

Financial Review Guide

PTA's mission is to make every child's potential a reality by engaging and empowering families and communities to advocate for all children.

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The financial review serves as your PTA's primary internal control to ensure accurate record keeping, proper use of funds, and compliance with legal requirements. Ohio PTA Standards of Affiliation require all units and councils to conduct annual financial reviews.

This guide provides Ohio PTA units and councils with step-by-step procedures for conducting thorough and effective financial reviews.

Understanding Financial Reviews

Purpose and Legal Requirements

The financial review is a critical accountability measure that protects your PTA and demonstrates responsible stewardship of member funds. Ohio PTA Standards of Affiliation require all units and councils to conduct annual financial reviews.

Why Financial Reviews Matter

Legal Compliance: Financial reviews are required by Ohio PTA Standards of Affiliation and provide essential documentation for IRS filings and other legal requirements.

Accountability: Reviews verify that funds have been properly managed and spent according to approved budgets and PTA purposes, protecting both the organization and individual officers.

Transparency: Reviews demonstrate to members and the community that your PTA manages funds responsibly and operates with integrity, building trust and credibility.

Error Detection: Regular reviews catch mathematical errors, missing documentation, or procedural violations before they become serious problems that could jeopardize your organization.

Risk Management: Systematic examination of financial records helps identify weaknesses in financial controls and prevents future problems.

Legal Authority and Standards

Ohio PTA bylaws and Standards of Affiliation establish the legal framework requiring annual financial reviews. This requirement ensures that all affiliated units maintain consistent standards of financial accountability and transparency.

When Reviews Must Be Conducted

Required Timing

Annual Requirement: Every PTA unit and council must conduct a financial review at least once per year, typically after the close of the fiscal year (July 1 through June 30) but before November 30.

Officer Transition Reviews: Reviews must be conducted whenever a treasurer or other authorized signatory leaves office, regardless of timing within the fiscal year. This protects both the departing officer and the organization.

Best Practice Timing: Conduct reviews during the summer months after the fiscal year ends but before new officers assume their full responsibilities. This timing allows for proper closure of the previous year's records while providing clean starting points for new officers.

Planning Considerations

Committee Establishment: The financial review committee should be established no later than the last membership meeting of the fiscal year to ensure timely completion of the review process.

Record Preparation: Allow adequate time for the treasurer to close books and organize records before the review begins. Rushing this process increases the likelihood of errors or omissions.

Schedule Coordination: Consider the availability of committee members and ensure sufficient time for thorough examination of records without creating pressure to rush through the process.

Financial Review Committee

Committee Composition Requirements

Essential Qualifications

Independence: All committee members must be independent from financial operations, meaning they cannot be authorized to sign checks, handle funds, or have direct access to PTA accounts.

Conflict of Interest: Committee members should not be related to current officers or have personal conflicts of interest that could compromise their objectivity.

Skills and Experience: The committee should include at least one person with basic accounting, bookkeeping, or financial skills to ensure accurate examination of records.

Minimum Size: The committee must include at least three members to provide adequate oversight and ensure multiple perspectives in the review process.

Prohibited Committee Members

The following individuals cannot serve on the financial review committee for their own term of office:

- The treasurer whose records are being reviewed
- The president who authorizes expenditures
- Anyone else authorized to sign checks or access accounts
- The secretary who maintains official minutes and records
- Committee chairs who handle significant amounts of money (fundraising, membership, programs)

Selection Process

Election or Appointment: Committee members may be elected by the membership or appointed by the president, depending on your PTA's bylaws and standing rules.

Bylaw Requirements: Check your specific bylaws for any additional requirements regarding committee selection, qualifications, or composition.

Advance Planning: Select committee members well in advance of the review to ensure their availability and provide time for any necessary training or orientation.

Committee Responsibilities

Chairman Selection and Duties

Chairman Selection: The committee must choose its chairman at its first meeting, unless your bylaws specify that the chairman should be appointed.

Coordination Responsibilities: The chairman coordinates with the treasurer, president, and committee members to schedule the review and ensure all necessary records are available.

Documentation: The chairman ensures that all findings are properly documented and that the final report accurately reflects the committee's work and conclusions.

Committee Authority

Investigation Powers: The financial review committee has the authority to investigate and examine all financial records, interview relevant officers, and request additional documentation as needed.

Access to Records: The committee must have complete access to all financial records, bank statements, receipts, invoices, and supporting documentation for the period under review.

Reporting Obligations: The committee must report its findings to the executive board and ultimately to the membership, maintaining objectivity and accuracy in all communications.

Review Preparation Process

Treasurer's Preparation Responsibilities

Record Organization

Account Closure: The outgoing treasurer must balance all accounts and close the books for the review period, ensuring that all outstanding transactions are properly recorded.

Document Assembly: Organize all financial records in chronological order, ensuring that supporting documentation is easily accessible and properly filed.

Final Reconciliation: Complete final bank reconciliations and ensure that all account balances match the organization's records before turning materials over for review.

Document Transfer

The treasurer must turn over all required documents to the financial review committee in a timely manner before the review takes place.

Availability During Review

The treasurer must be available (usually by phone) to answer questions during the review process, but should not be present at the review site nor take part in the review itself.

Secretary's Preparation Role

Required Materials from Secretary

Meeting Minutes: The secretary must provide complete minutes of all board meetings and general membership meetings for the review period.

Bylaws and Rules: Current copies of unit bylaws and standing rules should be available for reference during the review.

Authorization Documentation: Minutes showing authorization for expenditures, budget amendments, and other financial decisions help verify proper approval processes.

Documentation Verification

Authorization Trail: Meeting minutes provide the authorization trail for expenditures and help verify that proper approval procedures were followed.

Decision Context: Minutes help the review committee understand the context and justification for financial decisions made during the review period.

Compliance Verification: Bylaws and standing rules provide the framework for determining whether financial procedures were properly followed.

Step-by-Step Review Procedures

Initial Setup and Verification

Starting Balance Verification

Three-Way Match: Begin by verifying that the beginning balance matches across three sources: the financial review report from the previous year, the treasurer's checkbook, and the general ledger. All three figures must match exactly.

Discrepancy Resolution: If beginning balances do not match, determine the source of the discrepancy before proceeding. This may require reviewing prior year records or consulting with the previous treasurer.

Documentation: Record the verified beginning balance and note any discrepancies found and how they were resolved.

Record Organization

Chronological Review: Organize all materials in chronological order by month to facilitate systematic examination of transactions throughout the review period.

Committee Assignments: The chairman may consider assigning specific months or functions to different committee members to expedite the review process while maintaining thoroughness.

Bank Statement Reconciliation

Bank Record Verification

Statement Completeness: Ensure that bank statements are complete for the entire review period, with no missing months or pages.

Electronic vs. Paper Records: If the PTA uses electronic banking, verify that electronic records are complete and that proper oversight was maintained for online transactions.

Interest and Fees: Verify that all bank fees, service charges, and interest earnings are properly recorded in the PTA's books.

Check and Disbursement Verification

Check Examination Process

Sequential Verification: Compare each canceled check (or electronic statement record) against the general ledger and checkbook entries, ensuring that dollar amounts match exactly.

Authorization Verification: Match canceled checks to corresponding vouchers, purchase orders, or other authorization documents as required by your procedures.

Supporting Documentation: Ensure that each check has appropriate supporting documentation such as bills, receipts, or invoices that justify the expenditure.

Authorization and Approval

Budget Compliance: Expenditures within approved budget limits do not usually need additional approval unless outlined in the bylaws or standing rules. Check meeting minutes for proper approval of expenditures that fall outside approved budget limits.

Signature Verification: Confirm that checks were properly signed by authorized individuals according to your PTA's policies.

Missing Documentation

Receipt Requirements: If receipts or invoices are missing, check budget documentation or meeting minutes to verify the legitimacy of expenditures.

Documentation Standards: Note any patterns of missing documentation that might indicate the need for improved procedures or additional training.

Recommendation Development: Prepare recommendations for improving documentation procedures based on deficiencies found during the review.

Revenue and Deposit Verification

Deposit Verification Process

Deposit Documentation: Check each deposit slip against general ledger entries, checkbook records, and corresponding bank statements to ensure all amounts match exactly.

Revenue Source Tracking: Verify that deposits are properly categorized by source (membership dues, fundraising events, programs) and that revenue is accurately attributed to appropriate budget categories.

Multiple Revenue Streams: When several revenue sources are combined into a single deposit, ensure that individual amounts are properly recorded and allocated in the general ledger.

Cash Receipt Verification

Receipt Documentation: Verify that the treasurer issued receipts for all funds received and that receipt totals match general ledger entries.

Fundraising Event Revenue: For fundraising activities, verify that event chairmen received proper receipts from the treasurer and that all revenue was promptly deposited.

Membership Dues Processing: Check that membership dues were properly divided between local and Ohio PTA portions, and that Ohio PTA portions (which include both state and national dues) were forwarded to Ohio PTA as required.

Revenue Authorization

Event Approval: Verify that fundraising events and other revenue-generating activities were properly authorized through membership or board action.

Documentation Standards: Note the quality of revenue documentation and make recommendations for improvements where needed.

Final Reconciliation and Balance Verification

Ending Balance Calculations

Mathematical Verification: Total all receipts and disbursements for the review period and verify that calculations are accurate.

Balance Reconciliation: Ensure that the ending balance calculated from records matches the actual bank balance, accounting for any outstanding checks or deposits.

Multi-Account Verification: If the PTA maintains multiple accounts (checking, savings, certificates of deposit), verify balances for all accounts and ensure proper documentation of transfers between accounts.

Outstanding Items Review

Outstanding Check List: Prepare a complete list of outstanding checks with check numbers and amounts, verifying that these checks eventually cleared in subsequent months.

Deposit Verification: Account for any deposits in transit and verify that they were properly recorded when they cleared the bank.

Timing Issues: Note any unusual timing issues with outstanding items that might indicate problems with record keeping or cash flow management.

Documentation and Reporting

Review Documentation Standards

Working Papers and Notes

Documentation of Process: Maintain detailed working papers showing what was examined, any discrepancies found, and how they were resolved.

Question Resolution: Document any questions that arose during the review and how they were answered, including consultations with officers or reference to supporting documents.

Recommendation Development: Prepare detailed notes supporting any recommendations for procedural improvements or policy changes.

Financial Review Report Preparation

Report Content Requirements

Financial Summary: The report must include beginning balance, total receipts, total disbursements, and ending balance for the review period.

Bank Reconciliation: Include current bank statement balance and list any outstanding checks with numbers and amounts.

Committee Findings: Clearly state whether records were found to be correct, substantially correct with noted adjustments, incomplete, or incorrect.

Recommendations: Include specific recommendations for improving financial procedures, record keeping, or internal controls.

Committee Conclusions

Accuracy Assessment: The committee must choose one of the following conclusions:

- Records are correct and complete
- Records are substantially correct with the following minor adjustments
- Records are incomplete (specify what is missing)
- Records are incorrect (specify problems found)

Supporting Detail: Provide sufficient detail to support the committee's conclusion, including any mathematical errors, missing documentation, or procedural violations discovered.

Improvement Suggestions: Include constructive recommendations for strengthening financial controls and improving record keeping practices.

Presenting Results to Membership

Board Presentation Requirements

Executive Board Review

Initial Presentation: The financial review committee chairman must present findings to the executive board before presenting to the general membership.

Board Discussion: The board should discuss any findings, recommendations, or concerns raised by the review committee and decide on appropriate follow-up actions.

Implementation Planning: If recommendations are made, the board should develop implementation plans and assign responsibilities for making improvements.

Documentation for Board

Written Report: Provide a written copy of the review report to all board members in advance of the meeting when results will be discussed.

Supporting Materials: Make available any additional documentation that supports the committee's findings or recommendations.

Action Items: Clearly identify any action items that require board attention or follow-up.

Membership Meeting Presentation

Presentation Process

Public Reading: The review report must be read aloud at a general membership meeting, typically by a member of the review committee or the recording secretary.

Question Period: Allow time for members to ask questions about the review findings and any recommendations made by the committee.

Formal Adoption: After the report is read and questions are answered, a motion for adoption must be made and voted upon by the membership.

Adoption Procedures

Motion Requirements: A motion to adopt the financial review report requires no second, as it comes from a committee.

Voting Process: The adoption motion requires a majority vote of members present at the meeting.

Record Keeping: The adoption of the review report must be recorded in the meeting minutes, including the vote tally.

Follow-Up Actions

Implementation Timeline: If the review included recommendations, establish timelines for implementing improvements and assign responsibility for follow-up.

Communication: Ensure that relevant officers understand any procedural changes recommended by the review committee.

Next Year Planning: Use review findings to improve procedures for the following year and provide guidance to incoming officers.

Handling Review Problems

Common Issues and Solutions

Incomplete Records

Missing Bank Statements: Contact the bank to request duplicate statements. Most banks provide recent statements at low or no cost, though older records may be more expensive.

Missing Checks: Bank statement images may be sufficient for verification, but if detailed check copies are needed, request them from the bank and be prepared for potential costs.

Reconstruction Methods: Use committee reports, meeting minutes, and other available documentation to reconstruct missing financial records when possible.

Mathematical Errors and Discrepancies

Error Identification: When mathematical errors are found, work systematically from the beginning of the year to identify and correct all errors.

Multiple Person Verification: Have more than one committee member verify calculations, especially when dealing with complex reconciliation issues.

Systematic Approach: For organizations with many transactions, subtotal receipts and disbursements by month to help isolate errors to specific time periods.

Unauthorized Expenditures

Budget Variance Analysis: Compare expenditures to approved budgets and identify any spending that exceeded authorized amounts or occurred without proper approval.

Documentation Review: Check meeting minutes and board authorizations to determine whether apparent unauthorized expenditures actually had proper approval.

Recommendation Development: When unauthorized expenditures are found, develop specific recommendations for strengthening approval procedures and preventing future occurrences.

Disorganized Records

Organization Strategy: When records are disorganized, work systematically to sort and organize materials before beginning the detailed review process.

Time Management: Allocate additional time for reviews when records are poorly organized, and consider scheduling multiple work sessions.

Procedure Recommendations: Include specific recommendations for improving record organization and maintenance in the review report.

When Problems Cannot Be Resolved

Seeking Additional Help

Officer Consultation: Contact current and former officers who may be able to provide information about questionable transactions or missing documentation.

Ohio PTA Resources: Consult with your Ohio PTA Region Advisor or contact Ohio PTA at office@ohiopta.org for guidance on handling complex review problems.

Professional Assistance: For serious discrepancies or complex financial issues, consider consulting with a professional accountant or bookkeeper.

Escalation Procedures

Board Notification: If significant problems are discovered, notify the executive board immediately rather than waiting for the formal review report.

Documentation Standards: Maintain detailed documentation of all problems discovered and steps taken to resolve or investigate them.

Member Communication: Serious financial irregularities must be reported to the membership, with appropriate discretion to protect individuals while ensuring transparency.

Incomplete Review Situations

Partial Review Documentation: If a review cannot be completed due to missing records or other factors, document what was reviewed and what could not be verified.

Qualified Findings: The review report should clearly state any limitations in the review scope and qualify findings accordingly.

Follow-Up Planning: Develop plans for obtaining missing information and completing the review if possible, or for implementing stronger controls to prevent future problems.

Annual Review Scheduling and Planning

Advanced Planning Strategies

Committee Selection Timeline

Early Identification: Begin identifying potential review committee members several months before the end of the fiscal year to ensure availability and appropriate qualifications.

Skills Assessment: Consider the financial complexity of your PTA's operations when selecting committee members, ensuring that at least one member has relevant experience.

Training Opportunities: Provide committee members with copies of this guide and consider arranging brief training sessions to familiarize them with review procedures.

Treasurer Preparation Support

Monthly Preparation: Encourage treasurers to maintain organized records throughout the year rather than trying to organize everything at year-end.

Pre-Review Organization: Provide treasurers with checklists and timelines for preparing records for review, including specific requirements for document organization.

Transition Planning: For treasurer transitions, ensure that outgoing treasurers complete their record organization before leaving office.

Best Practices for Efficiency

Review Process Optimization

Work Session Planning: Consider scheduling multiple shorter work sessions rather than attempting to complete the entire review in one marathon session.

Task Division: Divide review tasks among committee members based on their skills and experience, while ensuring that all members participate in key verification activities.

Technology Utilization: Use calculators, spreadsheets, or other tools to verify mathematical calculations and improve accuracy.

Documentation Efficiency

Standardized Forms: Use standardized forms and checklists to ensure consistency in review procedures and documentation.

Digital Organization: Consider digital organization tools for managing review documentation and maintaining records of the review process.

Template Development: Develop templates for review reports and working papers to improve consistency and efficiency across years.

Disclaimer: This guide provides general guidance and should not be considered legal advice. For specific legal questions, consult with qualified legal counsel. Ohio PTA provides this information as a service to our members and cannot guarantee its accuracy or completeness. Individual circumstances may require different approaches than those outlined in this guide.

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Treasurer's Financial Review Preparation Checklist

PTA Unit/Council: _____

Review Period: From _____ To _____

Date Records Due to Committee: _____

Required Financial Records

- Treasurer's account book or general ledger** - Complete records for entire review period
- Unit checkbook** - Including all check registers and account records
- Savings account records** - If applicable, including passbooks or statements
- All bank statements** - Complete statements for review period with no missing months
- All deposit slips** - Original deposit slips or bank copies for all deposits made
- All vouchers, bills, receipts, and invoices** - Supporting documentation for every expenditure
- Treasurer's receipt book** - Documentation of all money received by treasurer
- Canceled checks or electronic records** - Verification of all check payments

Budget and Reporting Documents

- Approved unit budget** - Original budget as adopted by membership
- Budget amendments** - Documentation of any budget changes made during year
- All executive board treasurer reports** - Copies of reports presented to board meetings
- All general meeting treasurer reports** - Copies of reports presented to membership meetings
- Annual financial report** - Complete financial summary for review period

Previous Review and Authorization Documents

- Previous financial review report** - Most recent completed review for reference
- Documentation of prior recommendations** - Evidence of actions taken on previous suggestions
- Bank signature card records** - Documentation of authorized check signers
- Insurance and bonding information** - Current policy information and certificates

Final Preparation Tasks

- Account balancing completed** - All accounts reconciled and balanced for review period end
- Outstanding checks identified** - List prepared of any checks not yet cleared
- Final reconciliation completed** - Books match bank statements as of review date
- Records organized chronologically** - All documents arranged by date for easy review
- Questions list prepared** - Note any unusual transactions that may need explanation
- Contact information updated** - Phone number where treasurer can be reached during review

Treasurer Signature: _____ Date: _____

Committee Chairman Signature: _____ Date: _____ (Committee
Chairman signs upon receipt of complete records)

Secretary's Financial Review Preparation Checklist

PTA Unit/Council: _____

Review Period: From _____ To _____

Date Records Due to Committee: _____

Required Meeting Minutes

- All executive board meeting minutes** - Complete minutes for entire review period
- All general membership meeting minutes** - Complete minutes for entire review period
- Special meeting minutes** - Any special meetings that addressed financial matters

Governance Documents

- Current unit bylaws** - Most recent version as adopted by membership
- Current standing rules** - All standing rules in effect during review period
- Standing rule amendments** - Any changes made to standing rules during review period
- Policy documentation** - Any financial policies adopted during review period

Authorization Documentation

- Budget adoption documentation** - Minutes showing membership approval of annual budget
- Budget amendment approvals** - Minutes documenting any budget changes during year
- Major expenditure authorizations** - Board or membership approval for significant expenses
- Fundraising event approvals** - Documentation of authorized fundraising activities
- Contract approvals** - Minutes showing approval of any contracts or agreements
- Equipment purchase authorizations** - Approval for major equipment or supply purchases

Officer and Committee Records

- Officer election minutes** - Documentation of current officer elections and installations
- Committee appointment records** - Minutes showing committee appointments and authorities
- Signing authority documentation** - Minutes establishing who can sign checks and access accounts
- Bonding documentation** - Minutes addressing insurance and bonding requirements

Preparation Verification

- Chronological organization** - All minutes arranged by date for easy reference
- Index or summary prepared** - Quick reference guide to major financial decisions
- Authorization cross-references** - Notes linking expenditures to specific authorizing actions
- Contact information current** - Secretary available to answer questions during review

Secretary Signature: _____ Date: _____

Committee Chairman Signature: _____ Date: _____ (Committee
Chairman signs upon receipt of complete records)

Financial Review Report Form

PTA Unit/Council Name: _____

Council: _____ Region: _____

Review Period: From _____ To _____

Date of Review: _____

Financial Summary

	Amount
Balance on Hand (beginning of review period)	\$ _____
Total Receipts (during review period)	\$ _____
Total Available Funds	\$ _____
Total Disbursements (during review period)	\$ _____
Balance on Hand (end of review period)	\$ _____

Bank Reconciliation

	Amount
Bank Statement Balance (as of review date)	\$ _____
Less: Outstanding Checks	
Check # _____	\$ _____
Check # _____	\$ _____
Check # _____	\$ _____
Check # _____	\$ _____
Plus: Deposits in Transit	\$ _____
Reconciled Balance	\$ _____

Review Committee Findings

We have examined the financial records of the _____ PTA for the period indicated above and find them to be **(check one)**:

- Correct and complete** as presented
- Substantially correct** with the following minor adjustments:

- Incomplete** - the following records or information were missing:

- Incorrect** - the following problems were identified:

Recommendations for Improvement

Review Committee Signatures

Committee Chairman: _____ Date: _____

Committee Member: _____ Date: _____

Committee Member: _____ Date: _____

Committee Member: _____ Date: _____

Membership Action

Date Presented to Membership: _____

Motion to Accept Review Report: Approved Rejected

Signature of Recording Secretary: _____

Note: This report must be presented to and formally adopted by the membership at a general meeting. After adoption, file this report with the unit's permanent records and submit a copy to Ohio PTA.