



**INTEROFFICE MEMORANDUM**

**DATE:** April 11, 2018

**TO:** Members of the Board of School Directors

**FROM:** Paul Geib *PG*

**RE:** Audit #2018-049: River Trail School  
School Audit

**C:** Dr. Darienne Driver  
Dr. Jacqueline Mann  
Mr. Tom Conjurski  
Ms. LaWanda Baldwin  
Dr. Keith Posley  
Mr. Chris Hauser  
Ms. Toni Dinkins  
Mr. Paul Stawicki  
Mr. Michael Trueblood  
Ms. Robin Swan  
Mr. Alberto Adame

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Transmitted herewith is our report on *Audit #2018-049: River Trail 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

**River Trail School  
School Audit**

**Audit: 2018-049**

**April 2018**



**MILWAUKEE**  
**PUBLIC SCHOOLS**

**Office of Board Governance-Audit Services**

**RIVER TRAIL SCHOOL  
SCHOOL AUDIT**

**AUDIT: 2018-049**

**APRIL 2018**

**MILWAUKEE PUBLIC SCHOOLS  
BOARD OF SCHOOL DIRECTORS**

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Jacqueline M. Mann, Ph.D.

**Audit Team**

Paul Geib - Performance Audit Manager  
Alberto Adame – Performance Auditor I

**Principal**  
Robin Swan

## Auditors' Report

Ms. Robin B. Swan  
Principal  
River Trail School

At your request, our office conducted an audit of River Trail School's (River Trail) 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 December 1, 2016 through November 30, 2017 it is our opinion that internal controls are:

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

**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 November 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:

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

The bank reconciliations for the months of July 2017, August 2017, and September 2017 was signed, but not dated by the former Principal to evidence timely review.

#### Recommendation

The Principal should ensure that bank reconciliations are both signed and dated.

#### School Response

On January 19, 2018, school leader met with the Bookkeeper to make sure that all bank reconciliations are both signed and dated by the school leader.

### Cash Receipts

#### 2. Audit Finding

The Bookkeeper does not record deposits or keep a running balance in the school's checkbook register throughout the month. Audit tested 30 cash receipts and seven of the 30 (23%) cash receipt forms were not deposited timely, and two of the 30 (7%) cash receipts were not counter-signed by the Bookkeeper.

#### Recommendation

The Bookkeeper should 1) record deposits into the checkbook register when they occur and maintain a running balance 2) deposit all funds on hand at least on a weekly basis, and 3) independently count the funds and counter-sign the cash/cafeteria receipt forms.

#### School Response

The school leader met with the Bookkeeper on January 19, 2018 to inform her that 1. she should record all deposits into the checkbook register when they occur and maintain a running balance 2. Deposit all funds on hand at least on a weekly basis, and 3) independently count the funds and counter-sign the cash/cafeteria receipt forms.

### Cash Disbursements

#### 3. Audit Finding

Audit tested five disbursements and one of the five was not an allowable expense, an all staff lunch event (Trysting Place Pub) which was expensed out of the PTA/PTO school account (RT30801) instead of the sunshine fund (RT30201) or another accommodation account.

#### Recommendation

The principal should ensure before signing a check that the expenditure is reasonable, relates to the activities of the account, and is allowable under MPS guidelines.

### **School Response**

Going forward, the school leader will ensure before signing a check that the expenditure is reasonable, relates to the activities of the account and it allowable under MPS guidelines.

## **Capital Cash / Budget Reimbursements**

### **4. Audit Finding**

Audit identified a budget reimbursement for \$854 for school supplies from the Learning Shop which was not submitted to Finance within 30 days and was over the \$500 limit.

### **Recommendation**

The Principal should ensure that budget reimbursements are submitted monthly, and the IFAS purchase order process is used for expenditures greater than \$500.

### **School Response**

The school leader met with the Bookkeeper on January 19, 2018, informing her to ensure that budget reimbursements are submitted monthly, and the IFAS purchase order process is used for expenditures greater than \$500.

## **Camp and Club Accounts**

### **5. Audit Finding**

Audit tested the Sports - Cheerleading account RT40401 and identified that the cash receipts and cash disbursements were missing from the advisor's account file.

### **Recommendation**

The school Principal should ensure that all Club Account advisors maintain proper documentation including cash receipt forms, invoices, and club records.

### **School Response**

I met with our new Camp Director, and our Schedule-E Coordinator, on January 19, 2018 to ensure that all club account advisors maintain proper documentation including cash receipt forms, invoices and club records.

## **Fundraising**

### **6. Audit Finding**

Review of one Fundraiser Request and Report form indicated that the fundraiser event was not approved prior to the event commencing, Section II of the form was not properly completed with the individual in charge date missing, and the form was not turned in one week after the completion of the event.

### **Recommendation**

Fund raising financial report forms should be completed by the staff advisor and submitted to the Principal for approval prior to the event commencing. The advisor should complete the form one week after the event, and the Principal should ensure that properly completed Fundraising Request and Report forms are on file for all fund raising events.

### **School Response**

The school leader met with the Bookkeeper on January 19, 2018 to inform her that all fund raising financial report forms should be completed by the staff advisor and submitted to the school leader for approval prior to the event commencing. The advisor should complete the form one week after the event, and the school leader should ensure that properly completed Fundraising Request and Report forms are on file for all fundraising events.

### **Other Expenditures and Controls**

#### **7. Audit Finding**

Audit testing identified a school check written for a graduation event at North Shore Event Center, a professional service expense, without a properly executed contract on file.

#### **Recommendation**

The Principal should ensure professional service contracts are utilized for services, approved by the district's procurement office prior to services commencing, and school checks are not used to pay for professional services.

#### **School Response**

The school leader met with the Bookkeeper on January 19, 2018 to ensure that all professional service contracts are utilized for services, approved by the districts procurement office prior to services commencing, and school checks are not used to pay for professional services.

## **II. Fixed Asset Management**

#### **8. Audit Finding**

Four fixed assets were selected for audit testing – two new purchases and two existing assets located at the school. One of the four assets was not tagged and one of the two new assets was not entered in IFAS within 30 days of receipt, and an annual physical fixed asset inventory has not been performed. The IFAS fixed asset register identified that some assets on the report were missing serial number, location, and MPS tag number. In addition audit tested ten other school expenditures and two of the ten were fixed assets coded incorrectly as ESUP – supplies consumable instead of ECPU – Computers (Chromebooks, and Jtouch 65" board).

#### **Recommendation**

It is recommended that the Principal ensure (1) all assets are tagged and entered in IFAS within 30 days of receipt; (2) the correct budget codes are used for all new purchases; (3) the school staff conduct an annual physical inventory and, remove obsolete items, and update the IFAS fixed asset register to accurately reflect serial number, location, and tag number.



**School Response**

The school leader met with both the Bookkeeper and technology school specialist on January 19, 2018 to ensure that 1) all assets are tagged and entered in IFAS within 30 days of receipt 2) the correct budget codes are used for all new purchases 3) the school staff conducts an annual physical inventory and remove obsolete items, and update the IFAS fixed asset register to accurately reflect serial number, locations and tag number.

**III. Payroll Exception Reporting**

No audit findings.

**IV. Fire Drills**

**9. Audit Finding**

In FY17, River Trail did not conduct a fire drill for three of the ten months school was in session, had only one of two fire drills observed by the Milwaukee Fire Department and held only one of two fire drills in the first two weeks of the school year.

**Recommendation**

State Statute requires that schools conduct fire drills to instruct pupils in the proper method of departure in case of an emergency. One fire drill must be held for each month school is in session, two drills within the first two weeks of school, and two drills must be observed by the Milwaukee Fire Department each school year.

**School Response**

The school leader met with RTS leadership team and head secretary on January 19, 2018 to ensure that we conduct one fire drill each month school is in session, two drills within the first two weeks of school, and two drills must be observed by the Milwaukee Fire Department each school year.

**V. Student Attendance**

**10. Audit finding**

River Trail did not send out a postcard or letters or notify the parents of truant students by another means before the end of the second school day of the unexcused absences.

**Recommendation**

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

### **School Response**

The school leader met with both secretaries and school social worker on January 19, 2018 to ensure school staff (teachers, paraprofessionals and parent coordinator) contact parents of truant students by phone or another means before the end of the second school day after receiving a report of an unexcused absence. School staff will be reminded to implement this request at the beginning of the next (2018-19) school year.

## **VI. Textbook Management**

### **11. Audit Finding**

For the six textbooks tested from two classrooms, all six of six (100%) have the status *Available, or Lost*, in the Textbook Management System when all six textbooks should have been recorded in the Textbook Management System with the status *checked out*. River Trail does not have a secured storage room for extra textbooks. In addition, River Trail School only accounted for 89.7% of their textbook inventory.

### **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; (2) the school accounts for at least 95% of their textbook inventory; and (3) extra textbooks are stored in a secured area such as a locked cabinet.

### **School Response**

River Trail is very unique school due to the fact that there is no storage space to lock up books because of the “*open area*” concept. Going forward the Principal will ensure that (1) all materials provided to individual teachers and students are properly barcoded and recorded in the textbook management system; (2) the school accounts for at least 95% of their textbook inventory; and (3) extra textbooks are stored in a secured area such as a locked cabinet. Because of our upcoming reconfiguration of classrooms at the end of this school year, I will have staff clear out their assigned cabinet space to store unused text books from the open area library.

OFFICE OF BOARD GOVERNANCE  
AUDIT SERVICES

February 2, 2018

**Milwaukee Public Schools  
Balance Sheet by Location  
RT - River Trail School  
As of November 30, 2017**

<b>Assets</b>		
A100	Cash In Bank - Checking	16,900.97
	<b>Total Assets</b>	<b><u>16,900.97</u></b>
<b>Liabilities</b>		
L200	Capital Cash	5,000.00
L201	Budget Reimbursements	(2,576.60)
L203	Camp Childcare Registration	216.00
L204	Camp Childcare Copayments	3,149.73
L206	Cafeteria	585.40
	<b>Total Liabilities</b>	<b><u>6,374.53</u></b>
<b>Equity Balance</b>		<b><u>10,526.44</u></b>
	<b>Total Liabilities and Equity Balances</b>	<b><u>16,900.97</u></b>

[Operating Summary by Club](#)

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

	Cash	Payables	Balance Beginning of Year	Revenues	Expenses	Net Transfers	Available Balance
<a href="#">RT</a> River Trail School							
<a href="#">RT20001</a> Capital Cash	5,000.00	5,000.00					
<a href="#">RT20101</a> Budget Reimbursements	(2,576.60)	(2,576.60)					
<a href="#">RT20301</a> Camp Childcare - Registration	216.00	216.00					
<a href="#">RT20401</a> Cmp Childcare Fees-Copayment	3,149.73	3,149.73					
<a href="#">RT20601</a> Cafeteria	585.40	585.40					
<a href="#">RT30201</a> Sunshine Club	59.55		13.55	46.00			59.55
<a href="#">RT30401</a> Vending-Soda Fund	687.54			687.54			687.54
<a href="#">RT30801</a> Pta/Pto/Ptsa	(2,403.22)		727.72		3,130.94		(2,403.22)
<a href="#">RT31801</a> Gift/Donations	51.64			51.64			51.64
<a href="#">RT31805</a> Gifts/Donations-Box Top	26.54		26.54				26.54
<a href="#">RT40201</a> Basketball	355.00		230.00	125.00			355.00
<a href="#">RT40401</a> Sports - Cheerleading	1,911.60		1,525.30	472.05	85.75		1,911.60
<a href="#">RT43401</a> Athletics-All Other/General	895.69		1,741.10	275.00	1,120.41		895.69
<a href="#">RT43402</a> Athletics - Fundraiser	59.28		93.75		34.47		59.28
<a href="#">RT43603</a> Clssroom Act-Special Ed	847.75		793.63	147.15	93.03		847.75
<a href="#">RT43605</a> Clssrm Act-Grade 2 Field Trip	90.00		90.00				90.00
<a href="#">RT43606</a> Clssrm Act-Grade 3 Field Trip	568.75		558.75	380.00	370.00		568.75
<a href="#">RT43609</a> Clssrm Act-Grade 6 Field Trip	24.00			24.00			24.00
<a href="#">RT43610</a> Clssrm Act-Grade 8 Field Trip	(354.00)			24.00	378.00		(354.00)
<a href="#">RT43611</a> Clssroom Act-K-4 Field Trip	106.00			106.00			106.00
<a href="#">RT43612</a> Clssroom Act-K-5 Field Trip	236.00			236.00			236.00
<a href="#">RT43613</a> Clssrm-Unit C Fld Trps Gr 6-8	190.71		63.61	247.10	120.00		190.71
<a href="#">RT44201</a> Graduation/Comp-8th Grade	416.28		416.28				416.28
<a href="#">RT50001</a> General School	185.42		106.59	393.67	314.84		185.42
<a href="#">RT50002</a> General School-Fund Raiser	3,013.00			3,030.00	17.00		3,013.00
<a href="#">RT50003</a> General School-Pbis	144.53		144.53				144.53
<a href="#">RT50004</a> General School-Book Fair	1,167.11			1,167.11			1,167.11
<a href="#">RT50006</a> General School-T Shirts	452.13		412.13	40.00			452.13
<a href="#">RT50008</a> General School-Library	36.00		5.00	31.00			36.00
<a href="#">RT50010</a> General School - Field Trip	1,325.00		1,325.00				1,325.00
<a href="#">RT50011</a> General School-Uniform Patches	110.00			110.00			110.00
<a href="#">RT50012</a> General School-Event Committee	324.14			359.04	34.90		324.14
Totals for River Trail School	16,900.97	6,374.53	8,273.48	7,952.30	5,699.34		10,526.44
Total All Selected Activities	16,900.97	6,374.53	8,273.48	7,952.30	5,699.34		10,526.44

**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]