

P&C Treasurer's Handbook



**ACT Council of
Parents & Citizens
Associations**

The parent voice on public education

**ACT Council of Parents & Citizens Associations is the peak body for parent associations in the ACT.
Council represents over 60,000 parents in 89 ACT public schools.**

Published 2020 by the ACT Council of Parents & Citizens Associations

ACT Council of Parents & Citizens Associations | ABN: 53 870 517 949 | 100 Maitland Street, Hackett

Tel: 02 62415759 | **Email:** contact@actparents.org.au | **Web:** www.actparents.org.au



Welcome

Congratulations on being elected treasurer of your school P&C association. We hope you find the role enjoyable and that your volunteered time is valued.

Council (the ACT Council of P&C Associations) is here to assist you. Our friendly office staff are available to answer questions and provide advice.

Information for treasurers

Here we have provided a comprehensive collection of information to answer your questions, help you keep your finances in good order and assist you in your role as treasurer.

We encourage you to also visit our website for up to date information, meetings and training. You can also sign up for our email bulletin for fortnightly reminders, news and information.

We welcome any comments or feedback which would contribute to making this a more useful resource.

Free training

Each year we hold free training sessions for treasurers and recommend you attend. Dates are advised on our website.

What is Council?

Council is the peak body for public school P&Cs in the ACT. All ACT P&Cs are members of Council and our role is to support our members with the challenges of running a P&C association. One or two delegates from each school P&C come together to make up the Council and through this we are able to promote and represent parent views to decision makers. We also lobby government to make sure our public schools remain great. For more about us see [Information Sheet 33](#) of our general series of P&C information sheets, available on our website.

Contact us

Our office is open 9:30am - 2:30pm school days. We are available to answer your queries.

ACT Council of Parents & Citizens Associations
100 Maitland Street
Hackett ACT 2602

Telephone: 62415759
Email: contact@actparents.org.au
Web: www.actparents.org.au

Please note:

We have provided this information in good faith, but it does not constitute legal advice. Council will not accept responsibility for actions taken on the basis of this advice, and recommends P&C associations check the currency of advice when contemplating actions.



Table of Contents

| | |
|--|----|
| 1. Being treasurer: the basics..... | 5 |
| 2. Keeping good records | 7 |
| 3. Receiving income..... | 9 |
| 4. Paying expenses..... | 11 |
| 5. Petty cash | 13 |
| 6. Operating P&C bank accounts | 14 |
| 7. Bank reconciliations | 15 |
| 8. Internal control | 16 |
| 9. Assets | 17 |
| 10. Reporting | 18 |
| 11. The annual audit | 21 |
| 12. Presenting the financials at the AGM | 24 |
| 13. Completing insurance paperwork | 25 |
| 14. Budgeting..... | 26 |
| 15. Grants | 28 |
| 16. Charity status and deductible gifts..... | 29 |
| 17. Taxation issues for P&Cs | 31 |
| 18. If you have employees | 33 |
| 19. Business activities (eg canteens) | 36 |
| 20. Useful Dates for Treasurers | 37 |



1. Being treasurer: the basics

The treasurer's job is one of the most important in ensuring the smooth running of the P&C and it does entail responsibility. However, it is quite manageable for any responsible person!

Here we've outlined the basics of the job. Details of what is required, examples and templates are provided in the rest of this guide.

Key responsibilities

The treasurer is responsible and accountable to the P&C association for all money held in P&C accounts (including sub-committees), for keeping clear and proper records and providing reports to the P&C on their financial position.

Key day-to-day duties are to:

- receive, care for and bank all money received by the association (see [Section 3](#))
- pay all authorised bills and invoices from association funds (see [Section 4](#))
- keep clear and adequate records of all transactions (see Sections 2-5)
- ensure there are adequate controls and safeguards on funds (see [Section 8](#))
- ensure that the P&C remains solvent and does not operate if insolvent
- report regularly to the P&C (usually at each general meeting) on the financial position, funds received and spent (see [Section 10](#))
- if registered for GST, prepare Business Activity Statements (BAS) (see [Section 17](#))
- if employing staff, pay wages and superannuation. Report to ATO (see [Section 18](#)).

In addition, once a year, you will need to:

- develop Annual Financial Statements (statement of income and expenditure, plus statement of financial position), including reports from all sub-committees (see [Section 11](#) for more)
- prepare records for and arrange an annual audit or financial review ([Section 11](#))
- present the audited/reviewed financials and auditor/reviewer's report at the association's Annual General Meeting (AGM) – this is a legislative requirement ([Section 12](#))
- ensure there is adequate insurance for all P&C activities and assets ([Section 13](#))
- ideally, prepare and present an annual budget ([Section 14](#))
- maintain the P&C association's assets register, if applicable ([Section 9](#))
- if employing staff, report PAYG summary to employees and ATO (if you have an exemption from Single Touch Payroll) (see [Section 18](#)).

Getting started

Handover

Start by getting a good handover from the previous treasurer – get them to show you their record keeping methods and filing system. Set aside some time so that you can ask questions and understand the P&C's current financial position. Council has [sample handover notes](#) to help, available in the P&C Resources section of our website

Constitution check

You should also quickly review your P&C's constitution for any requirements in regard to the finances and the treasurer's role. For example, how payments are to be authorised, how many signatories are required to operate the accounts.

Bank accounts

One of your first jobs will be to arrange for yourself and other committee members to have authority to use the P&C's bank account(s). See [Section 6 – Operating P&C bank accounts](#).

Training

Council provides free training for all P&C treasurers each year – check the [training page of our website](#) for dates. We highly recommend that all treasurers attend as we go through the common stumbling blocks and look in detail at insurance considerations (treasurers need to feel confident filling out the insurance paperwork in term 2).

Getting help

There are a number of resources available to assist treasurers.

- Resources on our website referred to in this guide (see P&C Resources at www.actparents.org.au)
- *Damn Good Advice for Treasurers* is specifically written for not-for-profits. It is free from 'Our Community' (go to www.ourcommunity.com.au and search for it by title).
- The Australian Charities and Not-for-Profit Commission's website (www.acnc.gov.au) includes information on good governance and financial management.
- *The Guide for Community Treasurers* designed by Westpac: www.westpac.com.au/docs/pdf/bb/guide_communitytreasurers.pdf
- For fetes and other big events, the Fundraising Directory (www.fundraisingdirectory.com.au). Have many templates to help keep finances organised as part of their "Fete in a Box".
- Specific queries about **insurance** can be directed to Council's insurance broker:
Civic Insurance Brokers
62626115, info@civicinsurance.com.au
- Council staff are happy to assist with queries. Contact our office on 6241 5759 or contact@actparents.org.au

If your P&C gets into financial difficulties, you should stop receiving money and contact Council immediately.

Getting more help!

Your P&C might consider hiring the services of a bookkeeper/accountant to assist the treasurer in either an on-going capacity or for one-off advice. A professional bookkeeper can greatly reduce the treasurer's workload and is particularly recommended for P&Cs running complex businesses (such as a canteen or after school care program). There are a number of such service providers in the ACT, contact the Council office for details.

Handing over to the next treasurer

Council has [sample handover notes and checklists](#) to make it easier for you to give the next treasurer a head start in their new role, available on the P&C Resources section of our website.



2. Keeping good records

The treasurer's main day-to-day job is to keep clear, well documented financial records on behalf of the P&C association. Here we outline the basic considerations for good record keeping.

Keep it simple!

Before setting up your records, develop a clear idea of the information you will need to get out of your records. Think about what information you will present in regular treasurer reports (see also [Section 10](#) of this handbook), what categories you need to report against, and what the auditor/reviewer will need to see at the end of the year (see [Section 11](#) or see last year's audited financial statements). Don't make your system any more complicated than it needs to be to satisfy these requirements.

What account-keeping system should be used?

As treasurer, it is up to you to decide how to keep track of and record the P&C's financial transactions. There are two major options:

- spreadsheets forming an electronic cashbook (Council has Excel spreadsheet templates to get you started – see the [Treasurer Resources](#) section of our website)
- accounting software (such as Xero, MYOB, QuickBooks or Admin Bandit).

Each method has its own pros and cons and what works best will depend on your circumstances. If your P&C has a simple financial situation, then a simple set of electronic spreadsheets will be most appropriate (double entry book-keeping or ledger not required). If, however, your P&C employs staff, is registered for the GST, or runs a canteen, after school care or other service, Council highly recommends using accounting software in order to keep a full ledger and meet statutory and taxation requirements.

If using accounting software, most offer reduced rates for non-profit organisations (or see www.connectingup.org for discounted software for not-for-profits). Most also offer free trials, so you can download the system and see how well it suits your needs. Council is happy to discuss options with P&Cs seeking to choose software which is suitable for their needs (just contact the office). In addition, it is worth considering the following.

- How has it been done in the past? Is this working? Is it easiest to use the system already in place?
- Do you have easy access to a computer to run an automated accounting package?
- If it is already automated, is there software you need to get? What is the cost?
- Do you have support to help learn the system? Can future treasurers easily use it?

Set up your chart of accounts

Once you've chosen your system, you'll need to set up your chart of accounts. This is simply the headings or categories under which you will record transactions. Think about your chart of accounts carefully so that there is an obvious place for all likely income and expenditure. The headings you use here will also be what appears on your financial statements and reports to the P&C, so check any requirements your committee might have for your reports.

Also make sure that headings are consistent from year to year so that comparisons are easier.

For example, your income categories might be named “Grants Received”, “Fundraising”, “Uniform shop” and “Interest received”. You might then divide “Fundraising” into several sub-categories, such as “Election Day BBQ”, “Entertainment Book Sales”, “Mother’s Day Stall” and so on. Our spreadsheet templates (see the [Treasurer Resources](#) section of our website) include sample headings.

Day to day entries

Every time there is a transaction of P&C finances, enter it into the correct category in your spreadsheet or accounting software, along with the date and any other details such as receipt number. Our spreadsheet templates (on the Treasurer Resources section of our website) include notes on how to use them.

It is a good idea to

- be methodical and accurate with your records – it will save lots of time trying to find errors later
- enter transactions regularly, don’t let them pile up (actual timing is dependent on the number of transactions handled but it is suggested that you record transactions weekly).

For more on documenting income see [Section 3](#) and for details on documenting expenses, see [Sections 4](#) and [5](#).

Organise your paperwork

Each transaction you record in your accounts needs some form of ‘proof’ that it was authorised and that it took place, such as a purchase invoice, receipt or bank deposit slip. This is referred to as a source document and should be stored carefully, using a system which is easy to follow (for example, by the auditor). These documents form a part of your internal controls (see [Section 8](#)).

You should store like-documents together and file them chronologically. For example, keep a folder with the following sections and file all incoming source documents after you have entered the transactions in your account-keeping system.

- bank statements and reconciliations (see [Section 7](#) for how to reconcile bank records)
- income / banking performed (receipts, bank deposit slips)
- expenditure (invoices, receipts and authorisations including meeting minutes)
- insurance / workers compensation
- treasurer’s reports (copy of your reports to each P&C meeting)
- Annual Return (AR) forms (for ACT Office of Regulatory Services) (see [Section 12](#)).

How long should records be kept?

The P&C’s financial records must be kept for a certain period of time before being destroyed:

- electronic accounts/cashbooks detailing income and expenditure and source documents - 7 years
- paperwork related to payroll (if you have employees) - 7 years.



3. Receiving income

For many P&Cs, the main source of income is fundraising, where a lot of funds are received as cash or cheques. From an accounting point of view, the ideal way to handle such income is to issue a receipt for each payment so that the amount received is documented. However, this is often not practicable. Below, we have provided information about issuing receipts, as well as alternatives. Moving to electronic payment systems can be convenient and reduce cash handling and documentation problems for associations.

Receiving cash and cheques

When you, as treasurer, receive cash and cheques, check the money immediately.

Issuing receipts

Where practical, moneys received should be receipted immediately. Receipts should be issued using a duplicate receipt book which the treasurer signs. In this way, both the treasurer and the payee retain a record of the transaction. The treasurer should be the only authorised person to sign official receipts on behalf of the association.

The benefits of issuing receipts include:

- some people want receipts for their records
- the auditor/reviewer can check the amount of income received is what was banked
- people may feel more assured that their money is banked appropriately
- a record is created to show that the treasurer is accountable for that money.

Alternatives

Where issuing individual receipts is not possible, some form of acknowledgement of money received should still be given. This could occur in several ways.

- Issue a receipt (from a duplicate receipt book) for the entire proceeds of a function (such as trivia night) or stall (at a fete) to the function or stall conveners at the time that the money is handed over. This gives you both a record of money handling.
- Ensure any cash received is counted by two P&C members and a cash counting form is completed and then signed by both at the time of counting. We have a form you can use on the [Treasurer Resources](#) section of our website.

Bank cash as soon as possible

Income received as cash or cheques should be banked as soon as possible in accordance with the requirements of your constitution.

Handling large amounts of cash

For security and to reduce the possibility of fraud and theft, P&Cs should seek to minimise their handling of cash, especially in large amounts. However, events such as fetes may generate large amounts of cash which must be safely deposited, or stored, after hours. Some banks have a 24-hour cash-drop facility or night safe. Sometimes this is only available at restricted branches – enquire with your bank before the event. Private companies offer cash collection services for a fee and can also count your takings.

Schools are unable to hold significant amounts of P&C cash in their safes.

Record all income

All money received – electronically or as cash or cheque – must be recorded as income in your accounting system or spreadsheet. Council’s Excel templates (available on the [Treasurer Resources](#) section of our website) include a sheet named ‘Cash book – receipts’ for all income records. Enter the amount, date and so on in the appropriate columns. Your income categories might be named “Fundraising” “Donations” and “Bank Interest”. You might then divide “Fundraising” into several sub-categories, such as “Election Day BBQ”, “Entertainment Book Sales”, “Mother’s Day Stall” and so on.

Each income item entered is supported by issued receipts or similar, a bank deposit slip and bank statements. File these documents carefully.

Income from Grants

Any grants your P&C wins will have specific record-keeping and financial requirements. See [Section 15](#) of this handbook for more.



4. Paying expenses

Expenses must be approved

It is the treasurer's job to pay all *authorised* bills and invoices from the association's funds. Each expense needs to be approved for payment in line with your association's constitution. This usually requires the committee's approval, at either a general meeting (in which case the approval is minuted) or via email. (For more on deciding what to fund, see general [P&C Information Sheet 15](#)). Your constitution may require a particular form of approval depending on the size of the expenditure. Proof of the approval (meeting minutes or emails) should be kept with your records for verification by the auditor.

Another form of approval involves an annual budget (see [Section 14](#) of this handbook) that is approved at a meeting at the beginning of year. If a budget has been passed, then the treasurer is approved to spend up to the budgeted amount on a particular category of expenses without additional approval.

Once an expense is approved it can be paid by cheque or electronically. All transactions need to be signed/authorised in accordance with the signatories held by the bank and as specified in the constitution. For example, most constitutions specify that two signatures are required on cheques or to operate the account, see [Section 6 – Operating P&C bank accounts](#).

Cross cheques

When using cheques, record adequate details on each cheque butt to enable you to enter the payment into your records and allow an auditor/reviewer to easily link the payment to the source document.

Ensure that cheques are 'crossed' to ensure maximum protection from the banking system. The wording that affords the greatest protection is 'Not negotiable - Account payee only'. Cheques crossed with two straight lines together with this wording must be banked into an account in the name of the person named on the cheque. Cheques drawn to obtain cash, for example to obtain change ('float') for functions, should not be crossed.

Cheques cancelled for any reason should be retained in the cheque book.

Reimbursing expenses

P&C volunteers often incur expenses which require reimbursement from P&C funds (such as purchases for fete stalls). The expense must be approved and a receipt must be provided to the treasurer as proof of the expenditure and for the records. It is best to reimburse volunteers via electronic funds transfer or cheque as these methods provide the clearest audit/review trail.

Record all expenditure

All expenses - paid electronically or as cash or cheque – must be recorded as an expense in your accounting system or spreadsheet. Council's Excel templates include a sheet named 'Cash book – payments' for all payment records (find the spreadsheets in the [Treasurer Resources](#) section of our website). Enter the amount, date and so on in the appropriate columns.

Your expense categories might be named "Affiliation fees", "Bank charge", "Fundraising", "Insurance" etc. As for income, you may separate fundraising expenses into different events held so that the expenses are recorded under similar categories to your income.

Each transaction entered must be supported by an invoice, bill or purchase receipt, electronic transfer receipt, and proof of approval. These source documents should be filed carefully. It is good practice to make a note on each invoice with the method and date of payment so that it is easy for the auditor/reviewer to follow.

If the expenditure is for the purchase of an *asset* with a value above the ATO threshold for simplified depreciation (\$20,000 in March 2019 for small businesses with annual turnover of less than \$2 million), it must be entered into your accounting software as capital expenditure, recorded on your quarterly BAS, and depreciation applied. However, in most cases P&Cs are best not to hold assets - please see our note on assets in [Section 9](#).



5. Petty cash

There are often small purchases which P&Cs need to make for which it is inconvenient to repeatedly write cheques or make electronic payments. To streamline such payments, a small amount of cash can be kept on hand, known as petty cash.

Your P&C committee needs to approve the use of a petty cash system. The maximum petty cash balance and maximum amount to be paid out of petty cash for any one transaction should be specified when the system is set up.

Setting up a petty cash system

To establish a petty cash system, draw a cheque for the approved float amount, for example, \$100. Enter that on your records as an asset (not as an expense, as it has not actually been spent yet) - it's a bit like having another bank account. Subsequent money used to 'top-up' the petty cash will be recorded as an expense in the usual way.

Administering a petty cash system

Keep a dedicated petty cash book - either a physical book (available at newsagents) kept with the funds, or a spreadsheet (see Council's template in the [Treasurer Resources](#) section of our website). For each petty cash purchase, a receipt must be provided and the details filled in the book. The following column headings in the book may be useful:

- receipt number (i.e. 1, 2, 3 etc which you write on the receipt so to easily match up the receipt with the book entry)
- transaction date
- place of purchase
- GST amount (if you are registered for GST)
- a number of columns identifying the nature of the expenditure (should be the same as your expense types in your accounts eg. "Purchases", "Postage" etc.)
- balance – a running balance of how much is left in petty cash (starts with \$100 and runs down).

When the balance of the petty cash is nearly depleted, draw a cheque to top-up the balance to the \$100 float amount. These cheques will be recorded against the relevant expense accounts. For example, if \$96.00 has been spent, there should be \$4.00 left in the 'tin' and \$96.00 worth of receipts. You then write a cheque for \$96.00 and enter the cheque on your accounting system against Purchases and/or Postage etc as per the receipts collected.



6. Operating P&C bank accounts

Authority to operate P&C accounts

One of your first jobs as a new treasurer will be to become an authorised user of the association's bank account(s). We recommend that three or four current committee members, including the treasurer, have authority to operate the accounts. There should be at least two authorising officers for all transactions. Select your signatories/authorising officers carefully – they need to be available for authorising electronic payments and signing cheques and be above reproach. Previous signatories are to be removed.

Changing authorised signatories

Each bank has a slightly different (though equally tedious!) method for verifying new account signatories. It is worth carefully checking the requirements each year for updating signatories at your branch, as they do change and each bank has a different process. The best person to speak to is the bank's business banking specialist as P&C accounts are different to personal bank accounts. The process usually involves a form for all new signatories (and sometimes previous ones) to fill in and sign. New signatories must present adequate identification in person at the bank (if they don't already bank there). You will also need the official minutes of the AGM (or other meeting) where the signatories were elected to their roles and approved to operate the bank accounts. These minutes should be signed by the meeting chair. Some banks will also require a copy of the P&C constitution. Others need previous signatories to go into the bank for the handover.

Authority to sign cheques

The requirement for the signing of cheques should be set out in the constitution of the association (usually two office-bearers) and should be strictly adhered to.

Electronic banking

Electronic banking must provide the same level of control over funds (two to authorise). Different banks have different mechanisms for two authorisations. Some require both people to be present at a computer together, others are more convenient.

Which bank?

Consider the bank account(s) that the P&C has. There are bank accounts available for non-profit organisations with no bank fees, and some accounts will be easier to use than others (eg see above), so it can be worth shopping around. You can also have an investment account or short-term term deposit to maximise the interest earned on any funds held, particularly when saving towards a large purchase for the school.

Multiple accounts

The association may find that it useful to have more than one bank account, for example, keeping a separate account for specific funds or operations such as canteens, uniform shop or fete. This can make it easier to keep independent records for those funds. The treasurer would then keep a separate set of spreadsheets for each operation/fund and reconcile them regularly with the corresponding bank account (see [Section 7 - Bank reconciliations](#)).



7. Bank reconciliations

It is **essential** that treasurers **regularly** check that their record of P&C funds agrees with the balance of the bank account and transactions listed on the bank statement. This process is referred to as bank reconciliation.

When to reconcile

The timing of bank reconciliations is whatever suits you (but must be regular), for example:

- the end of each calendar month
- at the arrival of each bank statement (except if you only receive quarterly bank statements – this will not be often enough)
- just before each P&C meeting.

You must also perform a bank reconciliation at 'Balance Date' – the end of your financial year (December 31 for most P&Cs). For P&Cs who have employees bank reconciliation must also be performed as at 30 June before you create the Payment Summaries (Group Certificates, see [Section 18](#)). For P&Cs registered for GST, bank reconciliations should also be performed before each quarterly BAS (see [Section 17](#)).

How to reconcile

The method of performing the bank reconciliation will depend on whether you use simple spreadsheets or accounting software.

Accounting software

After ensuring that you have entered all transactions to date, go to the bank reconciliation function of your software and follow the prompts.

Spreadsheets

The following steps can be followed to reconcile your Income and Expenses spreadsheets with your bank statements.

- Working from the bank statement, check that each deposit into and each payment out of the bank account are recorded on your spreadsheet(s). Tick each item on both the bank statement and the spreadsheet if it appears on both.
- Any items not ticked on the bank statement should be examined. These may be direct deposits or debits such as bank interest or fees or other payments made directly to your account. Add these transactions to your spreadsheet.
- Any items on the spreadsheet(s) not ticked on the bank statement are also investigated. These may be cheques you have written that have not yet been banked by the recipient – these are recorded as outstanding cheques.
- Fill in a bank reconciliation form (Council has a sample available on the [Treasurer Resources](#) section of our website). Include the opening and closing balances and any outstanding items, and show that the balances of your records and the bank statement agree.



8. Internal control

Internal controls are checks and mechanisms which help safeguard the P&C's assets, reduce the risk of errors or fraudulent activity and help make sure that funds are dealt with properly. A good system of internal controls need not be arduous, but aids in good governance and the smooth operation of the association. They also act as protection for the treasurer.

It is essential to have basic financial controls documented in the association's constitution or by-laws. Additional agreed practices should be understood by all and strictly adhered to.

Examples of appropriate internal controls include the following.

- Have two signatories or electronic authorisers for all transactions expending P&C monies, or as specified in the constitution (see also [Section 6](#) of this handbook).
- Ensure the bank statement is sighted along-side the financial reports at each P&C meeting and the report initialed by a committee member to verify that the two agree.
- Any cash received is receipted or counted by two P&C members who complete a cash counting form (see [Section 3](#)).
- The treasurer is to be responsible for petty cash. The maximum petty cash balance and maximum amount to be paid out of petty cash in any one transaction should be agreed and specified (see [Section 5](#)).
- Ensure there is an invoice/receipt for all expenses, including expenses incurred by conveners of fundraising activities/fete stalls (see [Section 4](#)).
- Internal controls for canteens (such as stocktakes, waste registers and cross-signed daily taking records) are essential, but beyond the scope of this handbook (see [Section 19](#) for more on canteens).



9. Assets

Anything which the P&C purchases of monetary value and which is owned by the organisation is regarded as an *asset*. Cash reserves are also considered assets.

Physical assets

Council recommends that P&Cs minimise the assets that they own in order to simplify their bookkeeping and reduce insurance premiums. Items purchased for the school – from readers and art supplies to playground equipment – are usually donated to the school by the P&C. They are therefore considered school assets and no longer P&C-owned.

Exceptions to this include P&C assets that are needed to run P&C operations, such as equipment for the canteen (eg fridges) or uniform shop (eg display racks). These items need to be included on an asset register and be accounted for and insured correctly.

Asset register

Ensure there is a list of P&C-owned assets (if any) for both insurance and accounting purposes. This is known as an asset register. Council has a template register (available in the [Treasurer Resources](#) section of our website) which you can use. This list should be kept up to date and proof of purchase (eg a copy of the receipt) for each item should be filed and stored with it.

Depreciation

Assets over a certain value need to be accounted for in a special way for taxation purposes. This involves depreciating the asset over several years – an accounting method which essentially spreads the expense of the item across several years. Most P&Cs will fall into the Australian Taxation Office's (ATO's) 'small business' category (those with an aggregated annual turnover of less than \$2 million). These associations can choose to use *simplified depreciation rules*, which among other concessions allow you to immediately write off assets that cost less than \$30,000 (correct as at February 2019, but do check with the [Australian Taxation Office](#)). Only items above this threshold need to be depreciated over several years.

P&Cs with significant assets should use account keeping software which can help you accurately account for depreciation.



10. Reporting

Treasurers are required to report regularly to the P&C – usually at each general meeting – on the association's financial position. In addition, at the end of your financial year, the Annual Financial Statements need to be prepared, audited or reviewed, presented at the AGM and reported to the Office of Regulatory Services or Australian Charity or Not-for-profit Commission (ACNC). This is a regulatory requirement for all incorporated associations.

Notes on creating regular treasurer's reports and Annual Financial Statements are provided below. See [Sections 11](#) and [12](#) for more on end of year financial tasks.

Regular reports at P&C meetings

What to report on

Check to see if your fellow P&C members require particular information or in a particular format. Consider the information and format that they have received in the past. The headings and categories you use in reports should, to make things easiest, correspond to the categories you use in your chart of accounts (see [Section 2](#)).

Your regular treasurer reports should include:

- a summary of all income received, and all expenses paid since the last report was given
- the balance of bank accounts at the beginning of the reporting period (closing balance of the last report) as well as the current (closing) balance
- a brief overview of the current financial position, highlighting any issues that need to be brought to the attention of the committee (a few sentences).

Council has created a template treasurer report which includes these details and a worked example, suitable for use by P&Cs with relatively simple financial situations (eg not running a canteen). This is available on the [Treasurer Resources](#) section of our website.

If it is not easily identified in your report, you may wish to provide a summary of fundraising events showing income, expenses and net result. This gives P&C members useful feedback on their activities so that they can see the cost-benefit of fundraising.

If your P&C runs operations such as a canteen or after school care your regular reports will be more complex. P&Cs in this situation should be using account keeping software which will generate, with just a few clicks, financial reports suitable for presenting at your P&C meeting. Be sure to select a type of report which will be readily understood by those at the meeting.

Many P&Cs divide their financial roles between several officers, for example having a canteen treasurer in addition to the general P&C treasurer. In this case, both may present their own regular report, or the treasurer may combine the accounts to present as one report.

Circulating your report

The report should be prepared ahead of the meeting. It may be circulated prior to the meeting (this can stream-line your meetings so that the report can be taken 'as read' and only discussed if there are concerns or questions) or simply handed out at the event. In either case, it is best for the treasurer, or their assistant (if applicable), to be present at the meeting to address any queries.

Answering questions

Your report should be easy to understand and written with non-experts in mind. There should, however, be space in the meeting for P&C members to ask any questions they may have about the report or the P&C's finances. In the interests of transparency, questions should be encouraged and answered as simply and honestly as possible. If a question arises which you cannot answer on the spot, the question can be taken on notice to be answered at the next meeting.

Checking of the report by the committee

At the meeting, another P&C office bearer should check that the bank funds recorded on the report are accurate compared to an actual bank statement brought to the meeting by the treasurer and then initial the report. This is an important internal control (see [Section 8](#) of this handbook).

The Annual Financial Statements

These reports provide your association – and the auditor/reviewer (see [Section 11](#)) – with a summary of the association's financial position and transactions for the year. After the audit/review, they are presented, for the information of members, at the AGM (see [Section 12](#)).

The Annual Financial Statements comprise:

- a statement of income and expenditure
- a statement of financial position.

These two statements are detailed below. Council has sample statements to show what is involved available on the [Treasurer Resources](#) section of our website.

Statement of income and expenditure

The statement of income and expenditure summarises all the income and expenditure over the financial year. It is also known as a Profit and Loss Statement.

Before preparing this statement, it is necessary to have entered all transactions for the year and brought them to a stage where you have summarised them, totalled all categories and ensured that they balance. Ensure you have completed a bank reconciliation as at the closing date.

Council has created a template which includes these details and a worked example, suitable for use by P&Cs with relatively simple financial situations. It is available on the [Treasurer Resources](#) section of our website.

If your P&C runs operations such as a canteen or after school care your statement of income and expenditure will be more complex. P&Cs in this situation should be using account

keeping software which will generate an income and expenditure report with just a few clicks.

Statement of financial position

This statement is a summary of all the assets and liabilities of the association at the close of the financial year. It is also known as the Balance Sheet.

Assets are all items owned by the P&C (see [Section 9](#)), plus the total of all cash and banked funds. Assets are divided into two categories. Current Assets are those that can be easily converted or realised at short notice. Fixed Assets are those which are of a more permanent nature and are not available for converting to liquid funds at short notice.

A *liability* is any debt that is owed by the Association, such as PAYG owing or superannuation payable.

The difference between assets and liabilities shows the net worth or value of the association's funds at any particular date. This is called equity or retained earnings and represents the total of the annual surpluses or deficits over the history of the association.

Council has created a template which includes these details and a worked example, suitable for use by P&Cs with relatively simple financial situations (eg not running a canteen). It is available on the [Treasurer Resources](#) section of our website.



11. The annual audit or review

The association's financial records must be audited or reviewed annually to ensure accountability and to see that proper procedures have been followed. The audited/reviewed accounts are then presented at the association's Annual General Meeting (AGM, see [Section 12](#)).

The audit/review should be carried out promptly after the close of your financial year (December 31 for most P&Cs). It needs to be completed and signed off by the auditor/reviewer at least two weeks prior to the date of your AGM.

Finding an auditor/reviewer

Depending on the size of your P&C, you may not be required to employ a qualified auditor, which can save your association expensive auditor fees. The accounts may be reviewed by any adult who is not a member of the association (parent of the school) and has not prepared or assisted with the preparation of those accounts. However, if the P&C has total revenue of \$400,000 per annum or more a qualified auditor must be appointed. We have a [list of qualified auditors](#) on our website willing to audit or review P&C books.

The auditor is usually appointed at beginning of the year at the AGM of the association.

Book swap – doing a financial review for another P&C

For P&Cs who do not need a qualified auditor (total revenue less than \$400,000 pa). Council is facilitating a 'book swap' scheme whereby two treasurers review each other's books to avoid paying for expensive auditors. We provide [training](#) (see the training section of our website) on how to do a financial review of the P&C's accounts with whom they have 'swapped' books, and resources to help (see the [Treasurer Resources](#) section of our website). If you'd like to be involved and be put in contact with treasurers to swap with, simply contact us.

Preparing for the audit/review

The auditor/reviewer will need access to your files and paperwork. You will also need to prepare the Annual Financial Statements which provide for the auditor/reviewer a summary of the association's financial transactions for the year. See [Section 10](#) for how to prepare these.

If your P&C runs operations such as a canteen or after school care program, the accounts and paperwork for all areas of operation must be included in the P&C audit.

What the auditor/reviewer will need

You need to provide your auditor/reviewer with a comprehensive set of paperwork related to the activities of the association. We have compiled a checklist for treasurers (over) to print and work through in compiling the paperwork. Not all items will be relevant to all P&Cs.

Checklist of items for auditor or reviewer

| Provided | N/A | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Name and contact number of current treasurer/s |
| <input type="checkbox"/> | <input type="checkbox"/> | Copy of constitution |
| <input type="checkbox"/> | <input type="checkbox"/> | Prepared Annual Financial Statements (see Section 10) for the current financial year which includes: <ul style="list-style-type: none"> - Statement of Income and Expenditure (Profit and Loss) - Statement of Financial Position (Balance Sheet) |
| <input type="checkbox"/> | <input type="checkbox"/> | Yearly summary of cash receipts and payments, dissected into income and expenses categories. If using accounting software, provide a copy of the data on USB |
| <input type="checkbox"/> | <input type="checkbox"/> | All receipts books used during the year of audit/review |
| <input type="checkbox"/> | <input type="checkbox"/> | External evidence for payments made: payment invoices, supplier's statements, etc. |
| <input type="checkbox"/> | <input type="checkbox"/> | Copy of minutes for the year and any emails approving expenditure (see Section 4) |
| <input type="checkbox"/> | <input type="checkbox"/> | Details of cheque signatories (authorised officers on bank accounts) |
| <input type="checkbox"/> | <input type="checkbox"/> | Bank statements for all accounts for the year |
| <input type="checkbox"/> | <input type="checkbox"/> | Copy of the bank reconciliation as at balance date (31 December) including a list of outstanding cheques and deposits |
| <input type="checkbox"/> | <input type="checkbox"/> | Details of insurance policies and cover details (including Workers Compensation) |
| <input type="checkbox"/> | <input type="checkbox"/> | If you have employees: <ul style="list-style-type: none"> - Details of all payroll transactions - Copy of all individual PAYG payment summaries (see Section 18) - Details of pay rates and employment history for each employee/staff |
| <input type="checkbox"/> | <input type="checkbox"/> | Copy of monthly/quarterly GST BAS (if registered for GST – see Section 17) |
| <input type="checkbox"/> | <input type="checkbox"/> | Summary of any loan or leases, including balance outstanding at balance date |
| <input type="checkbox"/> | <input type="checkbox"/> | Summary of debtor (accounts receivable) and creditors (accounts payable) at balance date (only applicable if using accrual accounting method). |
| <input type="checkbox"/> | <input type="checkbox"/> | Details of any legal costs (if applicable) |
| <input type="checkbox"/> | <input type="checkbox"/> | Asset register if applicable (see Section 9) |
| <input type="checkbox"/> | <input type="checkbox"/> | Last year's audited/reviewed financial statements |

The auditor/reviewer's report

Once the auditor/reviewer is satisfied with the accounts, they will write and sign an auditor's/reviewer's report. It is essential that this is signed at least two weeks prior to the AGM.

The auditor's/reviewer's report is presented at the AGM along with the Annual Financial Statement (see also [Section 12](#) of this handbook and General [P&C Information Sheet 23](#)) and submitted along with other paper work to the government to fulfil the association's annual reporting obligations.



12. Presenting the financials at the AGM

The following documents must be presented (usually by the treasurer) at the association's Annual General Meeting (AGM):

- the Annual Financial Statements for the past financial year (as presented to the auditor, see [Section 10](#) of this handbook)
- the auditor's or reviewer's report on the financial accounts (this must be dated at least 2 weeks prior to the AGM)
- a committee report naming the committee members for the past year; noting principal activities of the association and any significant changes to activities; and the net profit or loss for the year. Council has a template committee report available on our website under '[Running good meetings](#)'. The committee report is **not** required if your P&C is a registered charity reporting to the ACNC (see [Section 16](#)).

Accepting the audited/reviewed accounts at the AGM

As treasurer, you should be present at the AGM to answer any questions directly relating to the past year's finances. It is a good idea to speak about the year's highlights for the information of those present at the meeting, such as major sources of income, results of fundraising and major purchases made for the school. If there are any anomalies or items that need explanation, you may wish to point these out also. It is also useful to make meaningful comparisons to the previous year's figures.

Once those at the meeting are satisfied, the meeting needs to accept the Annual Financial Statements by carrying a motion. The motion can be proposed by the treasurer, and seconded by someone else at the meeting. For example:

MOTION: That the Annual Financial Statements and auditor's/reviewer's report be approved.

Appointing an auditor/reviewer

An auditor/reviewer with appropriate qualifications for the size of your association (see [Section 11](#)) should be appointed for the coming year at the AGM. See also our general P&C information sheet on the [Annual General Meeting](#).

Reporting after the AGM

After the meeting, a record of the association's financial situation and audit or review (along with new committee details) needs to be submitted to Government. The secretary usually does this with the assistance of the treasurer. If your P&C is a registered charity (see [Section 16](#)), report [online](#) to the ACNC by completing the Annual Information Statement. If your P&C is not a registered charity, report to Access Canberra, using the Annual Return (AR) form, with your Annual Financial Statements and the reviewer's or auditor's report attached. Links to this form can be found on the '[Essential Forms](#)' listing on our website.

All the information you need on your [reporting obligations](#) are on our website.



13. Completing insurance paperwork

Treasurers are responsible for arranging and paying for insurance that meets the needs of the association. See General [P&C Information Sheet 28](#) for an outline of insurance considerations and information about the insurance package offered to P&Cs through Council's group scheme.

Below, we describe how to complete the necessary paperwork.

General insurance

Council's group insurance scheme is suitable for most P&C circumstances and can cover the events and items for which the P&C must be insured. Refer to Information Sheet 28 for the types of coverage.

In May each year, declaration forms are issued to P&C associations directly from the broker (Civic Insurance). When you receive these you should review your current insurance needs, depending on your assets (see [Section 9](#) of this handbook) planned activities, and any operations run by the P&C. Ensure that the cover offered suits your needs and fill in the form accordingly.

All P&Cs have a responsibility to declare their activities, particularly if those activities are of higher risk (canoeing, camping and physical courses and activities such as dance classes, yoga, pilates and martial arts) than activities carried out the previous year. Failure to make such disclosures could render the P&C uninsured in the event of a claim.

Workers compensation insurance cover

If your P&C employs staff it is mandatory to have workers compensation insurance. The wages declaration form will be issued in May and must be filled in and returned to the insurance broker (the form must be signed by an auditor or an accountant). The declaration form enables the insurance broker to work out how much your workers compensation premiums will be for the new financial year.

Understanding your insurance

In term 1 of each year, Council runs a Treasurer and Insurance Workshop. We highly recommend that you attend this for a better understanding of insurance and implications. Find out more on the [Training](#) section of our website.

Specific queries about insurance can be directed to Council's insurance broker:

Civic Insurance Brokers
Contact person: David McAlary
Telephone: 62626115
Email: info@civicinsurance.com.au



14. Budgeting

A budget is a plan for the future. It tells you where you are going and how you are going to get there. While not absolutely essential, P&Cs will find preparing an annual budget to be useful for the following reasons.

- A budget includes setting goals for the year which gives the P&C an agreed direction. For example, a particular fundraising target might be set in order to purchase a specific item for the school. Agreed goals give the P&C a valuable cohesion and can motivate volunteers.
- The need for individual approvals for regular expenses is removed because these expenses can be specified in the budget which is then approved as a whole (see [Section 4](#) for more on approval of expenses). For example, weekly purchases for breakfast club can be specified in the budget up to a certain value, or purchase of stock for a uniform shop can be approved up to a per-term limit without the need for individual approval of each purchase.
- Volunteers know what is expected and what they can spend.
- The committee can operate with confidence, without the threat that an unexpected bill will appear without having sufficient funds to pay.

An annual budget should be prepared at the start of the year. It should be a comprehensive plan integrating all the activities, all the expenses and likely income, and summarising the target profit for the year ahead. It may be based on a series of mini budgets, one for each different activity of the P&C, such as canteen, fete and so on.

Budgeting may seem difficult and pointless at first, because you have to make many assumptions when it is 'too early to tell'. But the budget will give the P&C direction, save you time and work, and ensure that each year is as fruitful as possible.

Constructing a budget

Begin by considering

- the P&C's financial position – now and in the past (previous years' financial statements will help here)
- performance – now, the past and estimates for the future
- your resources - people, facilities
- the market place - the community, the school, competitors.

Setting goals

The actual goals to be set are very different for each P&C, but the basic question is "What do we want to achieve for the school this year?" Answering this involves consultation and decision making between the principal, board, P&C members and even students. Involvement of all parties is essential as this ensures that goals are agreed on by all people and will not be rejected at a later stage through lack of consultation. See also general [P&C Information Sheet 15 – Spending P&C funds](#).

Understanding expenses

It is important to list all known expenses for the association for the year. This includes any fixed costs (eg insurance, affiliation and other fees) plus any expenses associated with achieving your goals. Fixed costs can usually be estimated accurately from previous year's expenses. Other expenses will depend on your goals, but may require some research or quotes in order to estimate.

Planning to reach goals

Once you understand the expenses involved, you can begin to plan activities and operations which will allow you to meet them. In other words, "How are we going to achieve our goals?" This is the most difficult question to answer in the budgeting process.

Any planned fundraising activities should align with your overall P&C goals and should be planned throughout the year to fit well with the school calendar and broader considerations. These are discussed in general [P&C Information Sheet 26](#) on fundraising.

Information on the past performance of the activities of your P&C – such as fetes, raffles, canteen etc – will allow the P&C to analyse each activity to determine its success or otherwise. This information should be provided by you as treasurer. For each activity, costs and income can be estimated realistically. There will be assumptions and guesswork involved, but every effort should be made to ensure that figures are as accurate as possible.

Once you have a good idea of your expenses and estimated income, you are at the stage where the budget should reveal whether the association will have the funds necessary to meet commitments and the goals set.

Using your budget

This is the "How are we doing?" step of the cycle. All the work of preparing the budget will go to waste if it is not used and updated regularly. This involves checking the difference between budgeted and actual results during the year and asking the following questions:

- are the results positive or negative?
- what has caused the variance?
- what will be the overall effect on the budget?
- have circumstances changed since the budget was prepared?

These questions, and others, should lead to a course of action to alleviate any financial problems which are occurring. Take action as appropriate to get the budget back onto its original course, or revise the original budget commitments to take account of new facts.

A budget is a working document which must be used to be effective. Any budget is only as good as the work that the P&C puts in to create it in the first place, and then what the association does to monitor and control it.



15. Grants

Many organisations and government departments offer grants for community organisations such as P&Cs. These can be a wonderful source of additional income if P&Cs have the time and expertise to apply. While it is not usually the treasurer's job to apply for grants, the paperwork associated with them and accounting for their expenditure does fall to the treasurer.

General tips on applying for grants and a list of available grant opportunities can be found on our [website](#).

Grant budgets

Grant applications usually require a careful budget to be prepared and treasurers often assist with this.

Before starting, make sure that the project's goals align with the grant's strategic intent or funding guidelines, as this is how applications will be assessed to determine which projects will be funded. Then consider what the project will cost and include enough details to make the granting body feel confident that they understand how the money will be spent. The budget must match goals of the project – there must be a clear connection between what is proposed and how the money will be spent.

Make sure to check any exclusions in the grant's funding criteria (for example, many grants will not fund salaries).

Record keeping

If you do win a grant, make sure you comply with the record-keeping and financial requirements. Government grants are subject to random audits even several years after they are completed, so keep your records safe.

It is often best to keep a separate spreadsheet for the grant so that you can clearly account for all grant money received and how it was spent. All invoices and other source documents must also be kept, as for your other P&C records. You may want to keep these in a separate section of your files.



16. Charity status and deductible gifts

Registered charities

Australian Charities and Not-for-profit Commission (ACNC)

The ACNC is the national regulator of charities. A P&C can be considered a charity because it is not for profit and has the charitable purpose of advancing education. Many P&Cs are already registered as charities with the ACNC because when the ACNC was established (2012), any organisation with charitable tax concessions from the Australian Taxation Office automatically became registered with the ACNC. This included many P&Cs. If you are unsure if your P&C is registered, you can find out on the ABN Lookup – www.abr.business.gov.au. Simply enter your ABN or association name and click through to your Association's details.

P&Cs are not required to be registered. Registration is voluntary. To register, your P&C needs to have an ABN (Australian Business Number).

There are some tax advantages (known as charity tax concessions) if you are registered, but they do not apply to most P&Cs:

- GST concessions for those who are GST registered (see [Section 17](#))
- avoid paying Fringe Benefits Tax (FBT) on an employees' employment package that might normally attract FBT.

In addition, some grants are only open to charities registered with ACNC.

Most P&Cs would therefore not benefit from ACNC registration. But each P&C should consider their own circumstances. See also the [FAQ for P&Cs from the ACNC](#) on our website.

Reporting obligations

P&Cs which are registered are required to submit an Annual Information Statement (AIS) to the ACNC within six months of the end of the year. This is usually done by the secretary, via the ACNC website (www.acnc.gov.au), but treasurers should assist as some financial information is included. A charity's AIS **replaces** the need to report financial information to Access Canberra via the AR form. The AIS includes financial information and the names of people elected as office bearers (ACNC call them 'Responsible Persons' and these must match the office bearer positions named in your constitution. If they don't you can change the position titles in the Manage People section of the portal. Include the Public Officer).

The ACNC assumes that all charities have a reporting period of 1 July to 30 June (financial year) and so expects the annual statement to be completed by January. However, most P&Cs report on a calendar year. If this is the case for your P&C, you will first have to complete the *ACNC form 4A: request a substituted accounting period*. P&Cs who have not submitted this form may be contacted by ACNC as it will appear that their Annual Information Statement is overdue. For further information or to download the form, go to www.acnc.gov.au and chose 'Manage my charity' in the 'For Charities' tab.

Governance standards

Charities must also comply with ACNC's governance standards, which outline good practice in running the P&C and its finances. P&Cs following the advice and procedures outlined in this Treasurer Handbook and our [P&C Information Sheets](#) should meet these standards.

Tax-deductible status

Certain organisations can become Deductible Gift Recipients (DGRs) so that donations made to them are tax-deductible for the donor. This can be an incentive to donors as they can claim a deduction on their income tax return.

P&Cs do not automatically qualify as DGRs. If your P&C wishes to become a DGR you must apply to the Australian Tax Office (ATO) for DGR endorsement. P&Cs can only apply if they maintain an eligible gift fund. Eligible funds include school building funds and library funds for public libraries (which would generally include a school library). In addition, these funds must be administered by a charity, that is, your P&C must be registered with the ACNC (see above).

Note that only gifts to the gift fund are tax deductible. Gift funds must only be used for the purpose for which the fund is established.

If your P&C is considering seeking DRG endorsement, you should look at the [Non-Profit section of the ATO website](#) (www.ato.gov.au/non-profit).

If you are unsure whether your P&C already has DGR endorsement, you can check on the Australian Business Website (www.abn.business.gov.au) or with the ATO by telephoning the non-profit information line on 1300 130 248.

You must notify the ATO if you stop being entitled to DGR endorsement (for example, if you stop maintaining a gift fund).

DGR endorsement is separate from endorsement for income tax exemption - see [Section 17](#).



17. Taxation issues for P&Cs

A number of criteria affect the taxation issues relevant to your P&C, including whether your P&C has an Australian Business Number (ABN), is a registered charity (see [Section 16](#) of this handbook), is registered for GST, or is an employer.

The best advice on all taxation issues is provided by the Australian Taxation Office (ATO). They have an excellent 'non-profit' section on their website (www.ato.gov.au) and operate a non-profit information line - call 1300 130 248.

Income tax exemption

Certain types of non-profit organisations are exemption from paying income tax on any profit they raise. P&Cs set up in the usual way are exempt and should not be paying income tax.

If your P&C is a charity, registered with the Australian Charities and Not-for-profit Commission (ACNC, see [Section 16](#)), you must be endorsed by the ATO to be income tax exempt. P&Cs which are registered charities should apply to the ATO for endorsement as a Tax Concession Charity (TCC) if they have not already done so. The process and application form can be found on the [ATO website](#).

If your P&C is not a charity registered with the ACNC, it can 'self-assess' to see if you are exempt from income tax. This simply means checking your organisation against criteria on the [ATO website](#). The ATO have a worksheet to help you work through this process which you should keep as a record of your self-assessment. It is Council's understanding that P&Cs fulfil the criteria and can therefore self-assess as income tax exempt.

PAYG for employees

P&Cs with **employees** have a number of additional tax responsibilities. For example, they must deal with tax file number declarations, withhold tax (PAYG), report to the ATO on certain matters, and provide payment summaries to employees. See [Section 18 – If you have employees](#).

Avoiding GST on P&C donations to schools

A gift made to a non-profit organisation (in this case, the school) is not subject to GST. The value of a gift is also excluded when calculating the non-profit organisation's GST turnover.

This means that if your P&C makes a donation – or gift – to the school, it is GST free. However, to qualify as a 'gift', it must be free and "untied". That is, the gift should not be recorded as being for a particular purpose or purchase. If the purpose or goods/services are specified, then the school can no longer classify it as a gift and so the amount will need to be included in the school's GST turnover.

However, your P&C might believe that the school has a *moral* obligation to use the gift for a specific purpose, as discussed with the P&C. For the purposes of minutes, such a transaction might be recorded like this:

MOVED Cruickshank/Bootles that the P&C donates \$10,000 to the school.

This doesn't specify the use, but it makes a link for an auditor to trace back to the P&C's payment to the school.

The GST

Should you register?

The threshold for registering for GST for non-profit organisations is an annual turnover of \$150,000 or more. If your P&C's annual turnover is less than this amount then you do *not* need to register for GST. Associations may, however, *choose* to register, even if their annual turnover is lower. Each P&C will need to decide whether or not they should register for the GST by weighing up the costs and benefits.

Special rules can apply to canteens, where these are run by the P&C and sell food only. In this case the income of the canteen can be excluded from the limit for GST registration.

If you are registered

Business Activity Statement (BAS)

If you are registered for the GST, your P&C will need to lodge a BAS on a monthly or quarterly basis (together with payment of any GST amounts). The relevant form will be sent out by the ATO or you can use their online the business portal. As well as reporting GST details, P&Cs with employees will need to report details of their PAYG (pay as you go) withholding amounts on the BAS forms (see [Section 18 – If you have employees](#)).

GST and canteens

If your P&C is registered for the GST, special rules can apply if you run a canteen. P&Cs can choose to treat all sales of food through the canteen as input taxed. This means that GST is not charged on sales and GST credits are not claimed for purchases. Treating all sales of food as input taxed makes managing GST easier. Without this concession, some sales of food would be GST-free and others taxable. For example, the sale of fresh fruit is GST-free and the sale of a meat pie is taxable. Search for '[school tuck shops](#)' on the ATO website.

GST and charity status

If your P&C is a registered charity with the ACNC (see [Section 18](#)), several GST charity concessions apply. See the [ATO website](#) for details.



18. If you have employees

When P&Cs employ staff, it is a major undertaking. Below, we have only provided information on the *financial* obligations and processes relevant to P&Cs employing staff. For a broader discussion of employer obligations, please see Council's general [P&C Information Sheet 29 – P&C as an employer](#).

Treasurers responsible for paying and making provision for staff should be using accounting software to make it easier to comply with the following obligations.

Payroll

The award

It is a legal requirement that employees be paid at least the rate specified by the relevant *modern award*. Each employee should have a staff contract, signed by the P&C and staff member (see [P&C Information Sheet 29 – P&C as an employer](#)) which specifies the rate of pay, which may be more than the award rate. It is a good idea to have a copy of this contract in the treasurer's files as a record of the agreed rate of pay.

New awards for school services employees such as canteen staff were introduced in 2010. The FairWork Ombudsman provides details of employee entitlements and the current award terms (see www.fairwork.gov.au). Their [Pay Calculator](#) allows you to work out pay rates for your employees. The relevant modern award for canteen employees is the *Fast Food Industry Award 2010*. A manager will usually be paid at level 3.

If you have questions about pay rates, awards, allowances and so on, contact the FairWork Helpline – see www.fairworkhelp.com.au or call 1300 721 390.

Pay rises

The rate of pay specified by an award often increases each year, with changes coming into effect on July 1. It is easy to miss these increments and end up paying employees at below the award rate (which is on offence). Check awards mid-year and make sure appropriate increments are built into your staff contract. If you discover that you have underpaid an employee, they are owed back-pay. The FairWork Ombudsman's Pay Calculator (see above) displays pay rates at past dates which can help you calculate back pay. Call Council's office if you need assistance.

Pay slips and paperwork

Once you have ensured that your employees are being paid the correct rate, fortnightly wage payments can be made electronically. For each pay, you must provide each employee with a pay slip. Account-keeping software will automatically generate these.

You must keep adequate records for each and every pay-run including timesheet and pay slips.

Paying and reporting obligations have changed with the introduction of Single Touch Payroll in 2019. We are in the process of updating these pages and apologise. Please contact the office if you have questions.

Superannuation

Almost all employees are entitled to superannuation payments, made by their employer. There is an exception for employees earning below a certain threshold. The threshold amount changes, so you should check on the [Australian Taxation Office \(ATO\) website](#) (in March 2017, employees earning less than \$450 per month are not entitled to superannuation).

The level of superannuation contributions is calculated as a percentage of each employee's gross ordinary time earnings and paid into a fund agreed to by the employee. The minimum rate (called the 'super guarantee') is currently 9.5% and should be paid quarterly (every three months). The ATO has the details (www.ato.gov.au/Non-profit and choose '[Obligations to workers](#)') and a Superannuation Guarantee Contribution Calculator to help you determine how much you need to pay.

When a new employee is hired, provide them with a '[superannuation standard choice form](#)', (available by searching the ATO website). This form provides all the information you need to set up the superannuation payments through SuperStream (see www.ato.gov.au/Super/SuperStream/Employers/). SuperStream is the way businesses must now pay employee superannuation contributions to super funds. Money and data are sent electronically to the fund and the ATO at the same time using this system.

Super must be paid and reported to employees quarterly, as follows:

| Quarter | Period | Payment due date |
|---------|-------------------------|------------------|
| 1 | 1 July – 30 September | 28 October |
| 2 | 1 October – 31 December | 28 January |
| 3 | 1 January – 31 March | 28 April |
| 4 | 1 April – 30 June | 28 July |

Long service Leave

Employees, including casual and part-time (but not contractors), are also entitled to long service leave after sufficient years of service. Anyone employed continuously for seven years is entitled to 6.0667 weeks paid leave. For each subsequent year of continuous service, the employee accrues a further 1/5 of a month of long service leave. Payment for long service leave is at the rate of the employee's usual pay. You can [find out more](#) by searching for 'long service leave' on the Access Canberra website (www.accesscanberra.act.gov.au).

To make sure that funds are available for this when it is needed, money should be set aside. An accrual rate of 0.02 hours wages for every hour worked is a good guide. Long service leave entitlements are a liability of the P&C and should be included in the statement of financial position (see [Section 9](#) of this handbook).

PAYG – Withholding tax

All P&Cs with employees must withhold tax from wages on behalf of the ATO. You must be registered for PAYG (pay as you go) withholding. You must then withhold amounts from wages, and pay the withheld amounts to the ATO while reporting on amounts withheld

Reporting takes the form of either an Installment Activity Statement (IAS) for P&Cs who are *not* registered for the GST, or a Business Activity Statement (BAS) for GST-registered P&Cs. There is excellent information at www.ato.gov.au/Business/PAYG-withholding.

Each employee should fill out a *Tax file number declaration*, which the P&C must complete (payer section) and send to the ATO (within 14 days). The declaration provides information that allows you to work out the amount to withhold from wages. There is also a calculator to determine how much tax to withhold on the '[Non-profit](#)' section of the ATO website.

The IAS or BAS is usually completed, and withheld PAYG amounts paid to the ATO, quarterly as follows:

| Quarter | Period | Payment due date |
|---------|-------------------------|------------------|
| 1 | 1 July – 30 September | 28 October |
| 2 | 1 October – 31 December | 28 February |
| 3 | 1 January – 31 March | 28 April |
| 4 | 1 April – 30 June | 28 July |

The IAS and BAS can be completed as paper forms, sent to you by the ATO, or you can use their online business portal. Methods of paying the withheld amounts are specified on the forms or in the portal.

At the end of the financial year (June 30), you are also required to complete an individual PAYG payment summary form for the past 12 months for each staff member. This is a triplicate form and one copy must be provided to the employee as their Payment Summary (Group Certificate). This needs to be completed promptly so that your employees can complete their own tax return and is usually required by July 14. You must also provide the ATO with a completed Annual PAYG Summary Statement which includes information about all your employees, along with the ATO copy of each employee's individual payment summary. The ATO deadline for this is usually August 14. Both forms can be requested from the ATO.

Workers Compensation Insurance

It is a legal requirement that all employers must hold a current workers' compensation policy for all paid employees. See [Section 13](#) for details.



19. Business activities (eg canteens)

Some P&Cs run operations – such as canteen or after-school care – which are essentially small businesses. As such, they can be major undertakings, with their own obligations, regulations and processes. Any P&C running such an operation needs to be using accounting-keeping software and will usually require a treasurer (or canteen/after-school treasurer) with some accounting experience. Alternatively, P&Cs can employ a bookkeeper or contract out their account keeping. Contact our office for service providers if you are having trouble finding a solution for your needs.

Canteens

For more on canteens, please see general [P&C Information Sheet 30](#). A new and comprehensive guide to running school canteens in the ACT is currently being prepared by ACT Health in conjunction with stakeholders. It includes information on regulations and best practice as well as a suite of templates for running the business well including budgeting, setting prices, accounting, daily takings, depreciation and other essential records and logs. It should be available in 2019.

After-school care programs

For more information on P&C involvement in outside school-hours care programs, please see general [P&C Information Sheet 31](#).

Tutor programs

For more information for P&Cs running tutor program, such as private music lesson at school, please see [Information Sheet 32](#).



20. Useful dates for treasurers

| Month | Due date and action required |
|--------------|---|
| January | <input type="checkbox"/> Complete financials and arrange audit/review (Section 11) <input type="checkbox"/> Complete financials on Annual Return form (Section 12) |
| May | <input type="checkbox"/> Insurance declaration forms and invoices sent to treasurers <input type="checkbox"/> Affiliation invoices sent to treasurers |
| June | <input type="checkbox"/> Pay insurance fees |
| July | <input type="checkbox"/> Pay affiliation fees to council |

NOTE: additional actions required for P&Cs who employ staff or are GST registered.



Notes:



ACT Council of
Parents & Citizens
Associations

The parent voice on public education