more information on WorkCover refer to [WorkCover Queensland](#) and [WorkSafe](#).

11.1.4 CONTRACTORS

Depending on the work arrangement, a contractor may be deemed an employee and subject to PAYG withholding, SG, payroll tax and WorkCover. For further information refer to [PAYG withholding](#), [Your workers, Employee or contractor](#) and [Who is a worker](#).

11.2 SINGLE TOUCH PAYROLL

Single Touch Payroll (STP), is an Australian Government initiative to reduce employers' reporting burdens to government agencies.

With STP, you report employees' payroll information to the ATO each pay cycle through STP-enabled software (for example, Xero, Myob etc.). Payroll information includes:

- Salaries and wages
- PAYG withholding tax
- Superannuation.

STP started on 1 July 2018 for employers with 20 or more employees and 1 July 2019 for employers with 19 or fewer employees and is a mandatory obligation. If you haven't started reporting through STP, you need to start reporting as soon as possible as penalties may apply.

For further information on STP refer to [Single Touch Payroll](#).

11.3 GIFTS AND BENEFITS

Before giving or receiving a gift or benefit, consider why it is being offered, and the possible public perception. All gifts given or received must be:

- reported at a P&C Association meeting
- recorded in the P&C Association meeting minutes
- reported in the school newsletter.

11.3.1 RECEIVING A GIFT OR BENEFIT

P&C members and employees must not accept:

- gifts or benefits from the P&C Association's suppliers to avoid any real or perceived conflicts of interest
- gifts of money or hospitality.

Details of gifts valued at more than \$150 (including multiple gifts from the same donor with a cumulative value of more than \$150 during a calendar year) must be provided to the school for reporting purposes.

11.3.2 HONORARIA

An “honorarium” is a payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

Members of the P&C Association, consultants/contractors or employees of the P&C Association or the school must not be given honoraria.

Whether an honorarium is assessable income to the volunteer will depend on the nature of the payment and the volunteer’s circumstances:

- Honorary rewards for voluntary services are not assessable income and related expenses are not deductible.
- Fees received for professional services voluntarily provided are assessable income of the volunteer, and volunteer maybe entitled to a deduction for expenses.

12 RECORDING AND REPORTING

P&C Associations must ensure financial information is accurately recorded to satisfy regulatory requirements and produce useful and reliable financial reports. This section outlines the key considerations for recording and reporting.

Tips for safeguarding against fraud

Fraudulent activity can occur throughout record keeping processes if adequate internal controls are not implemented. For example, inadequate security over accountable forms can increase the likelihood of fraud occurring.

Internal controls required for record keeping processes:

- ❖ **Authorisations – only authorised Officers can access and update accountable forms.**
- ❖ **Security – safeguarding accountable forms (both physical and electornic) with either physical security measures or passwords.**

12.1 ACCOUNTING METHOD

The accounting method refers to the method used to report revenues and expenses. The two methods of accounting are cash accounting and accrual accounting. There are different rules governing the different types of accounting methods.

The core underlying difference between the two methods is in the timing of when a transaction is recorded, but when aggregated over time, the results of the two methods are approximately the same.

- Cash accounting - revenue is recorded when cash is received from customers, and expenses are recorded when cash is paid to suppliers and employees.
- Accrual accounting - revenue is recorded when earned and expenses are recorded when consumed.

Therefore, cash accounting does not record payables and receivables, while accrual accounting does.

P&C Associations can choose whether to manage their accounts on a cash or accrual basis.

Using **cash accounting**, financial transactions are recorded when cash changes hands. In cash accounting, revenue is recognised when cash is received, and expenditure is recognised when an invoice is paid. Cash accounting is suited to smaller P&C Associations that handle most transactions in cash (for example, A P&C Association that only conducts small fundraising activities or a fete). The cash accounting method displays how much money is on hand or in the bank account, but not money that is owed to the P&C Association or that the P&C Association owes.

Using **accrual accounting**, revenue and expenses are recorded when they are earned or consumed regardless of when cash changes hands. Accrual accounting tracks the true financial position of the P&C Association, and is helpful if the P&C Association's business is more complex and deals with large amounts of money. Accrual accounting is highly recommended where a P&C Association has a large turnover (for example, annual revenue is \$250,000 or more), operates commercial activities, or employs staff.

12.2 FINANCIAL ACCOUNT RECORD KEEPING

Financial information must be complete, accurate, and timely, and internal controls must govern its collection and use. The tool that a P&C Association chooses to use to maintain its financial accounts will depend on the accounting method that the P&C Association adopts.

Options include:

- Commercially available accounting software.
 - Commercially available accounting software can be off the shelf or tailored software packages to meet the specific requirements of the P&C Association.
 - Accounting software helps you record your transactions, calculate GST, update ledgers, pay wages and superannuation, prepare financial statements and generate invoices. Make sure you check to see what systems your accountant or business advisor recommends and that the software complies with standard business reporting.
 - A P&C Association must use a compatible software package if it employs staff due to [Single Touch Payroll](#) reporting.
 - If a P&C Association uses accrual accounting, runs commercial activities, has employees and/or is a GST registered P&C Association it is recommended that commercial accounting software is used.
 - Using a web-based or 'cloud' system allows you to update your books from any location. It also has the added benefit of automatic off-site storage of your financial records. While this can be a cheaper option, it does come with added security risks.
- P&C cashbook – a Microsoft Excel application developed by the department.
 - Suitable for small to medium cash-based P&C Associations.
- Manual cashbook – available from stationery suppliers.
 - Suitable for small cash-based P&C Associations.
- Engage a professional accounting/bookkeeping service.
 - All P&C Associations are required to have a Treasurer who may decide to:
 - handle all financial matters themselves
 - choose to employ an accountant/bookkeeper and outsource certain services to an external accounting or bookkeeping organisation.

- The decision on what financial services requires external assistance rests with the Treasurer however, the Treasurer is responsible for the overall financial management of the P&C Association.

12.2.1 SELECTING A FINANCIAL ACCOUNT KEEPING TOOL

When choosing a financial account keeping tool, consider:

- whether the approach currently in use by the P&C Association is satisfactory
- the size and complexity of the P&C Association's operations
- cost of service/product including ongoing maintenance and upgrading software
- the level of knowledge and expertise of the Executive Members, especially the Treasurer
- the likely expertise of future Executive Members
- access to suitable IT equipment
- ease of use/availability of training in software
- ability to backup computer files
- record retention functionality as financial records must be retained for 7 years
- single touch payroll (STP) reporting functionality.

Refer to the department's [Non-Departmental ICT service providers](#).

Record all expenditure and revenue with corresponding reference numbers and details and retain all supporting documentation. Enter receipts and payments promptly so that the accounts are kept up-to-date. [P&C Treasurer Key Tasks](#)

Refer to the [P&C Finance Training](#) online for Treasurer's for more information about financial reports and how to prepare and interpret them.

12.2.2 ENGAGING AN ACCOUNTING/BOOKKEEPING SERVICE

A P&C Association may engage an external accountant/bookkeeper to maintain the Association's financial accounts.

If a P&C Association engages an accountant/bookkeeper it does not alter the responsibilities of the P&C Executive Committee.

The role and functions of the accountant/bookkeeper will be based on the contractual agreement between the P&C Association and service provider. Some of the functions may include:

- processing invoices, receipts, payments and other financial transactions
- managing payroll
- preparing financial statements
- reconciling accounts and preparing reconciliation reports
- managing any loans or debt repayments
- preparing and lodging activity statements.

12.3 ACCOUNTABLE FORMS

An accountable form is a document that has a cash value or that acknowledges the receipt of money. Examples include purchase orders, receipt books and chequebooks.

Accountable forms require security consistent with their potential value or negotiability. The forms must be securely stored at the school and a master register of them must be maintained and administered by the Treasurer.

All books of accountable forms are to be labelled with book numbers in sequential order. An annual stocktake of the accountable forms must be presented at the AGM.

For each type of accountable form, the register will record:

- date of receipt
- quantity received
- serial numbers of the forms (use a separate line to record the serial numbers applicable to each pad or book where forms are received in book form)
- the type of accountable form
- the destruction, cancellation, transfer or issue of accountable forms. The following must be recorded in respect of issuing the forms:
 - date of issue
 - quantity issued
 - serial numbers of the forms issued in those cases where the forms are in loose form, and
 - signature of the officer receiving the forms
- all entries in the register must be signed and dated by an Executive Officer.

Refer to the [P&C Association Accountable Forms Register](#).

12.4 FINANCIAL RECORDS RETENTION

The Treasurer must keep financial records for the current year and the previous year. All other records must be kept at the school, under the Principal's care. When a new Treasurer is appointed, the outgoing Treasurer must pass on all records to the successor.

The following financial records must all be kept for seven years:

- audit reports
- bank deposit slips
- bank statements
- cash register strips
- cashbooks
- cheque butts/payment vouchers
- financial reports
- order books and invoices
- pay sheets and acquaintance sheets

- petty cash and postage books
- receipt books.

If the P&C Association stores documents online, the following should be considered:

- Data privacy, security & storage standards including:
 - [Information Privacy Act.](#)
 - [Australian Government Privacy Act](#)
 - [Information Security Policy IS18](#)
 - [Queensland Government Cloud Computing Strategy](#)
 - [Non-Department al ICT service providers procedure.](#)
- Ensure there are adequate safeguards for personal information.
- International payment industry standard - Payment Card Industry Data Security Standard requirements.

Employment history records must be permanently retained as per the [QLD government General retention and disposal schedule \(GRDS\)](#) for long service leave entitlements.

12.5 FINANCIAL REPORTING

Financial reports are a structured representation of the financial position and financial performance of a P&C Association. The objective of financial reporting is to provide information about the financial position, financial performance and cash flows of a P&C Association that is useful to a wide range of users in making economic decisions. Financial reports also show the results of the Executive Committee's stewardship of the resources entrusted to it.

12.5.1 MONTHLY REPORTING

Reporting informs P&C Association members of the P&C Association's financial position and provides assurance that financial operations are sound and that the controls that are in place are working effectively.

Accounting periods for P&C Associations are whole calendar months. At each meeting, the Treasurer must present the Financial Statements endorsed by the Executive Committee for all P&C Association and subcommittee accounts.

For further information refer to [P&C Treasurer Reports](#).

Monthly financial reporting includes:

- **Bank reconciliation** – the process of matching the closing balance on a bank statement with the P&C Association's financial accounts. The objective of this process is to ascertain any differences between the bank statement and the financial accounts and to record any differences in the financial accounts as appropriate. This should be completed 'as at' the end of each month, using the previous month's closing balance as the current month's opening balance.
- **Debit card and petty cash reconciliation** (where applicable) – where a P&C Association has a debit card and/or petty cash fund, these must be reported and reconciled on a monthly basis.

- **Statement of receipts and payments** – this is a summary of the cash and bank transactions which have been analysed and classified under suitable headings. The statement includes an opening balance for the current month, which is the closing balance of the previous month.
- **Profit and Loss Statement** – this is a summary of the revenue and expenses incurred during a specified period. The objective of the Profit and Loss Statements is to report the net profit or (loss) of the P&C Association's operations for a specified period of time. A Profit and Loss Statement is also known as a 'P&L', Income Statement or Statement of Comprehensive Income.
- **Balance Sheet** – this is a summary of the P&C Association's financial position at a given point in time. The Balance Sheet displays the balances of the P&C Association's assets, liabilities and equity. The reason it is called a 'Balance Sheet' is because an entity's assets *less* its liabilities will equal 'net assets' which, theoretically, should equal equity. Equity is the amount left over after all liabilities have been paid for – it represents the amount the P&C Association truly owns. Information on the Balance Sheet can also help calculate your working capital (that is money needed to fund day-to-day operations) and current ratio (that is for every dollar of current assets you have x dollars of current liabilities) which can provide an indication into the financial health of your P&C Association. A Balance Sheet is also known as a Statement of Financial Position.
- **Trading Statement** – where a P&C Association conducts commercial activities, a Trading Statement is a required report which displays sales, stock values, operating expenses, cost of goods sold and gross profit/(loss).

The Trading Statement contains the trading details of an individual commercial activity which is consolidated in the Profit and Loss Statement and Balance Sheet reports.

Ideally, Trading Statements should be generated monthly to quickly identify and address any unusual trends before the financial position becomes difficult.

12.5.2 ANNUAL FINANCIAL REPORTING REQUIREMENTS

The [P&C Annual Financial Reporting Requirements](#) outlines the mandatory annual financial reporting and auditing requirements for P&C Associations and assists them in the preparation of their Annual Financial Statements.

To assist in providing assurance as part of the Annual Financial Reporting Requirements an annual compliance report is to be completed.

The [P&C Compliance Report](#) provides assurance that there was adequate control over the financial operations of the P&C Association for the reporting year.

13 AUDIT

An audit relates to the official inspection of an entity's financial reports. Audits are conducted by an independent third-party qualified to undertake the audit. Upon completion of the audit, the Auditor will provide an opinion about whether the entity's financial reports reflect a true and fair value of the entity's financial position. The section outlines the key considerations in relation to an audit.

13.1 APPOINTING AN AUDITOR

A person auditing the accounts of an association must be:

- appointed to carry out the audit by the association at an annual general meeting or special meeting of the association, and
- a suitably qualified person, and
- to the extent practicable, a member of the local community aware of the activities of the association.

A suitably qualified person means any of the following persons:

- a member of CPA Australia Ltd ACN 008 392 452 entitled to use the letters 'CPA' or 'FCPA',
- a member of Chartered Accountants Australia and New Zealand ARBN 084 642 571 entitled to use the letters 'CA' or 'FCA',
- a member of the Institute of Public Accountants Ltd ACN 004 130 643 entitled to use the letters 'MIPA' or 'FIPA',
- an employee of a public sector entity who has the commercial skills and experience to audit the accounts of an association,
- an employee of an insurance company, financial institution or other financial or commercial organisation who has the commercial skills and experience to audit the accounts of an association.

If the person is a member of the association, the person may audit the association's accounts only with the approval of the chief executive (Director General, Department of Education).

Audit fees must be negotiated and confirmed prior the auditor's appointment. Where possible, the auditor is to be appointed in an honorary capacity.

As soon as practical after the appointment of the Auditor, the P&C Association President will give written notice to the Regional Director for the School, of the Auditor's name, address and qualifications.

13.2 CONDUCTING THE AUDIT

The Treasurer must submit the P&C Association's and its sub-committees' accounts to the Auditor allowing enough time to prepare the audited Financial Statements for the AGM each year.

The Auditor must be given, at all reasonable times, full and free access to all records and property belonging to, in the custody of, or under the control of the P&C Association to conduct the audit, including:

- minutes of meetings
- the P&C Association's account record keeping tool
- monthly finance reports
- annual financial statements
- bank reconciliations
- cheque, deposit and receipt books
- all records of income, all payment vouchers, all receipt books
- stocktake records
- records of assets and liabilities
- bank statements for all accounts

- signed Management Representation Letter
- any other documents/records that provide supporting information for financial transactions as the auditor considers appropriate
- information published in the P&C Accounting Manual.

The Treasurer must be available to discuss and address any issues raised.

The Auditor must certify whether or not, in the Auditor's opinion:

- the financial statements agree with the financial accounts and comply with the financial record keeping requirements
- the financial statements present a true and fair view of the P&C Association's transactions for the financial year
- the financial position at the close of the year is consistent with the basis for preparing the financial statements for the year.

For further information refer to the [Annual Financial Reporting Requirements](#).

13.2.1 INTERIM AUDIT

If the Treasurer of the P&C Association or a subcommittee resigns or is removed during their term of office, the P&C Association will arrange for an audit of the records and accounts of the P&C Association or subcommittee before handing the records to the successor.

The interim audit is required as it protects the incoming Treasurer and allows them to identify the true financial position of the P&C Association. The day to day operations and duties of the P&C Association should not stop during this period as suppliers and staff will need to be paid.

14 CONTACTS

Area	Contact details
P&Cs Qld	For information on P&Cs Qld: www.pandcsqld.com.au 1800 218 228 / (07) 3352 3900 enquiries@pandcsqld.com.au
Department of Education	www.education.qld.gov.au 13 QGOV (13 74 68)
Financial Business Policy	For Accounting Manual enquires: financialpolicy.finance@qed.qld.gov.au
Infrastructure Services	For enquiries relating to infrastructure services: ISB.Correspondence@qed.qld.gov.au
Procurement Services	For enquiries relating to purchasing and procurement: Procurement.psb@qed.qld.gov.au

15 DEFINITIONS

Term	Definition	Section
Accountable form	A document that has a cash value or that acknowledges the receipt of money	12.3
Accrual accounting	Type of accounting method where revenue is recorded when earned and expenses are recorded when consumed	12.1
Asset	A resource owned by an entity which provides a future economic benefit	9
Asset disposal	Process for decommissioning an asset that has reached the end of its useful life, is no longer needed or sold by the entity and recording this in the financial records	9.2
Asset register	A list of assets owned by an entity displaying specific information pertaining to each asset including serial number, location, value etc.	9
Asset write-off	Process for decommissioning an asset due to factors such as, reaching the end of its useful life, stolen or damaged beyond repair and recording this in the financial records.	9.2.1
Audit	An independent examination of financial information	13
Australian Business Number (ABN)	Unique 11 digit identifier issued to all entities registered in the Australian Business Register (ABR)	3.1
Bank reconciliation	A reconciliation between a bank account's bank statement and account in the financial records	5.5
Business Activity Statement	Statement used to report an entity's tax obligations including GST, PAYG withholding, FBT etc.	10.5.2
Cash accounting	Type of accounting method where revenue is recorded when cash is received from customers, and expenses are recorded when cash is paid to suppliers and employees	12.1
Cost of Goods Sold (COGs)	The amount paid to buy or produce an item that you then sell	8.6.3.4
Depreciation	Method used to allocate the cost of an asset across multiple accounting periods	9.1
Employee entitlements	Range of entitlements available to employees such as wages, superannuation, leave entitlements etc.	11.1
Fringe Benefits Tax (FBT)	Tax paid by employers on certain benefits they provide to their employees or their employees' family or other associates	3.3 & 10.3
Goods & Services Tax (GST)	a broad-based tax of 10% on most goods, services and other items sold or consumed in Australia	3.2, 10.6, 10.7 & 10.8
Gross profit	Difference between the total amount generated from sales and the cost of goods sold	8.6.3.4
Honorarium	Payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering	11.3.2

Instalment Activity Statement	Statement used to report an entities tax obligations other than GST, such as PAYG withholding PAYG instalments	10.5.1
Internal controls	Processes, systems, records and activities designed to provide reasonable assurance that an Association is achieving its objectives meanwhile protecting itself against the risk of fraud and corruption	2
Inventory	Goods on hand ready for sale	9.3
Mark-up percentage	Difference between the selling price and cost of a good, divided by the cost of that good	8.6.3.4
MyGovt ID	A digital identity used by online government services	3.5
Net profit	Amount you have earned after deducting operating expenses from gross profit	8.6.3.4
Non-Profit Sub-Entity	A separate entity for a business activity which is treated separately for GST purposes	10.9
Operating expenses	Costs incurred to maintain the day to day operations of a business (i.e. rent, insurance etc.)	8.6.3.4
Pay As You Go withholding (PAYG)	Incremental installments of an employee's annual tax liability	3.4
Procurement	Activities associated with sourcing goods and services	7.5
P&C Association	A statutory body formed to promote the interest of, and facilitate the development and improvement of the State instructional institution for which it is formed	1.1
Relationship Authorisation Manager (RAM)	Authorisation service that allows you to act on behalf of a business online when linked with your myGovt ID	3.5
Sales price	The price at which a product or service is sold to the buyer	8.6.3.4
Single Touch Payroll	ATO initiative which helps employers report employees payroll information to the ATO	11.2
Superannuation	A regular payment made by an employer to an employee's superannuation account towards the employees retirement	11.1.2
Useful life	Duration of time an asset is deemed to be useful by contributing to income generating activities	9.1
Workcover	Insurance an employer must pay for their employees in case of accident or injury	11.1.3