



## **PTA Financial Best Practice Guide**

### **Introduction**

This guide outlines the key financial responsibilities and best practices for PTA committee members. As a registered charity, we must ensure proper management of funds while maintaining compliance with tax and insurance requirements.

### **Banking Fundamentals**

#### Account Requirements

- The PTA must maintain its own separate bank account from the school
- Minimum of two signatories required, all must be elected committee members
- Recommended to have 3 -4 authorised signatories to ensure availability
- All signatories must be current committee members

#### Security Measures

- Change passwords every 90 days
- Never share PINs or passwords between members
- Return all banking materials (cards, chequebooks) when a member leaves
- Maintain password protection on all financial records
- Keep digital copies of all documentation password -protected

#### Money Handling Guidelines Cash Management During Events:

- Count money with two people present
- Count before leaving the event
- Record amounts for each stall/activity separately
- Keep float and takings separate
- Never leave cash unattended

#### After Events:

- Bank money immediately or store in school safe
- Maximum £500 to be kept at any private residence
- Split larger amounts between committee members if immediate banking isn't possible
- Keep detailed records of amounts and storage locations, complete cash log form.

#### Payment Approvals Threshold System:

- Under £10: Receipt required
- £10-£50: Two signatories + receipt
- Over £50: Committee approval + two signatories + receipt
- All items over £100: Must be reviewed at regular meetings

#### Insurance Compliance Key Coverage Requirements

- Must have public liability insurance (covered up to £10M under Parentkind policy)
- Ensure proper coverage for events with up to 3,000 attendees



- Special events requiring additional insurance:
  - Events with over 3,000 attendees
  - Self-operated firework displays or events not on school premises

### Event Safety

- Complete written risk assessments for all events
- Ensure external vendors have their own insurance
- Professional stallholders must have their own public liability insurance
- Maintain records of all risk assessments and insurance certificates

### VAT Guidelines Basic Rules

- PTAs are not VAT exempt
- Cannot reclaim VAT on purchases
- Must charge VAT where applicable

### School Collaboration

#### For VAT recovery on school items:

1. PTA donates cost (excluding VAT) to school
2. School provides donation receipt
3. School purchases item directly
4. School claims VAT back
5. School provides copy of receipt to PTA

### Important VAT Notes

- PTA cannot pay school invoices directly
- Must pay VAT on all event -related purchases
- Registration only required if taxable income exceeds £90,000
- Keep clear records for HMRC verification

### Financial Reporting Regular Reporting

- Review financial statements monthly
- Include financial position as standing agenda item
- Quarterly full review of position
- Check all expenses against balance sheet
- Independent examination of accounts annually

### Documentation Requirements

- Keep records for 6 years plus current year
- Maintain inventory of items worth over £5,000
- Record all income and expenditure, no matter how small
- Keep all receipts and invoices
- Document all donations to school with specific purposes



### Annual Returns for registered charities:

- Submit within 10 months of financial year end
- Requirements based on income:
  - Under £10,000: Report income and spending only
  - £10,000 -£25,000: Complete annual return questions
  - Over £25,000: Annual return + independent examination + trustees' report

### Fraud Prevention Key Controls

- Always have two people counting money
- Regular bank reconciliations
- No sharing of passwords or PINs
- Clear approval process for all expenditure
- Regular review of bank statements by committee
- Annual independent examination of accounts
- Segregation of duties for financial tasks

### Warning Signs Monitor for:

- Financial pressures on members
- Reluctance to share financial information
- Delayed banking of event proceeds
- Resistance to change signatories
- Incomplete record keeping

### Emergency Procedures if financial misconduct is suspected:

1. Hold confidential committee meeting
2. Document all evidence
3. Approach individual for explanation
4. Send formal letters if necessary
5. Report to relevant authorities if required
6. Notify Charity Commission if necessary

**Remember: The committee is collectively responsible for proper financial management. When in doubt, seek advice from Parentkind or relevant professionals.**