

Guiding Financial Controls and Practices for PAC's and PAC Treasurers



PAC Treasurers Workshop November 1, 2018

Agenda

- PAC Purpose and Structure
- Role of PAC Treasurer
- Treasurer Upon Taking Office
- PAC Bank Accounts
- Types of PAC Financial Activity
- General Financial Controls and Practices
- Tax - GST / PST
- District Accounts
- PAC Fundraising/Direct Access Grant/Gaming/Other
- PAC Donations
- Questions?

PAC Purpose and Structure

- ❖ The School Act outlines the purpose and structure of Parent Advisory Councils (PAC's).
- ❖ PAC's are a separate organization from the school district.
- ❖ PAC's have their own set of bylaws and constitution.
- ❖ There can only be one PAC per school.
- ❖ PAC executives must be elected by its members.
- ❖ The principal works with the school PAC on a consulting basis only.
- ❖ Parent groups run under the PAC umbrella (ie. Field Trips or fundraising).

Role of PAC Treasurer

- ❖ The Treasurer's responsibilities are typically set out in the constitution and bylaws of the PAC.
- ❖ In most PAC's the Treasurer is a signing authority but this is not a requirement.
- ❖ The PAC Treasurer's responsibilities should include but not limited to the following:
 - Recording all financial transactions of the PAC.
 - Ensuring all transactions have the appropriate backup documentation including receipts and disbursement of funds.
 - Maintaining and safeguarding all financial bookkeeping and records of the PAC.

Role of PAC Treasurer (continued)

- Preparing and reporting on financial activity and financial position of the PAC monthly.
- Assisting with PAC Budget preparation.
- Ensuring financial controls and practices are in place.
- Ensuring that all funds are received and deposited promptly.
- Paying by financial obligations of the PAC by cheque only.
- Reconciling bank statements monthly.

Treasurer Upon Taking Office

- ❖ Ensure all records are received.
- ❖ Review last audit report.
- ❖ Document all expenditures and receipts thoroughly.
- ❖ Ensure that all transactions are accounted for in the correct funds.

PAC Bank Accounts

- ❖ PAC's must have a bank account to deposit funds.
- ❖ The general and Direct Access accounts must be kept separate.
- ❖ All types of bank accounts require two signatures.
- ❖ For the PAC general funds account, an administrative officer of the school must be a signing authority.

Types of PAC Financial Activity

- ❖ Other PAC sources of revenue could include donations, other grants including the Provincial direct access grants (gaming).
- ❖ PAC's may incur expenditures for fundraising, donations, purchases of equipment or other school resources.

General Financial Controls & Practices

- ❖ Proper general guiding principles for financial controls & practices need to be in place for the PAC:
 - Ensure accountability.
 - Ensure funds are spent for the intended purpose.
 - Reduce the risk of error, misappropriation of funds, and inaccuracy of reports.
 - Reduce the risk of unauthorized and unsupported financial transactions.

Some Types of Controls:

- ❖ Basic Internal – physical access, reconciling the bank regularly, keeping detailed books and records.
- ❖ Segregation of duties – approval of expenditures, review of transactions.
- ❖ Third party review or audit.

Financial Controls & Practices:

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

Financial Authority:

- ❖ There should be a minimum of 2 PAC executives as signing officers (3 recommended).
- ❖ The treasurer often is one of the signing officers.
- ❖ All cheques should be signed by the 2 signing officers before issuance.
- ❖ PAC money should only be spent according to an approved budget or authorized by a motion.
- ❖ Know what you are signing for!

Records Maintenance:

- ❖ All financial transactions must be recorded in a ledger that clearly illustrates 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, 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.
- ❖ The completed PAC event deposit form 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.

Disbursement of Funds:

- ❖ All payments should be made by pre-numbered cheques.
- ❖ A petty cash fund is not recommended as it is too easy to lose track of expenditures.
- ❖ 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

(continued):

- ❖ PAC year end financial statements should be prepared by the Treasurer and submitted to the executive and PAC members 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. District Finance staff will also be available for a review at the PAC's request.
- ❖ It is also recommended that the Treasurer assist in preparing an annual budget and provide explanations for revenue and expenditure variances from budget.

PAC Annual Budget:

- ❖ Reflects planning for the year and gives your council executives and treasurer the authority they need to spend money at the appropriate time.
- ❖ Without a budget, the executive must seek approval from the PAC members for every expenditure.
- ❖ An active organization will have unanticipated revenues and expenses so your budget can be amended accordingly. PAC members should vote on any amendments.
- ❖ Part of the treasurer's responsibility is to keep track of revenue and expenditures and alert the executive and PAC members to any problems with the budget.

❖ *Preparing a budget:*

- ❖ Determine your spending priorities
- ❖ Determine your expenses
- ❖ Estimate and plan your revenue
- ❖ Build consensus
- ❖ Pass budget via motion at a PAC/DPAC meeting
- ❖ Treasurer will monitor revenues and expenses throughout the year comparing to budget

***All money raised should have a purpose.
All money kept should have a purpose.***

Tax

- ❖ Federal (GST) 5% (Some items like basic groceries are exempt).
- ❖ Provincial (PST) 7% (most tangible personal property, common exceptions include food and printed books).
- ❖ School Districts and Schools receive 68% rebate on GST.
- ❖ Exception – on books and children's clothing the rebate is 100% of the GST.
- ❖ There are no PST rebates for School Districts.

Tax Rebates:

- ❖ PAC Purchases made by the School District will qualify for the following:
 - 68% rebate on GST (or 100% for books)
 - 100% rebate on PST (District will apply on behalf of the PAC only for purchases made at the district)
- ❖ Purchases paid directly from PAC bank accounts qualify for 100% PST rebate (PAC must apply – please refer to Provincial Sales Tax Bulletin 401, *PST Refunds on PAC-Funded Purchases*) (no GST rebates)
- ❖ Purchases paid directly from the School's bank account qualify for GST rebate (no PST rebates).

District Accounts

- ❖ Special District project accounts—also referred to as Fund 5 accounts, can be set up at the Board Office for specific or general purchases.
- ❖ Operates as a form of “trust fund” for PAC-funded purchases.
- ❖ GST rebates are recognized immediately.
- ❖ Reporting is included in the schools monthly reports.

PAC Fundraising

- ❖ PAC's are often involved in fundraising activities.
- ❖ PAC revenue may include donations, grants, Provincial Direct Access Grants, and local fundraising.
- ❖ PAC funds could be held in up to three bank accounts:
 - PAC Gaming Account
 - PAC General Account
 - There could also be PAC funds held at the district for special projects.

PAC Direct Access Grants:

<https://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising/gaming-grants/pac-dpac-grants>

Overview

Eligibility	Parent Advisory Councils and District Parent Advisory Councils (PACs and DPACs). Details provided in Sections 3.4, 7.1 and 7.5-7.10 of the Community Gaming Grant - Guidelines (including PAC/DPAC grants) (PDF, 1.2MB)
Grant Amount	PAC: \$20 per student DPAC: \$2,500 per year
Application	One application per year.
Application Period	Apply from Apr 1 to Jun 30 - Final notification: Sep 30 * Final notification date is the latest date that applicants will be notified about the result of their application.
Processing Fee	None
Processing Time	Grants will be paid as soon as possible in September, no later than September 30.

PAC Direct Access Grants:

- ❖ Grants are deposited directly into the PAC Gaming bank account only.
- ❖ Grant funds must remain under the control and management of the PAC.
- ❖ PAC's may **NOT** advance gaming funds to the school.
- ❖ Donations of gaming funds **are not permitted.**
- ❖ The PAC may reimburse the School or the School District with gaming funds for approved purchases.
- ❖ PAC must retain supporting documentation for current and 6 prior years.

Applying for Direct Access Grants PAC/DPAC:

There is specific criteria surrounding the spending of Direct Access Grants for PAC/DPAC

ELIGIBLE USES OF PAC / DPAC GRANT FUNDS

Grant funds must remain under the management and control of the PAC or DPAC that receives them. Funds cannot be used for, or transferred to, curricular purposes or to schools or school districts, or any of their activities or programs.

Parent Advisory Councils and Parent Organizations

PAC funding is intended to benefit students by enhancing their extracurricular opportunities:

- student publications (e.g. newsletters, yearbooks); * student competitions (e.g. writing, debating, chess, music);
- student computers for extracurricular activities (e.g. software, hardware, accessories);
- student societies (e.g. drama club, student society); * student ceremonies (e.g. graduation, dry grad);
- uniforms and equipment for extracurricular activities; sports equipment;
- capital acquisitions directly benefiting students (e.g. playground equipment);
- awards and trophies; scholarships and bursaries for post-secondary education (paid directly to students);
- student conferences, presentations or out of school field trips within BC;
- student transportation and travel within BC; and
- with prior Branch approval, student transportation and travel outside BC, where the student group:

- is representing its school as a result of merit achieved through organized competition;
- is competing in a sport that involves cross border travel;
- has been selected because of its level of creative achievement or success; or
- is entered in a recognized competition in which there is a formal evaluation or adjudication process.

Note: *Out-of-province field trips are not eligible uses of PAC funds.*

Grant funds to PACs and parent organizations may be accumulated for up to three years without prior approval from the branch.

District Parent Advisory Councils

DPAC funding is intended to benefit students by supporting activities that foster parental involvement in the schools and promote effective communication between schools, parents, students and the community. Eligible uses of DPAC funding include educational and promotional materials, administrative costs including British Columbia Confederation of Parent Advisory Councils (BCCPAC) membership fees, and travel for regular DPAC meetings.

Grant funds to DPACs must be disbursed within 12 months of receipt.

Application Form, Section 7: <https://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising/gaming-grants/pac-dpac-grants>

PAC Gaming:

- ❖ Fund Raising with Gaming
 - ✓ All gaming in BC requires a license (50/50 draws or raffles)
Licenses must be applied for in advance of proposed event.

 - ✓ There are four classes of licenses:
 1. Class A
 2. Class B
 3. Class C
 4. Class D

 - ✓ The class of license differentiates the amount of money that is expected to be raised, the value of prizes, and price of the tickets for the event

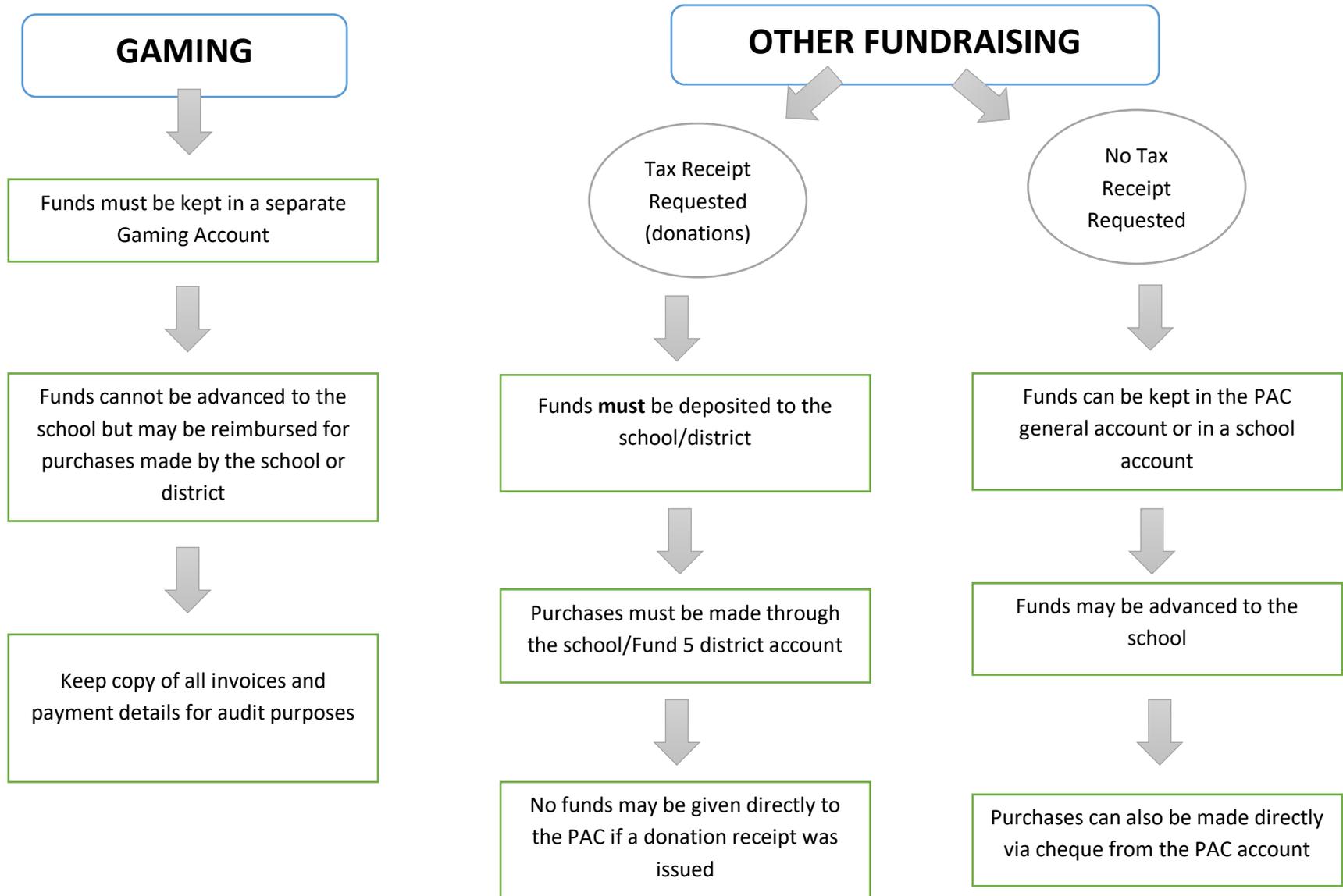
<https://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising/gaming-grants/pac-dpac-grants>

Other Fundraising:

Other types of Fundraising may be done by the PAC

- ❖ If a tax receipt is required, the funds **MUST** be deposited in the School or School District bank account – cheques must be made payable to the School/School District.
- ❖ If no tax receipt is required, the funds may be deposited in the School bank account or the PAC General bank account.

PAC Funds:



Donations

- ❖ Donation tax receipts can only be issued by the School District (which is a registered charity) for qualifying donations.
- ❖ Donations where a tax receipt is requested must be made payable to the **School or School District and funds may not be paid back to the PAC account.**
- ❖ Donation tax receipts for individual cash gifts below \$20 will not be issued.
- ❖ Each school has a process in place to request tax receipts from the District.

Donation Guidelines:

- ❖ Donation policies see Board Policy 804.9 and 804.9-R.
- ❖ Gifts must be clearly suited for the furtherance of the educational purposes of the District.
- ❖ Fundraising campaigns must be a school or school district sanctioned event.
- ❖ Gifts that have a personal benefit to the donor do NOT qualify as a donation.

Questions?

Links

- Direct Access Grant

<http://www.gaming.gov.bc.ca/grants/pacdpc.htm>

- Gaming Licenses

<http://www.gaming.gov.bc.ca/licences/>

- PST Refunds

<http://www2.gov.bc.ca/gov/content/taxes/sales-taxes/pst/refund>

- BCCPAC Resources <https://bccpac.bc.ca/index.php/members/pac-dpac/dpac-pac-list>

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