

P&C Accounting Manual

Version 4.1

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Parents and Citizens' Associations

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.

This site provides information and support to help state school P&Cs to meet their financial responsibilities. It sets out legislative requirements and departmental policies and procedures with which P&Cs must comply, such as:

Queensland Legislation	Notes
Education (General Provisions) Act 2006	P&C Associations are governed and established under this Act Chapter 7, part 7 of the Act includes provisions for the: <ul style="list-style-type: none"> • formation of an Association • membership, election of officers and removal of members and officers • objectives, functions, powers and liability • dissolution of an Association • financial provisions of an Association Chapter 7, part 7, section 133, of the Act defines a P&C Association as a statutory body
Education (General Provisions) Regulation 2017	Refer to Part 6 of this regulation
Financial Accountability Act 2009	This Act states that the accountable officer of the Department must implement a system of controls Policies and procedures form part of that system and their application is mandatory
Financial Accountability Regulation 2009	Provides the legislative basis for the financial administration and audit of public finances for State departments and statutory bodies in Queensland.
Financial and Performance Management Standard 2009	Provide a framework for the Accountable Officer to develop and implement systems, practices and controls for the efficient, effective and economic financial performance management
Statutory Bodies Financial Arrangements Act 1982	The P&C Association is a statutory body as defined under this Act Part 2B of the Act sets out the way in which an Association's powers are affected
Statutory Bodies Financial Arrangements Regulation 2007	Governs the financial arrangements of a P&C Association
Collections Act 1966	Part 3, section 13A, Governs fundraising, and accounting for fundraising, for a P&C Association
Collections Regulation 2008	Refer to Part 2 for charities registration
Charitable and Non-Profit Gaming Act 1999	Part 2, division, 2 section 10, defines a P&C Association A P&C can conduct certain gaming activities, such as bingo, under this Act
Charitable and Non-Profit Gaming Regulation 1999	Outlines the requirements for certain gaming activities, such as bingo

Resources and tools to support the operational and day-to-day functions of a P&C are also available on the [P&Cs Qld](#) website.

Financial controls: Protecting against fraud and errors

As for any organisation, P&C Associations must manage the risk of theft, fraud, misappropriation and mismanagement of funds by establishing appropriate financial procedures and controls, such as:

- Separation of responsibilities so that no one person can complete a task which could result in fraud or error (e.g. cheques are signed by two signatories).
- Oversight and review to identify errors in financial processes (e.g. financial statements are prepared by the Treasurer and reviewed and endorsed by the Committee).
- Processes to ensure high risk activities are properly authorised (e.g. the Principal's written authorisation is required before a P&C Association can enter into a contract or written agreement).
- Information sharing processes to keep P&C Association members informed of changes to relevant Departmental policies and procedures.
- Procedures to help regularly review and monitor the P&C Association's performance (e.g. financial records and reports are tabled and reviewed at each meeting).
- Assurance that information about the P&C Association's financial operations is appropriate, reasonable, and consistently prepared (e.g. financial statements and financial reports are reviewed and endorsed by the committee).
- Process for raising risks and issues that might influence members' ability to act objectively or to act in the best interests of the P&C Association (e.g. unfair recruitment of family members or friends applying for the role of paid tuckshop convenor).
- Reporting mechanisms for unethical behaviour (e.g. inappropriate acceptance of gifts or benefits).
- Maintenance of records to ensure changes in executive/membership is seamless and new members understand past decisions.
- Refer to the P&C Treasurer checklists for financial controls compliance:
 - P&C Treasurer Reports
 - P&C Treasurer Key Tasks

Detecting fraud and misappropriation

The following may be indicators of fraud, and must be investigated:

- Financial reports not being consistently presented at P&C Association meetings
- Commercial activities, such as tuckshops, uniform shops or Outside School Hours Care operating at a loss, or decreasing profits
- Late payment of accounts to suppliers
- Money not being banked or delays in banking
- Lack of segregation of duties (i.e. only one signature on cash receipts and bank deposits)

- Forged signatures
- Unauthorised EFT transfers to personal accounts
- Cheque signatory drawing a cheque to him/herself
- False invoices or other financial records, and/or
- Inadequate or infrequent reconciliation of bank accounts.

Reporting suspected fraud or misappropriation

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

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

If suspicions are reported to the Principal, or the Principal otherwise suspect's fraud or misappropriation of P&C funds, they must immediately report it to their supervisor, who will ask the Director of Internal Audit to investigate. Internal Audit will determine whether or not to refer the matter to the Queensland Police Service.

Establishing a P&C Association – financial arrangements

Australian business number (ABN)

Your P&C Association will need to [apply for an ABN](#). The P&C Association must first [register](#) the name of the Association as a business name with the Australian Securities & Investment Commission. Once registered, the P&C Association will be listed as a business name on the ABN. Registering your name prevents that name from being used by another organisation.

A P&C Association may wish to register any subcommittees running commercial operations (such as [Outside School Hours Care](#))

On registration of an ABN, the P&Cs 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 registration (such as Deductible Gift Recipient registration).

Starting the Association

The Australian Government publishes a [Starting Your Business](#) checklist covering many of the issues that you need to consider when starting out, such as:

- Registering for GST and/or other [business registrations and licences](#)
- [Taxation](#)
- [Legal requirements](#)
- [Standards and codes of practice](#)
- [Bookkeeping](#)
- [Insurance](#)
- [Employing people](#)

- [Grants or financial assistance](#)
- [Selling goods and services](#)
- [Workplace health and safety](#)

Start-up grant

The Department pays a [\\$4,000 start-up grant](#) (once per centre) to help new P&C Associations with 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 (Infrastructure Services Branch) for information on the process.

Amalgamation of schools

Two or more schools may amalgamate to create a new school. The Principals of the affected schools can agree in writing and their respective P&C Associations can enter into an agreement for an interim P&C Association for the new school. The Principals must be satisfied that the proposed agreement will benefit students at the new school.

The agreement must outline how the interim P&C Association will deal with any money it receives during the lifetime of the agreement, and:

- arrangements for a final audit of accounts for the existing P&C Association(s) 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 P&C Association. This will enable funds to be transferred from the existing P&C Association account/s when they are closed.
- adoption of the P&C Association model constitution.

Additional information

See also [Budget Management](#) for information about developing a plan and budget.

Closing a P&C Association

A P&C Association is dissolved if:

- the State school or other institution for which it was formed is closed; or
- it has 2 or fewer members; or
- a special meeting of the Associations votes, by a three-fourths majority, to dissolve the Association; or
- in other circumstances prescribed under a regulation.

If the P&C Association is permanently dissolved:

- The Australian Business Number (ABN) and Goods and Services Tax (GST) registration must be cancelled after lodgement of the final Business Activity Statement (BAS) or Instalment activity statement (IAS) (refer to [Taxation](#))
- any planned fundraising activities must be cancelled
- all subcommittee activities cease, and [commercial activities](#) previously run by the P&C Association will cease to operate and the Principal will need to make other arrangements to continue them

- 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.
- a final audit is to be conducted

If the Minister has approved a school closure, the P&C Association's affairs will be wound up as per the [School Closure Checklist](#).

P&C funds

The main purpose of P&C funds are to facilitate the development and further improvement of the school. The P&C Association must not distribute funds directly or indirectly to its members.

All funds received by the P&C Association must be banked into the P&C Association's bank accounts.

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

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

Money raised 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 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.

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.

Preparing a budget

A P&C Association financial year starts on 1 January and ends on 31 December each year.

The P&C Treasurer must prepare an annual budget for the financial year and present it to the P&C Association's Annual General Meeting (AGM) for approval. 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 new activities that involve revenue and expenditure. Estimate costs and prioritise
- 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 actually happen. 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.

Monitoring the budget

For each P&C Association meeting, compare actual receipts and payments for all accounts with the budgeted cash flows. You can use standard spreadsheet software to graph cumulative totals of revenue and expenditure to provide a visual overview of the current position, as well as 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.

See also [Financial record keeping and reporting](#).

Financial record keeping and reporting

Accounting method

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&Cs that handle most transactions in cash. It shows 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 used regardless of when cash changes hands. Accrual accounting tracks the true financial position of the P&C Association, and is helpful if the Association's business is more complex and deals with large amounts of money. Accrual accounting is recommended if the P&C employs staff.

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 records will depend on the accounting method that the P&C Association adopts. Options include:

- commercially available accounting software – e.g. MYOB. It is recommended that [GST registered P&C Associations](#) use commercial accounting software to help with

preparing Business Activity Statements (BAS). P&C Associations must comply with the Department's [information communication and technology requirements](#).

- P&C cashbook – a Microsoft Excel application:
 - [Instruction manual](#)
 - [Small version \(allows for 31 receipts per month\)](#)
 - [Large version \(allows for 41 receipts per month\)](#)
- manual cashbook – available from stationery suppliers. Make all entries in ink and correct errors by crossing out the error in ink, initialling the error and writing the correction in ink.

When choosing a tool, consider:

- whether the approach currently in use by the P&C Association is satisfactory
- the size and complexity of the Association's operations
- the level of knowledge and expertise of the Executive, especially the Treasurer
- the likely expertise of future Executive members
- access to suitable IT equipment
- ease of use/availability of training in software
- cost of maintaining and upgrading software
- [security of data](#) – especially for cloud-based software, and
- ability to backup computer files.

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

Monthly reporting

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

Accounting periods for P&C Associations are whole calendar months. At each P&C meeting, the Treasurer must present financial reports endorsed by the executive committee for all Association and subcommittee accounts. [P&C Treasurer Reports](#)

Monthly financial reporting includes:

- [bank reconciliation](#) as at the end of the previous calendar month
- cash flow statement to ensure that funds will be available to cover upcoming bills. It tracks money flowing in and out of the Association and can highlight payment cycles or seasonal trends that require extra cash
- if using accrual accounting, a profit and loss statement which lists revenue and expenses, and a balance sheet showing the current value of the Association's assets and liabilities.

Quarterly reporting

If the P&C conducts [commercial activities](#), it must produce a trading statement for each commercial activity at least each once per term. The trading statement is an expanded version of sales portion of the profit and loss statement. The trading statement shows sales, cost of sales and gross profit.

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

Annual financial statements

The annual financial statements are a comprehensive report on the P&C Association's financial activities throughout the preceding year. There are three primary financial statements:

- a statement of comprehensive income – a profit and loss statement provides information on the operation of the P&C Association. These include sales and the various expenses incurred during the stated period
- a statement of financial position – reports on assets, liabilities at a given point in time (also known as a balance sheet report)
- a statement of cash flows – reports on the cash flow activities, particularly its operating, investing and financing activities.

The annual financial statements must include every account held at a financial institution by the P&C Association and its subcommittees.

The annual financial statements must include a signed declaration of the President, Secretary and Treasurer that:

- the financial statements and the notes comply with accounting standards
- the financial statements and notes give a true and fair view, and
- there are reasonable grounds to believe that the P&C Association is solvent.

Refer to the [P&C Association Annual Financial Statement Template](#).

P&C Associations must be [audited](#) annually.

Banking

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, a P&C Association employee, or two members of the same family.

For a new school, a P&C Association bank account can be opened by the two account signatories once the school 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 P&C Association. The P&C Association ABN must be provided to the financial institution so that the P&C Association is not charged withholding tax.

While each [commercial activity](#) (e.g. tuckshop, uniform shop, outside school hours care) may operate a separate bank account, managed by the respective subcommittee, the number of bank accounts should be kept to a minimum. Refer to the [Subcommittee Operating Guidelines](#) for information about operating subcommittee bank accounts.

Changing account signatories

Any change to signatories must be authorised by the P&C Association at a P&C Association meeting. The P&C President must advise the financial institution in writing (the financial institution will generally provide a form) when bank account signatories need to change. 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.

Electronic banking/ Electronic Funds Transfer (EFT)

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

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

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 payment number or receipt 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 transaction deleted or edited must be printed and filed for audit purposes.

Merchant charges are to be met by the P&C Association as a cost of business, and cannot be passed on to parents/students.

Electronic banking security

1. Choose an account with two factor authentication. Use a financial institution that provides security tokens as a level of security.
2. Create a strong password.
3. Ensure the computer is secure and kept up-to-date with latest internet security. Access accounts from a secure location. Avoid using shared computers such as Internet cafes.
4. 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.
5. Always log out when finished.
6. Set up account notifications if available.
7. Monitor accounts regularly.

Banking procedures

Two members must collect and count any money received on the day of receipt and sign the daily takings sheet. To prevent fraud, these two members must not also bank the money. The amount of the banking must match the total of receipts.

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 receipts must be banked promptly. Where possible, deposit collections into the P&C Association's or the relevant subcommittee's 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, or
- 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.

To protect P&C Association members from allegations of fraud, under no circumstances should a member take any P&C Association cash home.

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

Bank reconciliations

Bank reconciliation is a process to check that the transactions recorded at the bank match the transactions recorded in the financial accounts, and explain any differences between the two. Differences might be caused by timing (money not yet banked, uncleared deposits or cheques drawn on the account that have not yet been presented), 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's endorsement.

To reconcile a bank account, check that transactions and closing balance on the bank statement match your records. If not:

- review bank statement and cashbook sections
- check for bank charges on the statement that are not yet recorded in the financial accounts
- identify uncleared and not yet processed transactions
- find out why receipts dated prior to reconciliation period have not been banked (if relevant)
- investigate any deposits that are long overdue
- review payments and direct debits not yet processed
- determine age of any unrepresented cheques
- identify and investigate any unusual activity.

Invoicing and receiving payments

Issuing invoices

A [GST-registered](#) P&C Association must issue a tax invoice within 28 days of a request from another business (i.e. for Sponsorship). Refer to the ATO publication [Tax invoice](#) to understand the requirements for a tax invoice.

All invoices must:

- include the P&C Association's name and ABN, and
- 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>'.

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

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.

How can P&C's comply with the PCI DSS?

- Establish processes so customers provide card data directly to the bank rather than giving it to you e.g. 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 cannot receive card details in person, the option is to receive the card data by mail, for manual entry in to an EFTPOS terminal. Do not store the card number. Card numbers must be destroyed once the transaction is processed. Shred the card number, 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, 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.
- The Australian Payment Clearing Association (APCA) has prepared a short video and a brochure about the substitution and tampering of terminals. The video and brochure provide information about the various methods that malicious persons use to distract staff so that skimming devices can be attached to terminals.

[Safeguard Against Skimming](#)

[Skimming Brochure](#)

- 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>

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.

EFT

Financial institutions have products to help receive and process payments, including business banking facilities such as EFTPOS terminals and direct debit options.

How payments happen	About the transaction	Ways to receive payments
Over the counter	Where payments are made in person (e.g. 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 (e.g. fetes, fundraising)	Mobile EFTPOS, Smartphone options
Phone or mail order	Sales or orders which aren't made in person (e.g. 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 (e.g. OSHC).	Online payments, BPoint
Billing and recurring payments	Schedule future periodic payments or batch payments uploaded in one file (e.g. fundraising drive, OSHC)	BPay, Direct debit

Do not accept credit or debit cards if:

- the point of receipt does not have facilities to accept the type of card offered
- the expiry date on the card has passed

- the credit card is listed on a warning bulletin. A warning bulletin is a list of credit cards that are reported stolen, cancelled or compromised in some way. When using a point-of-sale (POS) terminal the user is notified if the card has been placed on a warning bulletin.

Cash and cheques

To process cash and cheques:

- record the payer, the P&C Association name and ABN, the date and the nature of the payment, details of the product or service, and the price on the receipt. Note receipt numbers and dates on all corresponding documentation
- issue receipts in sequential date order of takings, for the total amount of funds collected
- there must be a separation of duties between the person receiving the money, the person banking the money and the person maintaining accounting records.

Do not accept a cheque if it:

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

Cash registers

Where there are a substantial number of cash transactions, such as for a commercial activity or some fundraising activities, you may wish to operate a cash register.

Cash registers help to prepare banking as they provide exact deposit totals. If a P&C or subcommittee wishes to use a cash register, it must develop operating guidelines, including responsibilities for operators. 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.

- 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).
- The Treasurer must keep a cash register readings book.
- The cash register must be capable of accumulating separate totals for each mode of payment: EFTPOS, cash, cheques and other methods.
- The cash register must print the amount received, a progressive receipt number, the date of receipt, the method of payment, the operator's and cash register's ID (if more than one), and a description of the item and the GST applicable.
- All particulars of receipting, resetting or displaying totals must be printed on the journal roll.
- The cash register must feature an audit total into which every amount for which a receipt is issued by that cash register be accumulated continuously.
- Every day, the cash register manager must:
 - check the cash register readings against the entries in the cash register readings book

- verify every adjustment made to the journal roll or to an entry in the cash register readings book
 - verify all cancellations by ensuring the reason for cancellation is recorded, and the tape is signed by the operator and countersigned by the manager
 - 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 roll, and stored these securely in date order
 - issue a receipt for the total takings and securely store the original of the receipt, and
 - record the money received according to the categories in a daily taking sheet summary.
- Every month, the cash register manager must check each daily balancing entry on the monthly balancing cash register roll against the bookkeeping tool and bank statement, and initial the cash register readings book.

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.

Collecting cash and cheques

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:

1. Record the names of people authorised to collect money.
2. Ensure two independent people collect and count money daily.
3. Maintain a daily takings register/collection sheet for trading activities. The register must be certified by two people.
4. 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.

Issuing receipts

P&C Associations must provide customers with a receipt or proof of purchase for all amounts over \$75. It is generally good practice to offer a receipt to your customers at the time of purchase, regardless of the amount. A customer has the right to ask for a receipt for any purchases under \$75 and the Association must provide a receipt within seven days of the request.

All receipts must show the P&C Association's ABN/s. Where a P&C Association supplies goods or services to another business and does not provide its ABN, the other business may withhold tax at the maximum withholding rate.

See also [Banking](#).

Costing and pricing

For [commercial activities](#), the school or P&C Association needs to decide whether the purpose of the activity is to raise funds that can be applied to enhance the learning environment and resources at the school, or to provide a cost-effective option for parents to access the product or service being provided.

The purpose will determine whether the school or P&C Association runs the commercial operations:

- as low cost operations which aims only to recover the cost of providing resources and services to the school community, or
- as a means to raise funds for the school by generating profits.

Pricing strategies may also be used to influence behaviours, for example, by providing healthier options in the tuckshop at lower cost.

The costing and pricing strategy for P&C Association-run commercial activities must be tabled and approved at the Annual General Meeting.

The costing and pricing strategy 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.

Operating expenses

Operating expenses include:

- direct costs, including supplies, labour, materials (e.g. uniforms, packaging materials, stationery and postage)
- indirect costs, including bank charges, insurance, depreciation, and other fixed costs.

To calculate operating expenses, look at the previous year's operating expenses and cost of goods sold.

Cost of goods sold

The cost of goods sold (COGS) is how much it costs to buy or to make something that you then sell. Understanding COGS is the basis for calculating mark-up and profit.

Cost of goods sold is calculated as opening stock plus purchases minus closing stock.

Net sales

Net sales are the sum of all sales during a time period minus goods returned, sales allowances, and sales discounts.

Gross profit

Gross profit is the difference between the total amount generated from sales and the cost of goods sold.

A lower than anticipated gross profit percentage indicates:

- prices are too low
- stock is being lost or wasted
- giveaways or discounts are too high, and/or

- money or stock is being lost due to theft or fraud.

Net profit

Net profit is the actual amount of money you have earned, after deducting operating expenses from gross profit.

If net profit is smaller than desired:

- increase prices
- reduce the number of low-profit or cost-neutral sales items, and/or
- look for new opportunities to generate income.

Fundraising

Fundraising activities must be in accordance with the [Charitable and Non-profit Gaming Act 1999](#) and the [Collections Act 1966](#). These pieces of legislation impose restrictions on school fundraising.

Most fundraising in schools is conducted by the P&C Association due to their sanction under the [Collections Act 1966](#).

Fundraising activities may:

- supplement government funding to enhance services, facilities and/or resources
- offset the cost of optional activities such as sporting events, camps, excursions, and functions for students and/or staff
- be undertaken on behalf of external charities, and/or
- raise funds for a specific charitable cause.

Who can conduct fundraising?

Purpose of fundraising	Who can conduct fundraising	
	P&C or a nominated promoter	School, Student Council or other group of students/ parents
Fundraising for the entire school	✓	✗
Fundraising for groups of students (e.g. to subsidise an extra-curricular activity)	✓	✓
Fundraising on behalf of a registered charity	✓	✓
Fundraising for a private purpose (raising funds for non-charitable or non-community purposes e.g. raising funds from friends and family to support a persons overseas study)	✓	✓
Games under s13 of the <i>Collections Act</i> ¹	See note 1	See note 1

¹ Provisions of the *Gaming Act* must be complied with and the Office of Liquor Gaming Regulation must be consulted in advance.

P&C Responsibilities

- Conduct fundraising where the school as a whole is the beneficiary.
- May nominate an individual, e.g. the principal, in writing as the promoter of a fundraising campaign.
- Develop, in conjunction with the school:
 - a fundraising policy outlining the purpose of fundraising and how funds raised will be used, and
 - an annual [fundraising calendar](#) that includes all events planned by the P&C and known activities organised by staff or student groups or other related entities.
- May enter into [advertising](#) and [sponsorship](#) arrangements with the Principal's approval, and in accordance with the Department's Sponsorship Procedure.
- Must not fundraise through product endorsement (e.g. commissions for sales if the purchaser quotes the school or association), as this may give the impression that the school is promoting a product or an organisation.
- Cannot enter into contracts without the Principal's approval.
- May establish and operate a [Deductible Gift Recipient School Building Fund](#) to enable donors to receive tax deductions. The association must maintain a separate [bank account](#) for the Fund.
- Must comply with general financial practice requirements, such as [cash handling](#), [banking](#) and [insurance](#) as outlined in this manual.
- Must ensure that fundraising that involves gaming complies with the [Charitable and Non-Profit Gaming Act 1999](#).
- Must collect the funds raised, and may then transfer funds to the school in the form of a donation.

Is a proposed fundraising activity appropriate?

Ensure that the activity:

- has a clear purpose
- does not unreasonably disrupt service delivery
- is not discriminatory, obscene, degrading, sexual, or violent, or incite illegal acts
- does not include 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:
 - endorse products or services
 - 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.

Record keeping

For each fundraising campaign, other than an art union, the P&C association or the promoter nominated by the P&C association must record:

- its purpose
- the full name and address of the promoter and the promoter's authority for acting as promoter
- all income and expenditure and funds raised by, or resulting from, the campaign, and how those funds are used, and
- a copy of any audit report generated.

GST considerations

Any donation a [GST-registered](#) P&C Association receives is outside the scope of GST because there is no supply made by the P&C Association to a donor.

The P&C Association will have to pay GST for any gambling and fundraising supplies purchased, such as raffle prizes. A GST-registered P&C Association conducting such gaming activities must charge GST.

A GST-registered P&C Association can establish a Non Profit Sub-Entity (NPSE) which has a projected sales turnover below \$150,000. An NPSE does not charge GST on sales and is not required to be GST registered. An NPSE should only be set up when the majority of the purchases do not include GST (as GST on purchases cannot be claimed).

A Deductible Gift Recipient (DGR) school building fund of a GST-Registered P&C Association can conduct GST-Free activities using the input-taxed method. Funds raised by a DGR can only be applied for the purpose of the fund.

See also [Taxation](#).

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, 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 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 to do or not do something, the grant payment is likely to be consideration for a taxable supply

- verify with the organisation making the grant payment if the amount is inclusive of GST and if the payer requires a tax invoice, and
- ensuring 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.

Additional information to help with applying for grant funding and fundraising activities is available on [P&Cs Qld](#) website.

Commercial activities

Commercial activities commonly include:

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

Some [fundraising activities](#) may also be commercial in nature (e.g. sale of goods and services).

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

The operating guide/s must be tabled at the Annual General Meeting.

Fair Trading

The [Competition and Consumer Act 2010](#) aims to give businesses a fair and competitive operating environment. It covers anti-competitive conduct, price fixing, unconscionable conduct and other issues, such as advertising. The Act also sets out consumers' rights and responsibilities. It covers areas such as returns, refunds, warranties, contracts, marketing

and advertising. The Australian Competition and Consumer Commission (ACCC) administers the Act. Refer to [small business and the Competition and Consumer Act](#) for further information.

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

Expenditure

Expenditure other than urgent, unforeseen expenses must be approved in advance by the P&C 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 P&C Association meeting.

Methods of payment to suppliers include:

- direct deposit using electronic funds transfer (EFT) (authorised by two account signatories)
- debit card (amounts under \$500)
- cheque (authorised by two account signatories)
- [petty cash](#) (amounts under \$100).

P&C Associations may not use credit cards to make payments.

All expenditure must have supporting documentation validating the transactions (e.g. original dockets, payment vouchers, receipts and invoices as evidence of purchases). [GST registered P&Cs](#) must have a valid supplier tax invoice when GST is charged on transactions. Payments must not be made on statements or quotes.

See also [Financial controls](#).

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. (See also [Banking](#).)

Before signing a cheque, complete the payee and amount details and date the cheque. With the exception of P&C Association 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.

Debit cards

P&C Associations can use debit cards for appropriately approved official purchases up to the value of \$500.

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 P&C bank account.

Refer to the [P&C Debit Card Cash Book](#)

Petty cash

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

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 minutes and the P&C Association Model Constitution clause 19.7.3.

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 expenditure approval, [purchasing](#) and [payment](#) rules.

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:

- reconcile monthly to make sure that the total value of the balance and receipts for any payments made equals the approval value of the fund, and record in the financial accounts, and
- table a report of expenditure from the petty cash fund to general meetings of the P&C Association.

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 must be made by cheque to minimise the risk of fraud.

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 float with the cash received.
6. Secure the cash in petty cash box and ensure the float has been returned to its original balance.
7. Document the transaction to replenish the fund in the financial records.

Unclaimed Money

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 to 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, and
- 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 unrepresented 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.

Unclaimed money to Public Trustee

Funds that are due to a person, company or organisation that have not been claimed become unclaimed money. The [Public Trustee](#) holds unclaimed money from Queensland Government Departments and Agencies including statutory authorities. All unclaimed money is to be remitted to The Public Trustee after 24 months from the date of the original transaction. All unclaimed money must be remitted to The Public Trustee between July and December each year. These include: unrepresented cheques, outstanding rejected EFT payments and unidentified bank deposits.

To remit unclaimed money to the Public Trustee:

- lodge a stop payment request with your bank for outstanding cheques

Purchasing, procurement and contracts

P&C Associations must comply with the Department's [Purchasing Policy and Procedures for P&Cs](#) when acquiring goods and services. P&C Associations can also refer to the [Queensland Procurement Policy](#) for further information. Purchases must relate to properly authorised P&C-related expenses: personal purchases must not be made about using P&C funds.

Online ordering systems

The Department has a mandatory [Standing Offer Arrangement for online ordering systems](#), which allow 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 bank accounts at least weekly.

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 insurance arrangements.

Contracts

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

The P&C President may sign any contract or agreement once a motion to enter into the agreement has been passed at a general meeting and the Principal's written approval has been received. Where a member has signed on behalf of the P&C Association, even if this signature is unauthorised, the P&C Association may still be held accountable. Where there are 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 donate funds for specific facilities or services to the school, for the Principal to manage any necessary contractual arrangements in line with his or her 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.

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 Treasurer to monitor purchasing, and to identify any unacceptable practices, such as someone mixing private and official purchases.

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

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.

P&C employees

Any 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.

Employee entitlements

The [Parents and Citizens Associations Award – State 2016](#) details the hourly rates of pay and other entitlements of P&C Association employees. The P&C Association must ensure provision is made in the P&C's financial accounts for employee entitlements as they occur.

Employees must be paid by EFT or cheque (never cash). Ensure employee payments and wage records are correct, and that employees are receiving the correct wages and pay slips, superannuation contributions and leave entitlements.

Depending on the work arrangement, a contractor may be deemed an employee and subject to PAYG (withholding), Superannuation guarantee, and payroll tax. Refer to Australian Taxation Office (ATO) publications [PAYG withholding](#), [Your workers, Employee or contractor](#) for compliance information.

Keep payments for superannuation, insurance, WorkCover and tax up to date.

Superannuation is paid in addition to an employee's wage. Record superannuation and long service leave entitlements in the P&C Association account keeping tool.

Make superannuation payments through the ATO [SuperStream](#) system by the quarterly due dates.

[WorkCover](#) is paid separately and based on what type of work employees perform. Either an Income Activity Statement or a Business Activity Statement must be sent to the ATO every three months.

Other information relevant to P&C Associations with paid employees

- [Payroll/Income tax](#)
- [PAYG tax remittance](#)
- [Fringe Benefits Tax \(FBT\)](#)
- [Superannuation](#) and [Super for employers](#)
- [Workplace Health & Safety](#)
- [WorkCover](#)
- [Industrial awards and agreements](#), and
- [Long-service, maternity and family leave entitlements](#).

Refer also to [taxation requirements](#) for employing staff.

Taxation

Taxation is a complex topic. For further information and taxation advice, P&C Association's should contact taxhelp.finance@det.qld.gov.au.

P&C Associations:

- are not-for-profit entities. Refer to [Tax basics for non-profit organisations](#) for a general tax compliance guide that is relevant for a P&C
- are not required to pay income tax or lodge an income tax return, as they have [income tax exemption](#) under section 50(1) of the [Income Tax Assessment Act 1997](#)
- must pay [payroll tax](#) for any [paid employees](#) if the total taxable wages of employees exceeds the payroll tax threshold. Taxable wages for payroll tax purposes include salary/wages, including leave, allowances and benefits. Visit [Payroll Tax Australia](#) for more information, videos and webinars to help with registering for payroll tax
- must register for PAYG withholding with the ATO, and comply with the relevant requirements, if they [employ staff](#). (PAYG withholding is different to payroll tax. Payroll tax is a state tax.)
- have some concessions under the [GST Act](#), and
- can seek endorsement from the ATO to operate a Deductible Gift Recipient School Building Fund (DGR SBF) so that they can provide tax-deductible receipts for donations to the fund.

Pay-As-You-Go (PAYG) Withholding

P&C Associations must help their employees meet their tax liabilities by collecting [Pay-As-You-Go](#) (PAYG) withholding amounts from payments made to:

- employees

- other workers, such as contractors, with whom the P&C has voluntary agreements
- businesses that don't quote their Australian Business Number (ABN).

A P&C Association may not be required to collect PAYG withholding from a contractor/business that is unable to provide an ABN if it is able to satisfactorily complete a Statement by a Supplier.

If a P&C Association employs staff, it must:

- register for PAYG withholding with the ATO. If the P&C ceases to be an employer it should cancel the PAYG withholding registration
- complete [Payment Summaries](#) and provide them to employees by 14 July each year so that employees can prepare their income tax return
- complete a reconciliation statement and send it to the ATO detailing how many Payment Summaries have been issued, together with gross wages paid and tax contributions for their paid staff.

Refer to ATO publications [PAYG withholding](#), [Your workers, Employee or contractor](#) for compliance information.

Fringe Benefits Tax (FBT)

Fringe Benefits Tax (FBT) is a tax employers pay to the ATO on certain benefits they provide to employees – including employees' family or other associates. The benefit may be in addition to, or part of, an employee's salary or wages package. The 'employee' may be a current, former or future employee.

FBT is separate to income tax and is calculated on the taxable value of the fringe benefits provided.

Where a P&C provides a benefit to an employee in respect of employment, it needs to determine if the benefit is subject to FBT.

Refer to the ATO publication [Fringe benefits tax \(FBT\)](#) and [FBT concessions](#) for details of the types of benefits that are subject to FBT and how the FBT is calculated and paid.

Goods and Services Tax (GST)

Refer to the Australian Taxation Office (ATO) publication [GST](#) for comprehensive information.

Registering for GST

[GST registration](#) is separate to [ABN registration](#).

A P&C Association must register for GST when its turnover or projected turnover is \$150,000 per annum or more. A P&C Association with an annual turnover less than \$150,000 may choose to register for GST.

To calculate GST turnover:

- Include:
 - taxable supplies (GST-exclusive amount), and
 - GST-free supplies
- Exclude:
 - input taxed supplies (e.g., for activities that are input taxed such as tuckshops)

- donations (which are not related to a taxable or GST-free supply)
- transactions internal to the P&C Association, and those that do not relate to the P&C Association, such as receipts collected on behalf of the school.

Contact taxhelp.finance@dete.qld.gov.au for help in deciding whether or not to register.

Charging GST

GST must be charged for taxable supplies. Otherwise 1/11th of the payment received will have to be paid as GST payable.

Accounting for GST

For GST-registered P&C Associations, recognise the GST component of a transaction in a separate GST column in the accounts.

A P&C Association must account for GST on an accrual basis if its GST turnover is \$2 million or more. However, a P&C Association that wants to account on a cash basis but has gone over the \$2 million threshold can seek approval from the ATO to account on a cash basis.

A Deductible Gift Recipient (DGR) fund can account on a cash basis regardless of the P&C's turnover, however, it is best if the DGR fund uses the same accounting basis as the P&C.

Refer to [Cash and non-cash accounting](#) for more information.

Lodging a Business Activity Statement (BAS)

A GST-registered P&C Association can lodge a BAS manually or apply for access to lodge the BAS electronically. Refer to the ATO publication [Lodging and paying your BAS](#) for more information.

A GST-registered P&C:

- must lodge a BAS monthly, quarterly or yearly, generally by the 21st day after the end of a tax period. The frequency of lodgement is usually established at the time the P&C registers for GST
- must account and report the GST it has collected from its taxable sales on the BAS – the GST that it has collected to be paid to the ATO is called 'GST Output Tax'
- can recover GST paid to suppliers if the purchases relate to the making of taxable and GST-free supplies. The GST that is recoverable is called 'GST Input Tax Credit' or 'GST Credit' and must be reported on the BAS. The P&C must pay the net amount to the ATO if the total GST output tax is more than the GST credit for a given tax period. The amount payable should reconcile with the amount calculated on the BAS for that period.

To recover GST credit, the P&C must have a copy of the tax invoice from the supplier. The GST credit amount recoverable should not be more than the GST amount noted on the Tax invoice. You do not need to have a tax invoice if the GST-inclusive amount of the taxable supply is \$82.50 or less, although some evidence of the transaction (receipts or credit card transactions) is required.

If the total GST credit is more than the total GST Output Tax for a tax period, the P&C is entitled to a BAS refund from the ATO. Refer to [Business activity statements \(BAS\)](#) for more information.

Entitlement to GST credit

If the acquisition is for a creditable purpose GST paid is recoverable long as there is a Tax Invoice to support the claim of GST credit. This is unless the taxable supply is for less than \$82.50 and there are other supporting documentation.

If the acquisition is NOT for a creditable purpose, GST paid is not recoverable. Transactions relating to a [Non Profit Sub Entity](#) (NPSE) are not to be reported on the BAS.

If the acquisition is for a mixture of creditable and non-creditable purposes, only the portion of GST paid that relates to the making of taxable and GST-free supplies can be recovered.

GST Exemptions

This table summarises what GST exemptions and special rules are applicable to certain supplies made by a GST-registered P&C, 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

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* 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 Act 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 with no GST registration provides funds for the school for a set of garden furniture. As the school is GST-registered, it 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.

Correcting GST errors

A GST correction means correcting a GST mistake, not making a GST adjustment. GST mistakes include:

- recovering GST credit for an acquisition more than once (like double paying an invoice)
- paying GST for a sale more than once (like raising an invoice twice for the same transaction)
- failing to raise a tax invoice for a taxable supply in the period the sale is made, or when consideration (payment) is received
- incorrectly recording taxable sale as GST-free, input taxed or outside the scope of GST
- incorrectly recording taxable sale as taxable when it is GST-free, input-taxed or outside the scope of GST
- claiming input tax credit (GST credit) without having a valid tax invoice for an acquisition is that for more than \$82.50.

GST errors like those noted above can be broadly classified into 2 types:

- credit error – where too much GST has been paid or under claiming or not claiming a GST input tax credit entitlement. A credit error can be corrected on a later BAS within four years
- debit error – where GST output tax is underpaid or there is an over claim of GST input tax credit entitlement. There are GST error values and time limits for correcting GST debit errors.

Refer ATO publication on [Correcting GST errors](#) for details.

Non-profit Sub-entity (NPSE)

A P&C Association is considered to be a non-profit organisation by the ATO. As a non-profit organisation, any profit made by the P&C Association must be used to carry out its purposes 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) are 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 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 an NPSE. While there is no need to charge GST and no need to report transactions under a Business Activity Statement (BAS), any GST that the NPSE pays is not recoverable as input tax credits.

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 a NSPE, 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), and
- whether charges for the activity will increase or decrease.

Managing an NPSE

Once a P&C Association has decided to make an activity that of a 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 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 an 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 a 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 an 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 (include \$30 GST) tax invoice 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 making of taxable/GST-free supplies. This expense is to be apportioned as:

Types of supplies	Apportionment	Amount	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

Refer to ATO publication [GST branches, groups and non-profit sub-entities](#) for more information on NPSE.

Donations, gifts and benefits

P&C Associations are statutory bodies and, as such, governed by [Queensland Public Sector directive relating to gifts and benefits](#). The directive outlines the ethical considerations and procedures in the giving and receiving of gifts and benefits by the Queensland Public Service.

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 P&C Association meetings
- recorded in the P&C Association meetings minutes
- reported in the school newsletter.

Receiving a donation, gift or benefit

P&C Associations may seek support from local business by way of donations.

Do not accept:

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

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.

There are [taxation](#) considerations that you need to be aware of relating to the receipt of donations, gifts and benefits.

Giving gifts and donations

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

P&C funds should not be used to purchase gifts or provide entertainment for retirements, farewells, funerals, Christmas, etc. Personal collections may be run for such events and individuals approached for contributions.

Low-value mementos such as key rings, coasters, spoons, and mugs may be appropriate gifts to acknowledge official guests and speakers at school functions (but not to P&C members or employees).

Providing catering and hospitality

Catering and hospitality must be commensurate with the circumstances of the meeting, function or event. The P&C 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 funds for catering or hospitality expenses, consider the following principles from the department's [catering and hospitality procedure](#):

Attendees	For example, if attendees at the event to be catered are solely members of the P&C Executive, catering the event may be perceived to be poor use of P&C funds.
Purpose	It is more appropriate to provide catering if there is a goodwill element or to encourage attendance.
Duration	Catering may be more appropriate for longer events.
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.

Scholarships

Giving funds to individual families is not permitted unless part of budgeted and agreed sport or academic representation.

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.

Donations

A P&C Association may donate P&C funds to a charitable organisation where it benefits the students at the school, provided the P&C Association has sufficient funds to do so.

Loans

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.

The [Financial Accountability Act 2009](#) provides that only the Queensland Treasurer may approve the loan of departmental funds.

When seeking a loan from an external organisation 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 cashbook
- enter the loan repayments in the cashbook as they occur
- report on loan balances in the annual financial statements.

Asset Management

Assets are items that the P&C Association owns, benefits from, or has use of, in generating income, that have residual monetary value in the next year. The P&C Association must ensure that its assets are maintained and secure and [insure assets against loss](#).

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

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

At a minimum the asset register must contain:

- description
- brand, model and serial number
- purchase date and value
- current value
- location.

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.

Depreciation

The depreciation expense of an asset should reflect the underlying physical, technical and, where appropriate, legal factors that affect its useful life.

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

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

Depreciation is commonly calculated on a time basis. The basis for calculating depreciation expense should take into account various underlying factors. Once the basis has been determined, it should be applied consistently from one reporting period to the next.

Inventory (stock) are not depreciable items.

Inventory management

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

Keep accurate records of stock. 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.

Financial record 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.

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, invoices
- Pay sheets and acquaintance sheets
- Petty cash and postage books, and
- Receipt books.

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

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, and
- 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.

Refer to the [P&C Accountable Forms Register Template](#). All entries in the register must be signed and dated by an executive officer.

Audits

Appointing an auditor

P&C Associations must be audited annually by:

- a member of CPA Australia who is entitled to use the letters 'CPA' or 'FCA'
- a member of the Institute of Chartered Accountants in Australia who is entitled to use the letters 'CA' or 'FCA'
- a member of the Institute of Public Accountants who is entitled to use the letters 'MIPA' or 'FIPA'
- a public sector employee who has the maturity, commercial skills and experience to examine the books and accounts of the association, or
- an employee of an insurance company, financial institution or other financial or commercial organisation, who has the maturity, commercial skills and experience to examine the books and accounts of the association.

All conflicts of interest must be disclosed prior to an auditor being appointed. The auditor cannot be:

- an employee or executive committee member of the P&C
- a relation of an executive committee member, or
- a service provider to the P&C Association

It is preferable the appointed Auditor be a local accountant aware of the activities of the P&C Association.

A member of the P&C Association may only be appointed as the auditor with the approval of the Director--General, Department of Education.

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

The auditor must be appointed at the P&C Association's Annual General Meeting or a special meeting convened for that purpose. The Regional Director is to be advised of the name, address and qualifications of the appointed auditor.

Conducting the audit

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

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

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 bookkeeping tool
- monthly finance reports
- 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 certificate of the President, Secretary and Treasurer
- any other documents/records that provide supporting information for financial transactions as the auditor considers appropriate, and
- this published information.

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.

[P&C Audit Certificate Template](#)

Contacts

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<u>Procurement Services</u> 1300 366 612 procurement.corporate@det.qld.gov.au	<u>Taxation</u> 1300 656 380 taxhelp.finance@det.qld.gov.au
<u>Infrastructure Services</u> 07 3034 4831	

References

- [ABN Cancellation \(Cease Business\)](#)
- [ABN Registration](#)
- [Accountability Compliance Transmission Report](#)
- [Asset Maintenance and School Swimming Pool Operation](#)
- [Audited Annual Financial Statements Accountability Compliance \(Instructions and Transmission Report\)](#)
- [Australian Securities and Investments Commission \(ASIC\)](#)
- [Blue Card System - information sheet for P&Cs](#)
- [Business Activity Statements \(BAS\)](#)
- [Catering and Hospitality procedure](#)
- [Education \(General Provisions\) Act 2006](#)
- [Education \(General Provisions\) Regulation 2017](#)
- [Employees and Wages](#)
- [Equipment Management for Schools](#)
- [Establishment Grant for P&C Start-up](#)
- [Financial Accountability Act 2009](#)
- [Financial and Performance Management Standard 2009](#)
- [Financial Management Training Package](#)
- [Gambling Community Benefit Fund](#)
- [Games and Raffles](#)
- [General Retention and Disposal Schedule for Administrative Records](#)
- [Gifts and Benefits \(Directive 22/09\)](#)
- [Gifts and Benefits guideline](#)
- [Gifts and Donations - ATO](#)
- [Hosting Outside School Hours Care Services on State School Sites procedure](#)
- [I love my tuckshop](#)
- [Liquor License Information](#)
- [Loans Sought by Parents and Citizens Associations](#)
- [Non-profit charity status fact sheet](#)
- [Office of Liquor and Gaming Regulation](#)
- [Online Ordering Systems](#)
- [Outside school hours care](#)
- [P&C Association Model Constitution](#)
- [P&C Qld links](#)
- [Parents and Citizens' Associations – State Schools procedure](#)
- [Public Trustee Unclaimed Money](#)
- [Purchasing and Procurement](#)
- [Purchasing Policies and Procedures for P&C Associations](#)
- [Queensland Leasing Approval Policy for Public Sector Entities](#)
- [Queensland Procurement Policy](#)
- [Smart Choices](#)
- [Starting a business](#)
- [The P&C Guide](#)
- [Wellbeing policy guidelines and procedures](#)
- [Workplace Health and Safety](#)