



INTEROFFICE MEMORANDUM

DATE: December 5, 2017

TO: Members of the Board of School Directors

FROM: Mr. Paul Geib *PG*

RE: Audit #2018-028: Milwaukee High School of the Arts
School Audit

C: Dr. Darienne Driver
Dr. Jacqueline Mann
Ms. LaWanda Baldwin
Dr. Keith Posley
Dr. Reginald Lawrence
Ms. Theresa Morateck
Mr. Paul Stawicki
Mr. Michael Trueblood
Mr. Larry Farris

Transmitted herewith is our report on *Audit #2018-028: Milwaukee High School of the Arts– School Audit*. If you have any questions regarding this report or would like the report to be placed on a committee agenda, please contact our office.

On behalf of the Audit Services' staff, we wish to thank the school staff and the MPS administration for their cooperation and assistance throughout the audit process.

Attachment

**Milwaukee High School of the Arts
School Audit**

Audit: 2018-028

December 2017



MILWAUKEE
PUBLIC SCHOOLS

Office of Board Governance-Audit Services

**MILWAUKEE HIGH SCHOOL OF THE ARTS
SCHOOL AUDIT**

AUDIT: 2018-028

DECEMBER 2017

**MILWAUKEE PUBLIC SCHOOLS
BOARD OF SCHOOL DIRECTORS**

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Paul Geib - Performance Audit Manager
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Principal

Mr. Larry Farris

Auditors' Report

Mr. Larry D. Farris
Principal
Milwaukee High School of The Arts

At your request, our office conducted an audit of Milwaukee High School of The Arts' (MHSA) financial transactions, fixed asset management, payroll exception reporting, fire drill, student attendance and textbook management procedures and activities. The purpose of our review was to assist you in your new Principal assignment by assessing whether the existing internal controls over the school's financial and other activities can be relied upon to ensure that assets are safeguarded, procedures are followed, and transactions are properly authorized, recorded, and documented. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT CONCLUSION

Based upon the representations we received from you and your staff and the results of our limited testing of transactions that occurred from June 1, 2016 through May 31, 2017 it is our opinion that internal controls are:

	Internal Controls	
	Adequate	Inadequate
Financial Transactions	✓ with recommendations	
Fixed Asset Management		✓
Payroll Exception Reporting	✓ with recommendations	
Fire Drills	✓ with recommendations	
Student Attendance	✓ with recommendations	
Textbook Management	✓ with recommendations	

Adequate: The school has been following most or all of the essential, prescribed internal control procedures to ensure that school assets are safeguarded and transactions are properly authorized, recorded and documented.

Inadequate: The school has not been following the essential, prescribed internal control procedures and accordingly, a high risk for misrepresentation and/or misappropriation exists at the school and these conditions should be corrected immediately.

Accordingly, it is our opinion that balances reported on monthly student activity fund (SAF) financial statements, including but not limited to the May 31, 2017 statement attached as Exhibit I, are fairly stated.

DETAIL AUDIT FINDINGS AND RECOMMENDATIONS

Our audit showed several areas in need of improvement as noted in the following table of audit findings:

Area Reviewed	Number of Audit Findings
I. Financial Transactions	
IFAS-Student Activity Balance Sheet	1
Cash Receipts	-
Cash Disbursements	1
Capital Cash / Budget Reimbursements	-
Camp & Club Accounts	1
Fund Raising	-
Other Expenditures and Controls	3
II. Fixed Asset Management	1
III. Payroll Exception Reporting	1
IV. Fire Drills	1
V. Student Attendance	1
VI. Textbook Management	1

The following pages provide specific details for each of the audit findings and our recommendations. In addition, we have attached a document that summarizes the most commonly used Internal Controls and Other Procedures the district requires schools to follow. The highlighted items within the attached document describe the internal control, procedure, or policy that did not exist at your school and should be implemented as soon as possible.

I. Financial Transactions

IFAS-Student Activity Balance Sheet

1. Audit Finding

Nine accounts on the general ledger have negative balances totaling \$10,404 and six checks totaling \$3,970 are outstanding for more than a year.

Recommendation

The Principal should ensure that (1) general ledger accounts don't have negative balances and expenditures should not be made in excess of the total funds and (2) outstanding checks that are more than one year old are written off.

School Response

(1) I will monitor the general ledger accounts monthly to ensure that there are no negative balances and correct negative balances as soon as possible. I will also monitor accounts to ensure that expenditures are not exceeding the total amount of funds available in the accounts.

(2) I will also work with the school Bookkeeper to write off outstanding checks that are more than one year old.

Cash Disbursements

2. Audit Finding

For five of five (100%) cash disbursements tested, the invoices and receipts were not marked PAID.

Recommendation

The Principal should ensure that the Bookkeeper marks receipts and invoices "PAID."

School Response

I will review cash disbursements monthly to ensure that the Bookkeeper marks invoices and receipts "PAID."

Camp / Club Accounts

3. Audit Finding

The advisor in charge of the Club Account for club Modern Dance (MH44407), did not maintain accurate and complete records such as Cash Receipt forms, invoices, and receipts on file.

Recommendation

The Principal should ensure that the Club Account advisor maintains cash receipt forms, invoices, and receipts for all club activities.

School Response

I will review Club Accounts monthly to ensure that the advisor maintains Cash Receipt forms, invoices, and receipts for all club activities.

Other Expenditures and Controls

4. Audit Finding

Two of ten (20%) expenditures tested were charged to the incorrect budget code. A purchase of eight hundred reading books was charged to ESUP-Supplies Consumable when ENTB-Non-Textbooks is more appropriate, and a purchase of a 3D printer was charged to ESUP-Supplies Consumable when ENCQ-Non-Capital Equipment is more appropriate. In addition, fixed assets testing also indicated that two of two (100%) fixed assets purchased during the review period, a Ricoh Printer was charged to ECPU-Computers when ENCQ-Non-Capital Equipment is more appropriate, and a purchase of twenty Chromebooks was charged to ESUP-Supplies Consumable when ECPU-Computers is more appropriate.

Recommendation

The Principal should ensure that all expenditures are charged to the budget code that most accurately describes the nature of the expenditure.

School Response

I will review the General Ledger Analysis Summary on a monthly basis to ensure that all expenditures are charged to the budget code that most accurately describes the nature of the expenditure.

5. Audit Finding

A travel event was reconciled twenty-five days after the trip completion, instead of within fifteen days.

Recommendation

The Principal should ensure that all travel is reconciled within 15 days of trip completion.

School Response

I will review reconciliation paperwork and timelines to ensure that all travel is reconciled within 15 days of trip completion.

6. Audit Finding

Eight encumbrances totaling \$12,147 were outstanding for more than one year.

Recommendation

The Principal should contact their budget analyst and work with them to ensure that all open encumbrances are reviewed and monitored, and any encumbrance that is outstanding for more than one year is resolved.

School Response

I will work with my budget analyst to ensure that all open encumbrances are reviewed and monitored, and any encumbrance that is outstanding for more than one year will be resolved by the end of February 2018.

II. Fixed Asset Management**7. Audit Finding**

Two fixed assets purchased during the period under review, a Ricoh printer and a purchase of twenty Chromebooks; two fixed assets selected at the school, a HP printer and a HP Pro Book; and a 3D printer tested under other expenditures were not tagged. The Ricoh printer purchased during the review period, the HP printer and HP Pro Book selected at the school, and the 3D printer in other expenditures testing were not recorded in IFAS with a description of the item, per unit cost, serial number, location, and the MPS tag number within 30 days of receipt. In addition, the school did not finish accounting for its fixed assets on the FY16-17 Year End Check List.

Recommendation

The Principal should ensure that (1) all fixed assets are tagged and recorded in IFAS with a description of the item, per unit cost, serial number, location, and the MPS tag number within 30 days of receipt, and (2) an inventory is completed to account for all fixed assets in IFAS.

School Response

(1) Beginning the week of November 22, 2017 I will have a designated staff member work through the fixed assets list by going room to room to tag assets that are not recorded in IFAS. Once each floor is complete I will work with the staff member and Bookkeeper to ensure that fixed assets are tagged and recorded in IFAS with a description of the item, per unit cost, serial number, location, and that the MPS tag number is on the item within 30 days of receipt.

(2) I will reassess the inventory of all fixed assets that should be in IFAS by January 2018.

III. Payroll Exception Reporting**8. Audit Finding**

For one overtime pay tested, a signed Extra Hours form was not on file. In addition, 1.5 additional hours earned by the Children's Health Assistant on January 13, 2017 per the Extra Hours form was not entered in PeopleSoft and paid to the Children's Health Assistant. In addition, the school's FY17 first semester Time and Effort report was not completed and submitted to the Department of Finance.

Recommendation

The Principal should ensure that (1) an Extra Hours form is completed, signed and dated by the employee; (2) the Principal signs and dates the form as an indication of their review and approval; (3) the form be retained in the payroll file; (4) the 1.5 additional hours is entered in PeopleSoft and paid out to the Children’s Health Assistant prior to December 31, 2017; and (5) Time and Effort reports are completed and submitted to the Department of Finance within required timelines.

School Response

- (1) I will work with payroll secretary to ensure that an Extra Hours form is complete, signed and dated by the employee for any extra hours worked.

- (2) I will sign and date the forms to indicate that I have reviewed and approve the hours and activity.

- (3) The form will be retained in the payroll file.

- (4) The 1.5 additional hours that is owed will be entered in People Soft by the head secretary and paid out to the Children’s Health Assistant prior to December 31, 2017.

- (5) When receiving Time and Effort Reports I will ensure that they are completed and submitted to the Department of Finance within the required timelines.

IV. Fire Drills

9. Audit Finding

In the 2016-2017 school year, a fire drill was not held for the months of December 2016 and January, March and June of 2017 and two fire drills were not observed by the Milwaukee Fire Department. In addition, the Principal was not utilizing the Wisconsin School District Record of Fire, Tornado, and other evacuation drills form.

Recommendation

The Principal should ensure that (1) the Wisconsin School District Record of Fire, Tornado, and other evacuation drills form is used to record all activity; (2) there be a minimum of one fire drill held for each month that school is in session, and (3) two fire drills are observed by the Milwaukee Fire Department.

School Response

I will ensure that the Wisconsin School District Record of Fire, Tornado, and other evacuation drills form is used to record all drill activity and (2) that there is a minimum of one fire drill held for each month that school is in session and that (3) two of the fire drills are observed by the Milwaukee Fire Department.

V. Student Attendance

10. Audit Finding

School staff does not consistently contact the parents or guardians of truant students by the end of the second day of an unexcused absence. School staff relies on the Messenger auto dialer and school social worker to contact parents of truant students; however, if parents are not reached by the Messenger program or school social worker, they are not consistently contacted within 48 hours of a reported truancy.

Recommendation

The Principal should direct staff to contact parents of truant students by phone or another means before the end of the second day after receiving a report of an unexcused absence.

School Response

I will direct staff to contact parents of truant students by phone or another means before the end of the second day after receiving a report of an unexcused absence. I will also work with school social worker to monitor and assess our staff's use of Student Contact time to make phone calls to parents of truant students.

VI. Textbook Management

11. Audit Finding

The school only accounted for 86.6% of their textbook inventory.

Recommendation

The Principal should ensure that the school accounts for at least 95% of their textbook inventory.

School Response

I will work with the school textbook coordinator to assess our current textbook inventory so that moving forward we can account for at least 95% of our textbook inventory. Semester textbooks that are not consumable will be collected at the end of each semester and students will individually and personally return textbooks that they have checked out at the end of the school year. Those who do not return a book that was checked out to them will have that item placed on the unfinished business list until it is accounted for or paid for.

**Milwaukee Public Schools
Balance Sheet by Location
MH - Milw High Sch of Arts
As of May 31, 2017**

Assets		
A100	Cash In Bank - Checking	107,735.93
A103	Cash In Bank-Cd-Cert Of Deposi	5,000.00
A105	Change Funds - Bookstore	
A106	Change Funds - Cafeteria	125.00
A107	Change Funds - General	150.00
A108	Petty Cash	(13.20)
A109	Cash In Bank-Cd2	23,057.28
A110	Cash In Bank-Cd3	5,000.00
	Total Assets	<u>141,055.01</u>
Liabilities		
L201	Budget Reimbursements	(556.00)
L206	Cafeteria	324.35
L207	Due To	3,187.54
	Total Liabilities	<u>2,955.89</u>
	Equity Balance	<u>138,099.12</u>
	Total Liabilities and Equity Balances	<u>141,055.01</u>

[Operating Summary by Club](#)

Milwaukee Public Schools
Student Activities Summary by Location
As of and Through the Period Ending May 31, 2017

		Cash	Payables	Balance Beginning of Year	Revenues	Expenses	Net Transfers	Available Balance
MH	Milw High Sch of Arts							
MH10000	Milwaukee Hs Of The Arts	33,057.28		33,038.06	19.22			33,057.28
MH20101	Budget Reimbursements	(556.00)	(556.00)					
MH20601	Cafeteria	324.35	324.35					
MH21501	Due To-Student Labor Permit	970.00	970.00					
MH21601	Due To-Textbk/Property Damage	2,217.54	2,217.54					
MH30401	Vending-Soda Fund	(345.51)		934.28	3,883.02	5,537.81	375.00	(345.51)
MH30801	Pta/Pto/Ptsa	6,468.91		7,145.04		676.13		6,468.91
MH31001	Scholarship-Mhsa General	2,748.77		1,548.77		(1,200.00)		2,748.77
MH31201	Grants-Kohls Art			216.05		216.05		
MH31801	Gift/Don-Library Donations	14.45		14.45				14.45
MH40201	SPORTS - BASKETBALL BOYS	420.61				28.50	449.11	420.61
MH40602	Do not Use- Boys Basketball			231.56	779.75	562.20	(449.11)	
MH40603	Do not use - Track			(9.08)	400.00		(390.92)	
MH40604	Sports - Tennis	169.15			169.15			169.15
MH40605	Do not use-Volleyball/Girls				378.67	162.51	(216.16)	
MH42801	Sports - Track	236.65			40.00	194.27	390.92	236.65
MH43001	Sports - Volleyball/Girls	216.16					216.16	216.16
MH43401	Athletics-All Other/General	(764.04)		(129.24)	1,274.33	1,909.13		(764.04)
MH43601	Clsroom Activity-Art Dept	99.00		(80.32)	99.00		80.32	99.00
MH43602	Clsroom Activity-Band	1,688.18		1,216.79	3,724.75	3,253.36		1,688.18
MH43603	Clsroom Activity-Fieldtrip 1	833.63		866.06	800.00	832.43		833.63
MH43604	Clsroom Activity-Fieldtrip 2	514.49		514.49				514.49
MH43605	Clsroom Activity-Jazz Studies	2,281.10		3,302.86	613.49	1,191.56	(443.69)	2,281.10
MH43606	Clsroom Activity-Ap Test Fees	2,242.00			2,242.00			2,242.00
MH43607	Clroom Act-Ap Art History	56.06		610.13	1,922.36	2,190.55	(285.88)	56.06
MH43608	Clroom Act-Creative Writing	447.72		333.50	663.40	449.18	(100.00)	447.72
MH43609	Clsroom Activity-Choral Music	(1,414.03)		3,085.31	221.00	4,720.34		(1,414.03)
MH43610	Clssrm Activity-Godspel Choir	123.00		123.00				123.00
MH43611	Clsroom Activity-Orchestra	956.85		2,383.83	4,282.75	6,078.42	368.69	956.85
MH43612	Clsroom Activity-Piano			286.25	38.00		(324.25)	
MH43613	Clsroom Activity-Science Dept	6,876.03		9,265.56	3,712.04	6,101.57		6,876.03
MH43614	Clsroom Activity-Junior Class	(21.37)		(21.37)				(21.37)
MH43615	Clssrm Activity-New York Trip	(327.37)		(1,056.37)	390.00		339.00	(327.37)
MH43616	Clssrm Activity-DC Field Trip	4.73		(605.40)			610.13	4.73
MH43617	Clsroom Activity-English Dept	341.18		855.22	747.25	1,261.29		341.18
MH43618	Clssrm Act-Chicago Field Trip	25.00		50.00		25.00		25.00
MH43619	Clsroom Activity-Music	30.00		30.00				30.00
MH43620	Classroom Activiites-Spanish	(283.69)		109.00		392.69		(283.69)
MH43621	Clsroom Activity - Room 227	713.91		401.38	1,598.00	1,285.47		713.91
MH43622	Classroom Act.-Special Ed	2,163.13			6,566.71	4,403.58		2,163.13
MH44001	Yearbooks	(5,678.28)		1,613.00	285.00	7,576.28		(5,678.28)

Milwaukee Public Schools
Student Activities Summary by Location
As of and Through the Period Ending May 31, 2017

	Cash	Payables	Balance Beginning of Year	Revenues	Expenses	Net Transfers	Available Balance
MH44201 Graduation/Comp-Senior Class	7,241.37		3,001.37	4,240.00			7,241.37
MH44202 Graduation/Completion-Fees	8,421.05		7,676.05	745.00			8,421.05
MH44203 Graduation/Josten	2,553.35		163.35	2,390.00			2,553.35
MH44401 Clubs-Forensics	(943.35)		(943.35)	650.00	650.00		(943.35)
MH44402 Clubs-National Honor Society			24.24	203.50	271.38	43.64	
MH44403 Clubs-Ocean Of Soul			(102.00)			102.00	
MH44404 Clubs-Art Shows	108.89		165.23	813.00	789.02	(80.32)	108.89
MH44405 Clubs-Theatre	(626.38)		(1,427.23)	2,695.85	1,895.00		(626.38)
MH44406 Clubs-Weight Loss Challenge			245.00		245.00		
MH44407 Clubs-Modern Dance	781.81		1,317.58	2,479.80	3,398.70	383.13	781.81
MH44408 Clubs-Arts Alive	3,604.91		4,520.09	1,042.20	1,574.25	(383.13)	3,604.91
MH44410 Clubs-Student Council	923.96		518.28	555.25	149.57		923.96
MH44411 Clubs-Gospel Choir	185.71		185.71				185.71
MH44412 Clubs-Dance	48.80		137.80		89.00		48.80
MH44413 Clubs-Spiders	385.86		612.86	100.00	327.00		385.86
MH44414 Clubs - Forever Friends							
MH44415 Clubs - Visual Arts	202.36		2.80	250.00	50.44		202.36
MH44416 Clubs - F.E.M.Z	429.02			1,133.87	704.85		429.02
MH44417 Clubs-Gay Straight Alliance	300.00			300.00			300.00
MH44418 Clubs - Boys to Men	717.05			1,010.10	293.05		717.05
MH44419 Clubs-Forensics Ntl Tourn	2,305.77			2,305.77	100.00	100.00	2,305.77
MH44601 Dances-Prom	4,448.99		658.91	20,178.27	18,437.56	2,049.37	4,448.99
MH44602 Dances - Homecoming			1,229.37	820.00		(2,049.37)	
MH50001 General School	8,167.75		9,691.52	4,642.91	5,680.66	(486.02)	8,167.75
MH50002 General School-Library	175.85		123.35	52.50			175.85
MH50003 General School-Pbis	678.45		364.68	615.02	301.25		678.45
MH50004 General School-General Store			727.60	53.00	954.62	174.02	
MH50005 General School-Transcripts	1,968.00		1,465.00	503.00			1,968.00
MH50006 Gen Sch-School Of Development	3,479.71		3,904.24		424.53		3,479.71
MH50007 Gen Schl-Student Activities 2			(110.59)			110.59	
MH50008 Gen Sch-Mhsa Fund & Production	2,191.56		11,151.29	8,111.65	17,071.38		2,191.56
MH50009 Gen Schl-Student Activities 1	35,538.80		40,551.52	32,391.74	36,656.83	(747.63)	35,538.80
MH50010 General School-Bookstore	57.00		35.00	22.00			57.00
MH50011 General School-Psat	87.00		87.00				87.00
MH50013 General School - Gym Uniforms	375.84		303.84	92.00	20.00		375.84
MH50014 General School - Spirit Wear	396.29		610.00	281.00	494.71		396.29
Totals for Milw High Sch of Arts	141,055.01	2,955.89	153,163.32	123,527.32	138,427.12	(164.40)	138,099.12
Total All Selected Activities	141,055.01	2,955.89	153,163.32	123,527.32	138,427.12	(164.40)	138,099.12

MILWAUKEE PUBLIC SCHOOLS
OFFICE OF AUDIT SERVICES
Internal Controls and Other Procedures

School funds are accounted for through the Integrated Finance and Accounting System (IFAS). The MPS School Accounting Manual (SAM), MPS Financial Standards (FS), Travel Policies and Procedures Manual (TPPM), Educational Materials Inventory Management Process Manual (EMIVMP), and Administrative Policies and Procedures (AP) are the primary sources for district financial guidelines. The following information summarizes the most commonly used Internal Controls and Other Procedures the district requires schools to follow. In some cases, information and/or explanations were added or expanded by Audit Services based on best business practices (BBP). Sources where more detailed information can be found are referenced throughout.

I. Financial Transactions

IFAS-Student Activity (IFAS-SA) Balance Sheet

Purpose: To ensure that no expenditures are made in excess of funds available in an account and that only school-related activities are represented on the balance sheet.

1. The principal should ensure that IFAS-SA Balance Sheet accounts never have negative balances (except the budget reimbursement – xx20101 L201 and camp reimbursement – xx20301 L205 accounts). No expenditure should be made in excess of the total funds in the club's account. [SAM]
2. All accounts on the general ledger should represent currently active, school-sponsored clubs or activities. Cash balances relating to inactive club accounts should be transferred to the General School account after one year. [SAM]
3. The principal/secretary/bookkeeper should ensure that the petty cash is kept in the office and in a secure location. [SAM]
4. The principal should ensure that the petty cash is no more than \$50. [BBP]
5. The principal should receive, open, and review the bank statements. The principal should review cancelled checks returned with the bank statement to ensure all checks were signed by the principal. [SAM]
6. The monthly bank statement should be reconciled to the IFAS-SA report and checkbook balance and a copy of the reconciliation should be remitted to the Finance Department by the 20th of the month. The review of the bank reconciliation should be performed in tandem with the monthly review of the school's financial records and should be signed by the principal. [SAM, FS #7, AP 3.06]

7. The secretary/bookkeeper should record bank adjustments such as returned items and bank charges in the checkbook as soon as they are known. [SAM]
8. Outstanding checks greater than one year old should be written off. [SAM]
9. Correction memos from the bank and adjusting entries on IFAS-SA should be rare occurrences. [BBP]
10. Electronic fund transfers (EFT) used to transfer monies from the school's checking account to a central nutrition account should be monitored. Daily cafeteria receipts should be reconciled to the monthly EFT on the bank statement and differences should be investigated and resolved. [SAM, BBP]
11. Interest earned on savings accounts or certificates of deposit should be recorded when received which may be monthly, quarterly, or upon investment maturity. [SAM]

Cash Receipts

Receipt of Funds

Purpose: To ensure adequate control is maintained over all funds that are received by school personnel.

1. When an individual (advisor) receives funds, the advisor should, on a daily basis, count the funds and prepare and sign the standard three-part Cash Receipt form which includes the account number and name, date, and the breakdown of funds being deposited. The funds and the completed Cash Receipt form should then be submitted to the secretary/bookkeeper. Food service managers should prepare three signed cafeteria reports, which detail the cafeteria receipts, and submit two copies to the secretary/bookkeeper in lieu of the three-part Cash Receipt form. [SAM, AP 3.08]
2. The secretary/bookkeeper should independently count the funds and counter-sign the Cash Receipt/cafeteria reports which detail the cafeteria receipts. The secretary/bookkeeper's signature indicates agreement on the accuracy of the amount being deposited. If a discrepancy exists, the secretary/bookkeeper should contact the advisor and resolve the discrepancy. [SAM, AP 3.08]
3. The secretary/bookkeeper should (a) return the last copy of the completed Cash Receipt/cafeteria reports to the advisor, (b) file the second copy of the Cash Receipt/cafeteria form by the IFAS-SA account number, and (c) attach the top copy of the Cash Receipt/cafeteria form to the bank deposit receipt to use when posting financial information to IFAS-SA. [SAM]

Depositing the Funds

Purpose: To ensure all funds are properly deposited.

4. All funds received should be secured in a locked environment, preferably a safe, but at least a locked cabinet or locked drawer in an area with limited access, such as the principal's office. Under no circumstances should funds be kept in desks, file cabinets, or any location in a classroom. [SAM, AP 3.08]
5. The secretary/bookkeeper should deposit funds at least on a weekly basis. [SAM, AP 3.08]
6. The secretary/bookkeeper should deposit all revenue received since the last deposit. No cash should be held back for any reason. [BBP]

Recording the Receipts and Retention of Records

Purpose: To ensure receipts are properly recorded and that records are properly retained.

7. Each bank deposit slip should be supported by Cash Receipt forms included in that deposit. This group of documents should be filed chronologically. [SAM]
8. Whenever a deposit is made, the secretary/bookkeeper should record the deposit in the school's checkbook register along with the new running balance. [SAM, BBP]
9. The secretary/bookkeeper should update IFAS-SA at least monthly by entering the information from the original Cash Receipt/cafeteria report. Audit Services strongly recommends weekly updates so that each student activity fund balance is known throughout the month and deficit spending does not occur. Weekly entry will also require posting to IFAS-SA based upon the original Cash Receipt/cafeteria report and will ensure that a reconciliation is performed between the school's cash balance and the bank statement balance. [BBP]
10. All copies of the Cash Receipt forms should be retained by the individuals responsible for the copies. [SAM]
11. Cash donations, gifts, and scholarships should be recorded and acknowledged by the School Board in accordance with district procedures. Scholarships/grants/donations of \$5,000 or more should be remitted to Central Services for administration. [SAM]

Cash Disbursements

Purpose: To ensure that all expenditures are properly authorized and approved and payments are adequately documented.

Payment Authorization and Processing

Approval

1. Original invoices and packing slips or other expenditure documentation should be submitted to the secretary/bookkeeper for Student Club account and General School expenditures to be paid by a school check. The only acceptable forms of documentation are original receipts and invoices. Photocopies and duplicate invoices are not acceptable. Statements should not be used as documentation as their purpose is only to list amounts owed. The secretary/bookkeeper should then prepare a check for the principal's signature. [SAM]
2. Prior to check signing, the principal should ensure that (a) the expenditure is reasonable, relates to the activities of the account, and is allowable under MPS guidelines, and (b) sufficient funds are available in the club account from which the expenditure will be drawn. [SAM]

Payment

3. The checkbook and any unused check stock should be safeguarded to protect against unauthorized use. [SAM]
4. On each check stub schools should record: date, payee, description, IFAS-SA account, IFAS budget code (Capital Cash reimbursement only), amount of check, and balance in the account after the check. [SAM]
5. Checks written to a vendor by the secretary/bookkeeper should be mailed directly to the vendor and not forwarded to the club advisor. [BBP]

Documentation and CASH Entry

6. The secretary/bookkeeper should mark receipts and invoices "paid" and list the check number and date of issuance on the original invoice. This will avoid duplicate payments. [SAM]
7. The secretary/bookkeeper should enter expenditure transactions on IFAS-SA at least monthly. Audit Services strongly recommends weekly updates so that each student activity fund balance is known throughout the month and deficit spending does not occur. Weekly entry will also require posting to IFAS-SA based upon the original invoice and will ensure that a reconciliation is performed between the school's cash balance and the bank statement balance. [BBP]

8. Invoices paid with a school check should be filed alphabetically by the payee's name or by check number. If a school has many disbursements, a separate file can be set up for each vendor. [SAM]
9. The principal/secretary/bookkeeper should ensure that supporting documentation is retained. [SAM]

General

10. When writing checks to businesses, always make the check payable to the business, never to an individual. [BBP]
11. New principals should ensure that a Depository Resolution is prepared and provided to the School Accounting Division to update the bank account authorized signers. [SAM]
12. The principal should ensure that the school checking account is never overdrawn. [SAM]
13. The principal should not sign blank checks or allow checks to be signed by use of a signature stamp. [SAM, FS #8, AP 3.06]
14. The principal should not approve checks payable to cash. [BBP]

Capital Cash/Budget Reimbursements

Purpose: To ensure that Board and categorical funded small purchases made with school checks are appropriately accounted for and processed efficiently.

1. Capital Cash should be used for small expenditures that can be reimbursed by Central Services and charged to a school's budget. Requests for reimbursement(s) should be submitted at least once a month. All receipts/documentation must be initialed and dated by the school administrator; including the check number and amount to be reimbursed. This will let the Accounts Payable staff know the invoice has been approved for payment. [SAM, FS #5, AP 3.06]
2. Capital Cash/Budget Reimbursement should not be used for: (a) purchases greater than \$500; (b) payments to individuals (employees, contractors, or consultants); or (c) payment of travel expenses. [SAM]
3. The secretary/bookkeeper should ensure that all Capital Cash reimbursable expenditures are posted to the budget reimbursement account – xx20101 L201. When reimbursement checks are received, the secretary/bookkeeper should ensure that all items posted to account – xx20101 L201 were included on the reimbursement check. Adjusting journal entries to xx20101 L201 should be made when items recorded in xx20101 L201 are not reimbursed (e.g. sales tax, gifts for staff). [SAM, BBP]

4. Expenditures that are submitted through Capital Cash/Budget Reimbursement and are charged to a grant must comply with the grant requirements. [SAM]

Camp and Club Accounts

Purpose: To ensure that cash receipts and expenditures are accurately recorded and district assets are safeguarded relating to Camp and Club account activities.

1. The following IFAS-SA accounts should be set up to properly account for before and after school day care programs:
 - Account xx20302 L203 should be used to post registration receipts, and account xx20401 L204 should be used to post parent co-payments and other Camp receipts. [SAM]
 - Account xx20301 L205 should be used to record Camp expenditures to be reimbursed from the Camp budget (000-0-0-CMP-XX). Budget Reimbursement account xx20101 L201 may be used in lieu of account xx20301 L205. [SAM, AP]
2. All Camp funds received from parents and other sources must be remitted to Finance each month. The budget adjustment account 000-0-0-CMP-XX-EBAJ is used to record these funds in IFAS. [SAM]
3. Appropriate records should be maintained by the Camp Director to show that all Camp funds received from parents are recorded on attendance and payment logs and are remitted to the school secretary with a cash receipt form for bank deposit. [BBP]
4. The secretary/bookkeeper should provide staff advisors with IFAS-SA Detail Trial Balance/Query Accounts (QA) reports each month whenever there is club account activity. A reconciled copy of the CAMP QA IFAS-SA report must be provided to the school principal for review. [SAM]
5. Staff advisors should review their club account transactions and balances for accuracy based on their retained Cash Receipt forms, invoices, and club records. The principal should ensure staff is aware of their responsibility to review their account transactions and balances for accuracy. [SAM]

Fund Raising

Purpose: To ensure that fund raising events are adequately monitored, fund raising revenues are properly deposited, and expenditures are reasonable and appropriate. [AP 7.22]

1. The principal should provide prior approval for all fund raisers by signing fund raising request forms submitted by the staff advisor. [SAM]

2. The principal should obtain approval from their Regional Director of School Support for fundraisers anticipated to generate revenue of \$5,000 or greater. [SAM]
3. All fund raising transactions must be conducted through the school's checking account and reflected in the school's General Ledger. This includes every receipt and disbursement. No cash payments to vendors are allowed. [SAM]
4. Fund raising financial report forms should be completed by the staff advisor and submitted to the secretary/bookkeeper within one week after the completion of the fund raiser. The principal should ensure that properly completed Fundraising Request and Report forms are on file for all fund raising events. [SAM]
5. The school principal should review the completed fund raising form to ensure that [SAM]:
 - a. The fund raising activity was completed within the approved time frame.
 - b. Actual revenue was similar to expected revenue.
 - c. Profit was reasonable (fund raising profit margins are typically 35-50%).
 - d. The financial report was submitted by the staff advisor immediately following completion of the event.
 - e. Expenditures are reasonable and consistent with the purpose of the fund raiser.
6. If the school has a PTA/PTO that records their activity on IFAS-SA, all such fundraising activities must be in accordance with the same rules as a school fundraiser. If the PTA/PTO is a recognized parent organization that maintains their own financial records [AP 7.22]:
 - a. All fund raising needs the approval of the principal before proceeding with any activity.
 - b. The treasurer should provide the principal with a financial report for each event.
 - c. All monies collected should be deposited into the PTA/PTO bank account on a regular basis and shall not be kept in an individual's bank account.
 - d. The principal should ensure that two individuals authorize all expenditures.
 - e. The principal should ensure that no members on the PTA/PTO receive a salary or any other type of compensation.
 - f. Financial statements should be prepared for fund raising activities upon completion of all financial transactions related to the fund raising activity.
 - g. The treasurer should prepare and distribute a financial report to the parent group at least once each semester. The report should detail the receipts and expenditures for each respective period.
 - h. The principal should meet with the PTA/PTO president or treasurer at least once a semester to review financial statements and bank statements and to discuss PTA/PTO financial activities.
 - i. Copies of PTA/PTO annual financial reports and fund raising activity reports must be forwarded to the Department of Finance.

Other Expenditures and Controls

Purpose: To ensure that assets are adequately safeguarded and protected from risk of loss.

1. To the extent possible, different employees should be assigned to: [SAM, FS #6, AP 3.06]
 - Counting cash
 - Depositing cash
 - Recording receipts/expenditures
 - Reconciling IFAS-SA balance sheet and checkbook to bank statements
 - Authorizing payments/reimbursements to principal
 - Receiving fixed assets and recording fixed assets in IFAS
2. No staff at any school should have a credit card or debit card in the school's name. [SAM]
3. The principal should avoid conflicts of interest; e.g., hiring a friend or family member to work for the school. [FS #3, AP 3.06]
4. Paramount to a strong internal control environment is staff knowledge of the MPS School Accounting Manual (SAM), MPS Financial Standards (FS), and Board Administrative Policies and Procedures (BAP). These documents are available on the MPS portal for schools to use as a reference and to assist schools when conducting financial transactions. The Office of the Chief Financial Officer provides training classes pertaining to the conduct of school financial operations which should be attended by school leaders, secretaries and bookkeepers. [BBP]
5. Whenever a theft occurs, Principals should report it immediately to their Administrative Specialist. The Administrative Specialist can help determine if it is necessary to 1) report the theft to the police and 2) relieve the employee of his/her responsibilities. [SAM]
6. The principal should ensure that all travel outside the Milwaukee metropolitan area is entered on IFAS and reconciled within 15 days of trip completion. No trips for a school or department will be approved if that school or department has any trips that have not been reconciled on IFAS. [SAM, TPPM]
7. The principal should ensure that all open encumbrances are reviewed and monitored. Open encumbrances that are no longer needed should be reversed by contacting the Department of Finance.
8. School budgets should be managed and controlled to maximize benefits allowed under the financial standards. Principals are responsible for: determining that expenditures are necessary, reasonable and ordinary; payments are timely to take advantage of discounts and to avoid finance charges; using appropriate account codes; establishing and authorizing purchasing procedures; retaining adequate funding levels throughout the fiscal year; and aligning budget preparation with the school's educational plan. The principal should monitor the monthly responsibility reports to ensure sufficient funds are available for operating expenses. Schools should seek higher rates of return by investing in Certificates of Deposit when appropriate. [SAM, FS #1, AP 7.30, BBP]
9. The principal should meet with the Department of Finance to discuss strategies to eliminate deficits and, if required, develop a multi-year plan to reduce and eventually eliminate the deficit. [BBP]

10. When goods and services have been negotiated by Purchasing under blanket contracts, ordering from the blanket contract vendor is mandatory. If a blanket agreement does not exist, IFAS Dashboard procedures including applicable Quick Quote and Purchase Requisition (PR) must be followed. Ordering goods from a blanket contract not on Punch Out is done by entering a PR in IFAS, printing out the resulting Purchase Order (PO), and sending the PO to the vendor. When items from vendors are physically received at schools, staff must electronically “receive” them in IFAS (POUPRC). Services should not begin prior to contract signing. [SAM, FS #4, BBP]

II. Fixed Asset Management

Purpose: To ensure that district assets are recorded, safeguarded, and protected from risk of loss.

1. The principal should ensure that all new fixed assets are recorded on IFAS, tagged, and secured within 30 days of receipt. [FS #10, AP 3.06]
2. A separate file should be maintained that contains all documents relating to the acquisition and disposal of fixed assets. [AP 3.06]
3. Periodically during the school year, random audits should be made to determine if assets are still in use or if they should be removed from the IFAS fixed asset register. A physical inventory of all fixed assets must be completed prior to the end of each school year. [FS #10, AP 3.06]
4. Equipment loan forms should be utilized and properly completed for all district assets loaned to staff. [SAM]

III. Payroll Exception Reporting

Purpose: To ensure that employee pay is accurate and appropriate and district assets are safeguarded.

1. The principal should establish site security designating the principal as the only person with online payroll system access to approve the payroll. Passwords must not be shared. [SAM, FS #2, AP 3.06]
2. The principal must approve bi-weekly payroll for all personnel under their authority in the district’s PeopleSoft system. [Thursday Updates 8/28/14]
3. The principal must validate non-hourly employees in PeopleSoft each Monday following a payday Friday. If there are employees on the PeopleSoft list that do not work at your site, you will need to identify them by selecting the **Do Not Pay** box so they can be removed from your staff roster. Print and attach the confirmation email to the corresponding payroll as proof that the validation of non-hourly employees has been completed. [Thursday Updates 8/28/14 and 2/12/15, FS#2]

4. Other compensation such as overtime and extra pay must be documented properly, reviewed, and signed by the principal. Time sheets should list the employee's name, pay period, dates worked, tasks completed, time worked, and number of hours worked. Time and Effort reports for grant funded positions must be prepared and submitted to the Department of Finance. [SAM, BBP]
5. Principals should review payroll accounts each pay period to verify 1) personnel being paid are school employees, 2) personnel are being paid only for hours worked and 3) personnel are being paid at the correct rate. [SAM]

IV. Fire Drills

Purpose: To ensure advance planning for emergencies and disasters occurs.

1. State Statute requires that schools conduct fire drills to instruct pupils in the proper method of departure in case of an emergency. There should be a minimum of one fire drill for each month that school is in session, including any summer school programs, unless the health of students may be endangered by inclement weather conditions. The reason for not holding the drill should be documented on form SBD-11. Two fire drills must be held in the first two weeks of school. Two drills must be observed by the Milwaukee Fire Department. [AP 4.01, State Statute 118.07, BBP]

V. Student Attendance

Purpose: To ensure student attendance is accurately recorded and parents are properly notified when students do not attend school.

1. State Statute requires that any person having under their control a student who is between the ages of six and eighteen years shall cause the student to attend school regularly. All teachers are required to submit daily attendance reports. All schools are required to contact the parents or guardians of truant students within two days of an unexcused absence. In addition, the school shall mail a habitual truancy letter to the parent or guardian of a student who is a habitual truant when the child has accumulated five (5) unexcused absences within the school semester. The letter shall be sent by registered or certified mail or first class mail. The parent/guardian can also be simultaneously notified by an electronic communication. [AP 8.07, 8.13 and 8.14, State Statute 118.15 & 118.16]

VI. Textbook Management

Purpose: To ensure proper maintenance and control of textbooks/instructional materials.

1. To the extent possible, materials provided to individual teachers and students are to be recorded in the district-wide electronic text-book management system. [AP 7.27]

2. Principals shall appoint school textbook coordinators who will be responsible for distributing, collecting, and conducting an inventory accounting for at least 95% of all textbooks/instructional materials at the school level through the use of a district-wide textbook management system. [AP 7.27, EMIVMP]
3. All extra textbooks are kept in a controlled secured storage room that only the Principal and school textbook coordinator can access, or are stored in a locked cabinet or locked desk drawer in the classroom. [EMIVMP]