



INTEROFFICE MEMORANDUM

DATE: February 21, 2018

TO: Members of the Board of School Directors

FROM: Mr. Paul Geib *p.g.*

RE: Audit #2018-040: Hartford Avenue University School
School Audit

C: Dr. Darienne Driver
Dr. Jacqueline Mann
Mr. Tom Conjurski
Ms. LaWanda Baldwin
Dr. Keith Posley
Dr. Katrice Cotton
Mr. David Zech
Mr. Paul Stawicki
Mr. Michael Trueblood
Ms. Shannon Kilsdonk
Mr. Tom de Arteaga

Transmitted herewith is our report on *Audit #2018-040: Hartford Avenue University School– 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

**Hartford Avenue University School
School Audit**

Audit: 2018-040

February 2018



MILWAUKEE
PUBLIC SCHOOLS

Office of Board Governance-Audit Services

**HARTFORD AVENUE UNIVERSITY SCHOOL
SCHOOL AUDIT**

AUDIT: 2018-040

FEBRUARY 2018

**MILWAUKEE PUBLIC SCHOOLS
BOARD OF SCHOOL DIRECTORS**

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Paul Geib - Performance Audit Manager
Tom de Arteaga – Performance Auditor II

Principal

Shannon Kilsdonk

Auditors' Report

Ms. Shannon Kilsdonk
Principal
Hartford Avenue University School

Our office conducted an audit of Hartford Avenue University School's (Hartford) 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 assess 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 October 1, 2016 through September 30, 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	✓	
Student Attendance	✓ with recommendations	
Textbook Management		✓

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 September 30, 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	-
Cash Receipts	1
Cash Disbursements	3
Capital Cash / Budget Reimbursements	1
Camp & Club Accounts	3
Fund Raising	-
Other Expenditures and Controls	3
II. Fixed Asset Management	2
III. Payroll Exception Reporting	1
IV. Fire Drills	-
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

Cash Receipts

1. Audit Finding

Four of 33 (12%) cash receipt forms were not deposited in a timely manner with one deposit made more than two weeks after receipt of cash.

Recommendation:

The Principal should instruct the Bookkeeper to make timely deposits, generally within one week of receipt of cash.

School Response

The Principal spoke to the Bookkeeper and the head of Hartford's Cafeteria. All monies collected will be submitted to the Bookkeeper the day the money is received. The Bookkeeper will make deposits within one week of receiving the money.

Cash Disbursements

2. Audit Finding

Supporting documentation, an original invoice or receipt, was not used for one of five (20%) cash disbursements tested. In addition, four of four (100%) invoices reviewed were not marked "PAID" and did not note the check number, amount paid and date of issuance.

Recommendation:

The Principal should instruct the Bookkeeper to maintain supporting documentation (such as canceled checks, invoices or receipts) for all expenditures, and mark all invoices "PAID" and include the check number, amount paid and date of issuance.

School Response

The Bookkeeper was informed that all supporting documents (such as canceled checks, invoices or receipts) will be maintained and invoices will be marked "paid" and it will include the check number, amount paid and date of issuance.

3. Audit Finding

One Sam's Club membership was taken out for four staff members when only one membership, in the school's name, should have been approved.

Recommendation:

When renewing the school's Sam's Club membership, the Principal should ensure the membership is in the school's name and the card remains under the Principal's control.

School Response

The Sam's club card is now only one membership and the card is housed in the main office. It will be used with prior approval from the Principal.

4. Audit Finding

An updated Depository Resolution was not on file with the Department of Finance naming the new Principal as the authorized signer of the Hartford Avenue University School checking account. The Department of Finance had not received notification from the new Principal that there had been a change in the Principal position at the school.

Recommendation:

The Principal should contact the Department of Finance so that an updated Depository Services Resolution can be completed, the new Principal can be named as the new authorized signer and the prior administrator can be removed from the account.

School Response

The Principal completed an updated Depository Service Resolution form in August of 2016 when I became Principal. The Department of Finance was handed the form in person at our Principal institute held at Cardinal Stritch. The Principal has since completed a second form and received confirmation that it was received by the Department of Finance.

Capital Cash / Budget Reimbursements

5. Audit Finding

Audit testing showed that one payment, for Student Agendas, exceeded the \$500 maximum limit for seeking reimbursement through the Budget Reimbursement process.

Recommendation:

The Principal should instruct the Bookkeeper to use the Purchase Order process for reimbursable expenditures greater than \$500.

School Response

The Bookkeeper has been informed that budget reimbursements cannot exceed \$500 unless a purchase order is used. The Principal also instructed the staff member who is in charge of the school Agendas.

Camp & Club Accounts

6. Audit Finding

Review of one student activity account indicated that the school advisor did not maintain complete documentation for all activity that occurred on the account. Copies of invoices / receipts were not maintained.

Recommendation:

The Principal should direct staff advisors to maintain complete records of activity in their accounts, including cash receipt forms and copies of invoices or receipts.

School Response

Staff will be trained on February 16, 2018 about the responsibilities of advisors and the requirement that they are expected to maintain complete records for their accounts which includes cash receipt forms and copies of invoices or receipts. A document from the Department of Finance will be distributed at the training.

7. Audit Finding

The Camp Director reported that she had kept money that was collected in a locked desk drawer in the Camp room. Approximately twice per week, she prepared a Cash Receipt form and submitted it to the Principal who placed the money in the safe.

Recommendation:

The Principal should instruct the Camp Director to secure all funds in a safe or vault to which only the Principal and the Bookkeeper have access. Under no circumstances should funds be kept in student lockers, or desks, file cabinets, or any location in a classroom.

School Response

A safe was delivered to Camp Hartford on 1-11-18. Camp receipts will be kept in the safe until they can be forwarded to the Principal or Bookkeeper.

8. Audit Finding

Monies collected for Camp registration and copayments were not remitted to the Department of Finance monthly. The IFAS-SA balance sheet at September 30, 2017 shows camp co-payment monies collected totaling \$2,238, with the last remittance made on May 31st, 2017.

Recommendation:

The Principal should direct the Bookkeeper to remit Camp registrations and co-payments to the Department of Finance on a monthly basis and instruct the Bookkeeper to remit the current balance immediately.

School Response

The Bookkeeper has been informed to remit Camp registrations and copayments to the Department of Finance on a monthly basis and to remit the current balance immediately.

Other Expenditures and Controls

9. Audit Finding

Review of one contract in the amount of \$21,998 for student travel services (a field trip to Harvard University) revealed that Hartford School staff did not execute the contract timely as services were provided beginning on May 18th, 2017 yet the contract was not signed until June 29th, 2017.

Recommendation:

The Principal should ensure the Department of Finance and Risk Management approve contracts prior to the contractor providing any services.

School Response

The Principal will make sure all contracts are approved prior to services. Although, in this case we submitted the contract on April 27th with service scheduled for May 18th to May 20th 2017 while Risk Management did not sign off until June 29th.

10. Audit Finding

Our review of ten expenditures showed that an order of five HP laser jet printers and an order for one HP laser jet color printer, were charged to ECPU (computers) and ESUP (supplies), respectively, when ENCQ (non-capital equipment), would have been more appropriate.

Recommendation:

When purchasing goods for the school, the Principal should direct the Bookkeeper to post expenditures to the budget codes that most accurately describe the nature of the expenditures.

School Response

The Bookkeeper has been informed that appropriate budget codes are used for all spending.

11. Audit Finding

In one instance, supplies for a school fundraiser (\$850) were charged to a Title I supply account while water bottles for staff appreciation (\$820) were charged to a Board supply account, respectively.

Recommendation:

When purchasing fundraising supplies or items of staff benefit through the Purchase Order process, a school check should be included that draws from a fundraising account and an accommodation account, respectively.

School Response

Only one of the two purchases mentioned were charged to Title I funds. That money has since been replaced from an all school fundraising account. The second expenditure was charged to Board funds. In the future, expenditures that benefit staff will be charged to an accommodation account. It will not happen again.

II. Fixed Asset Management

12. Audit Finding

Nine fixed assets purchased during the time of our review and one additional item tested at the school, were not entered on IFAS. Two items tested did not have an MPS tag number attached. In addition, a Receipt for District Equipment form was not completed for two Surface Pro tablets assigned to the Principal and the Assistant Principal.

Recommendation:

The Principal should direct staff to enter fixed assets on IFAS within 30 days of receipt and direct technology staff to tag all equipment with an MPS tag. In addition, when staff members are assigned any portable technology, including Surface Pro tablets, the Principal should ensure a Receipt for District Equipment form is completed and on file.

School Response

I have informed the technology champion, the technology support staff (who is only scheduled for a half a day per week) and the Bookkeeper that fixed assets must be entered into IFAS within 30 days of receipt. Technology champion was informed that all equipment

must be tagged. I will ensure staff members who were assigned the Surface Pro tablets, complete the District Equipment forms.

13. Audit Finding

The school was not accurately performing random audits nor completing the physical inventory of all assets. 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.

Recommendation:

The Principal should instruct the Bookkeeper and other staff responsible for fixed assets to conduct periodic and year-end inventories of fixed assets so that IFAS can be updated to reflect the fixed assets at the school.

School Response

The technology champion will audit fixed assets, periodically, through the school year and at the end of the year. The Bookkeeper has been instructed to update the fixed assets in IFAS as the updates are submitted.

III. Payroll Exception Reporting

14. Audit Finding

Payroll documentation for the 2016-17 school year was incomplete. Files for several payroll periods were not located. In addition, validation emails from the payroll office were not printed and maintained in the payroll file.

Recommendation:

The Principal should ensure all payroll records are maintained and readily accessible, including copies of validation emails from the payroll office.

School Response

Payroll records are now maintained. During the 2016-2017 school year Hartford had no less than 6 secretaries which resulted in documents being misplaced. The Principal now prints the verification of payroll and places it in the payroll folder every two weeks.

IV. Fire Drills

No audit findings.

V. Student Attendance

15. 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 to contact parents of truant students; however, if parents are not reached by the

Messenger program, 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

The office staff have been notified that students who are truant for a 2nd consecutive day must have a call home to the parents.

VI. Textbook Management

16. Audit Finding

The school accounted for only 65.4% of their textbook inventory. For the six textbooks tested from two classrooms, two of six (33%) have the status *available*, two of six (33%) have the status *lost*, and the remaining two (33%) did not have a bar code attached. The six textbooks should have been recorded in the textbook management system with the status *checked out*. For the three textbooks tested from the secured storage rooms, the status of one of the books is *available* while the status of the remaining two is *lost* (67%). All textbooks kept in storage rooms should be recorded in the textbook management system and have the status *available*.

Recommendation

The Principal should ensure that (1) all materials provided to individual teachers and students are properly barcoded and recorded in the textbook management system, and (2) the school meets the 95% district textbook inventory requirement.

School Response

It has been communicated to all staff that barcodes must be on materials and that textbooks must be checked out through the textbook management system. However, my librarian (whom I only had part time) has taken a full time job at another school so, now I have no staff member working in the library. This is effective 2-15-18. Nonetheless, I will consult my Regional Superintendent for assistance in complying with the requirement that 95% of textbook inventory is accounted for.

OFFICE OF BOARD GOVERNANCE
AUDIT SERVICES

January 16, 2018

**Milwaukee Public Schools
Balance Sheet by Location
HF - Hartford University School
As of September 30, 2017**

Assets		
A100	Cash In Bank - Checking	30,244.99
	Total Assets	<u>30,244.99</u>
Liabilities		
L200	Capital Cash	5,000.00
L201	Budget Reimbursements	(296.69)
L203	Camp Childcare Registration	10.00
L204	Camp Childcare Copayments	2,237.76
L206	Cafeteria	19.20
	Total Liabilities	<u>6,970.27</u>
	Equity Balance	<u>23,274.72</u>
	Total Liabilities and Equity Balances	<u>30,244.99</u>

[Operating Summary by Club](#)

Milwaukee Public Schools
Student Activities Summary by Location
As of and Through the Period Ending September 30, 2017

	Cash	Payables	Balance Beginning of Year	Revenues	Expenses	Net Transfers	Available Balance
HF Hartford University School							
HF20001 Capital Cash	5,000.00	5,000.00					
HF20101 Budget Reimbursements	(296.69)	(296.69)					
HF20301 Cmp Childcare Fees - Reg.	10.00	10.00					
HF20401 Cmp Chldcare Fees -Co Payment	2,237.76	2,237.76					
HF20601 Cafeteria	19.20	19.20					
HF30201 Sunshine Fund	522.21		322.21	200.00			522.21
HF30401 Vending-Soda Fund	114.90		114.90				114.90
HF31201 Grants	4,060.01		4,060.01				4,060.01
HF31801 Gifts/Donations	1,303.63		1,303.63				1,303.63
HF40201 Sports-Basketball	1.00		1.00				1.00
HF40401 Sports-Cheerleading	773.48		773.48				773.48
HF40601 Sports-Cross Country	514.94		514.94				514.94
HF43401 Athletics-All Other/General	601.00		1.00	600.00			601.00
HF43601 Clsroom Activity-Music	1,135.00		882.43	635.00		(382.43)	1,135.00
HF43602 Clsroom Act-Room 5/5a	190.00			190.00			190.00
HF43603 Clsroom Act-Room 6	949.99		314.77	886.90	322.33	70.65	949.99
HF43604 Clsroom Act-Room 1			107.70			(107.70)	
HF43605 Clsroom Act-Room 7	566.48		254.73	436.00	153.60	29.35	566.48
HF43607 Clsroom Act-Room 10	1,259.05		1,239.05	20.00			1,259.05
HF43608 Clsroom Act-Room 12			10.00			(10.00)	
HF43609 Clsroom Act-Room 24	50.00		4.01			45.99	50.00
HF43610 Clsroom Act-Room 14	304.02		304.02				304.02
HF43611 Clsroom Act-Room 15	467.68		467.68				467.68
HF43612 Clsroom Act-Room 17	.42		.42				.42
HF43613 Clsroom Act-Room 18	395.95		395.95				395.95
HF43614 Clsroom Act-Room 20	108.80		70.00			38.80	108.80
HF43615 Clsroom Act-Room 21	(7.60)		31.20			(38.80)	(7.60)
HF43616 Clsroom Act-Room 23	84.03		74.03	10.00			84.03
HF43617 Clsroom Act-Room 28	50.00		241.61			(191.61)	50.00
HF43618 Clsroom Act-Room 25	169.88		164.88	5.00			169.88
HF43619 Clsroom Act-Room 26	.68		.68				.68
HF43620 Clsrm-6th Grade Atlanta Trip	1.00		1.00				1.00
HF43621 Clsroom Act-Room 29	50.00		10.00			40.00	50.00
HF43622 Clsroom Act-Room 4	491.00		461.00	30.00			491.00
HF43624 Clsroom Act-Room 2	2,074.31		1,120.00	1,331.00	376.69		2,074.31
HF43625 Clsroom Act-Room 13	352.57		312.57	40.00			352.57
HF43626 Clsroom Act-Room 9	100.00		100.00				100.00
HF44401 Clubs-Drama	320.28		320.28				320.28
HF44402 Clubs-African Heritage	.21		.21				.21
HF44403 Clubs-French Club	98.98		98.98				98.98
HF44404 Clubs-Ace	53.00		53.00				53.00

Milwaukee Public Schools
Student Activities Summary by Location
As of and Through the Period Ending September 30, 2017

	Cash	Payables	Balance Beginning of Year	Revenues	Expenses	Net Transfers	Available Balance
HF50001 General School	3,785.15		3,557.85	4.47	814.83	1,037.66	3,785.15
HF50002 General School-Library	100.00		565.52			(465.52)	100.00
HF50003 General School-Fund Raiser	.80		.80				.80
HF50004 General School-Fieldtrip	.08		.08				.08
HF50005 General School-Book Fair	1.00		24.33			(23.33)	1.00
HF50007 General School-Spiritwear	1.00		29.00			(28.00)	1.00
HF50008 General School-Technology	594.49		609.55			(15.06)	594.49
HF50009 General School-FUNdFAIR	1,635.30		1,635.30				1,635.30
Totals for Hartford University Scho	30,244.99	6,970.27	20,553.80	4,388.37	1,667.45		23,274.72
Total All Selected Activities	30,244.99	6,970.27	20,553.80	4,388.37	1,667.45		23,274.72

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, BBP]:
 - 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]