


PAC Finances

Financial Controls and Practices for PACs



Agenda

- PAC structure
- PAC Financial Activity
- Role of the PAC Treasurer
- Financial Controls and Practices
- Donations - CRA requirements
- PST & GST Rebates
- Questions?



PAC Structure

- School Act outlines Parent Advisory Council (PAC) purpose and structure
 - PAC's are a separate organization from the school district
 - PAC's have their own set of bylaws and constitution
 - Only 1 PAC per school
 - PAC officers must be elected by its members
 - Principal works with the school PAC on a consultative basis but should not be a signing officer



PAC Financial Activity

- PAC's are often involved in fundraising activities
- Other PAC sources of revenue may include donations, other grants and Provincial gaming funds
- PAC's often incur expenditures for fundraising, donations and equipment or other school resources



Role of PAC Treasurer

- Role of Treasurer is typically set out in the constitution and bylaws of the PAC
- In most PAC's is a signing authority but does not have to be
- Responsibilities should include:
 - Record all financial transactions of the PAC including receipt and disbursement of funds
 - Maintain and safeguard all financial books and records of the PAC
 - Prepare and report on financial activity and financial position of the PAC
 - Assist with PAC Budget preparation



Financial Controls & Practices

Why do we need to ensure there are proper financial controls & practices in place for PAC's?

- ✓ Accountability
- ✓ Ensure funds are spent on intended purpose
- ✓ Reduce the risk of error, misappropriation of funds, inaccuracy of reports, unauthorized and unsupported financial transactions
- ✓ “CASH” is high risk in nature



Financial Controls & Practices

1. Financial Authority
2. Records Maintenance
3. Collection and Deposit of Funds
4. Disbursement of Funds
5. Financial Reporting



Financial Authority

- Minimum of 2 PAC executives as signing officers (3 recommended)
- Treasurer often is one of the signing officers
- School Principal should not be a signing officer of the PAC
- All cheques should be signed by the 2 signing officers before issuance
- Know what you are signing for!



Records Maintenance

- All financial transactions must be recorded in a ledger (manual or computerized) that organizes both revenues and expenditures by activity or event and maintains a running total of the bank balance
- All financial records must be kept for a minimum of 7 years including bank statements, cancelled cheques, cheque stubs, deposit books, bank reconciliations, supporting receipts/invoices, manual or computerized accounting ledgers, financial reports and budgets



Collection and Deposit of Funds

- Collection of cash and cheques from fund raising activities should be recorded and deposited as soon as possible. Frequent deposits will help reduce the likelihood of theft or “missing” funds
- Collected cash should not be used to pay for expenses
- Cash from fund raising activities should be counted by 2 individuals (other than the treasurer), recorded on a PAC event deposit form and signed off

School Name: _____
Event Description: _____
Event Date: _____

PAC EVENT DEPOSIT

Cash Details	Total
_____ x \$100	_____
_____ x \$50	_____
_____ x \$20	_____
_____ x \$10	_____
_____ x \$5	_____
_____ Coin	_____
Total Cash	_____
Total Cheques	_____
DEPOSIT TOTAL	_____

Prepared by: _____
Date: _____

Verified by: _____
Date: _____

Received by: _____
Date: _____



Collection and Deposit of Funds

- The PAC event deposit form once complete should be forwarded to the Treasurer (or designate) with the cash/cheques for deposit to the bank as soon as possible.
- The Treasurer should ensure that the original PAC event deposit form is attached to the stamped bank deposit slip as a supporting document for the bank deposit



Disbursement of Funds

- All payments should be made by cheque
- All cheques should be signed by the 2 signing officers and only if the cheque is accompanied by original invoice/receipt or other sufficient backup documentation
- Blank cheques should never be signed and cheque stock should be secured by the Treasurer at all times



Balancing and Financial Reporting

- Bank reconciliations should be prepared each month for both the PAC general account and the gaming account by the Treasurer and submitted for review to the PAC Chair (Chair should sign and date all bank reconciliations)
- Summary of revenues and expenses for each fundraising activity should be prepared on completion of the activity and submitted for review to the PAC executive
- At each PAC meeting, the Treasurer should report on the bank balances and a summary of revenue and expenditures. The Treasurer's report should be signed and dated by the Treasurer and approved by the PAC executive.



Balancing and Financial Reporting

- PAC year end financial statements should be prepared by the Treasurer and submitted to the executive and membership for approval
- PACs may want to have their financial statements reviewed by an external accounting firm or conduct its own internal review of the financial statements
- It is also recommended that the Treasurer assist in preparing an annual budget and provide explanations for revenue and expenditure variances from budget



Donations

- Donation tax receipts can only be issued by a registered charity for qualifying donations
- The School District is a registered charity
- Donations received by the PAC where a tax receipt is requested must be made payable to the School
- The School District sets the minimum tax receiptable dollar amount



Provincial Sales Tax (PST)

- Effective June 30, 2002 PAC funded school purchases for school or student use qualify for a rebate of the PST
- The School District will submit an application for rebate on behalf of PACs where the school district buys qualifying items with PAC funds
- PST rebates on all other purchases are the responsibility of the PAC



Goods & Services Tax (GST)

- Purchases made by the School District are eligible for a GST rebate of 68% (100% for books)
- PAC funded purchases made by the School District qualify for a GST rebate
- Purchases made directly by PAC's are not eligible for a GST rebate through the School District



Questions ?



References

- Unfolding the Mystery: PAC/DPAC Finances (workshop notes BC CPAC 2004)
 - Treasurer's Handbook (Burnaby DPAC)
 - PAC Bylaw & Constitution
 - BC School Act
 - SD41 Burnaby Charitable Donations Policy/Regulation 3.17.01
 - Bulletin SST 116 Social Services Tax Act PST Refunds on PAC Purchases
 - Charities Directorate – CRA www.cra.gc.ca/charities
 - CRA GST information www.cra-arc.gc.ca/tax/business/topics/gst
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