



**INTEROFFICE MEMORANDUM**

**DATE:** June 10, 2019

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

**FROM:** Mr. Paul Geib *PG*

**RE:** Audit #2019-059: Morgandale Elementary School  
School Audit

**C:** Dr. Keith Posley  
Dr. Jacqueline Mann  
Ms. Martha Kreitzman  
Ms. LaWanda Baldwin  
Mr. Eduardo Galvan  
Mr. David Zech  
Mr. Omer Abdullah  
Ms. Felecia Jasper-Mitchell  
Mr. Matthew Chason  
Mr. Juan Badillo  
Mr. Tom de Arteaga

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Transmitted herewith is our report on *Audit #2019-059 Morgandale Elementary 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

**Morgandale Elementary School  
School Audit**

**Audit: 2019-059**

**June 2019**



**MILWAUKEE**  
**PUBLIC SCHOOLS**

**Office of Board Governance-Audit Services**

**MORGANDALE ELEMENTARY SCHOOL  
SCHOOL AUDIT**

**AUDIT: 2019-059**

**JUNE 2019**

**MILWAUKEE PUBLIC SCHOOLS  
BOARD OF SCHOOL DIRECTORS**

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**Chief Officer, Office of Board Governance**  
Jacqueline M. Mann, Ph.D.

**Audit Team**

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

**Principal**  
Juan Badillo

### **AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

At your request, our office conducted an audit of Morgandale Elementary School's (Morgandale) financial transactions, fixed asset management, payroll exception reporting, fire drill, student attendance and textbook management procedures and activities. We selected a random sample of transactions including but not limited to cash receipts, cash disbursements, budget reimbursements, payroll records, fixed assets, fire drill reports, student attendance documents and textbook data for the period March 1, 2018 through February 28, 2019. 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 March 1, 2018 through February 28, 2019 it is our opinion that internal controls are:

	Internal Controls	
	Adequate	Inadequate
<b>Financial Transactions</b>	✓ with recommendations	
<b>Fixed Asset Management</b>		✓
<b>Payroll Exception Reporting</b>	✓	
<b>Fire Drills</b>	✓	
<b>Student Attendance</b>	✓ with recommendations	
<b>Textbook Management</b>	✓ 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 February 28, 2019 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
<b>I. Financial Transactions</b>	
IFAS-Student Activity Balance Sheet	-
Cash Receipts	1
Cash Disbursements	1
Capital Cash / Budget Reimbursements	-
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>	-
<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

## Cash Receipts

### 1. Audit Finding

Money was counted and a Cash Receipt form was signed by a Talent Bridge secretary. Per the School Accounting Manual, Non-MPS Employees should not handle cash without written authorization from the Department of Finance, which the substitute secretary did not have.

#### **Recommendation**

The Principal should ensure that only MPS Employees handle cash unless written authorization from the Department of Finance is obtained.

#### **School Response**

The Principal will ensure that only MPS employees handle cash. If we ever need to have a non-MPS employee handle cash, we will get written authorization from the Department of Finance.

## Cash Disbursements

### 2. Audit Finding

For one of five (20%) cash disbursements tested, the receipt was not marked "PAID".

#### **Recommendation**

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

#### **School Response**

The Principal and Bookkeeper will make sure all receipts are marked with the word "Paid" and the date, and the Principal will personally sign all receipts.

## Camp and Club Accounts

### 3. Audit Finding

Review of one Student Activity Account (Student Council) indicated that the account advisor did not maintain documentation for all activity that occurred on the account. Copies of Cash Receipt forms and of invoices / receipts were not maintained. In addition, the Bookkeeper does not consistently provide CASH activity reports to advisors showing Club Account transactions and account balances on a monthly basis or when the activity occurs.

#### **Recommendation:**

The Principal should 1) direct staff advisors to maintain complete records of activity in their accounts, including Cash Receipt forms and copies of invoices or receipts, and 2) direct the Bookkeeper to provide IFAS-SA activity reports to advisors on a monthly basis or when activity occurs in the account.

### **School Response**

The Principal will direct each staff advisor to maintain complete records of activity in their accounts, including Cash Receipt forms and copies of invoices or receipts and the Bookkeeper will provide IFAS-SA activity reports to advisors each month after the bank reconciliation occurs to ensure accuracy for each student activity club. At the beginning of each school year, advisors will receive training on appropriate practices. In addition, twice a year, the Principal will meet with each advisor to make sure the directive is followed.

## **Fundraising**

### **4. Audit Finding**

A Fundraising Request and Report form was not accurately prepared for one fundraising event reviewed. The Principal and advisor did not include a date when signing the form, indicating the date of Principal approval. In addition, the Financial Report, Section II, was not completed.

### **Recommendation**

The Principal should ensure that the Fundraising Request and Report forms are properly completed including the recording of signature dates and the completion of Section II of the report.

### **School Response**

The Principal will direct all advisors and staff members to prepare fundraising forms prior to holding the fundraising event properly. After the event, advisors or staff members will need to complete section II of the report completely. The Principal will ensure that all forms are approved and signed properly.

## **Other Expenditures and Controls**

### **5. Audit Finding**

In one instance, an order for a Thermal Roll Laminator was charged to ESUP (supplies) 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 Principal and Bookkeeper will properly use the correct codes that accurately describe the item purchased.

## II. Fixed Asset Management

### 6. Audit Finding

Two MS Surface Pro tablets purchased during the audit review period, and three other items, were not entered on IFAS. Two of the items were not tagged. In addition, a receipt for District Equipment form was not completed for the Surface Pro tablets assigned to a teacher and the Principal. Further, periodic and year-end fixed asset inventories were not conducted by the school.

#### 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, Receipt for District Equipment forms should be completed for the Surface Pro tablets that were assigned to the teacher and Principal. Further, 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.

#### School Response

The Principal will direct the staff members in charge of fixed assets and Bookkeeper to enter new items within 30 days of receipt. Random audits will be conducted during the school year to determine if assets are still in use or if they should be removed from the IFAS Fixed Asset register. Staff responsible for tagging technology items will do it within 30 days of receipt. The Fixed Asset register will be updated by the end of the 2018-2019 school year. Further, the Principal and teacher will complete the Receipt for District Equipment forms for the Surface Pro tablets that they were assigned.

## III. Payroll Exception Reporting

No audit findings.

## IV. Fire Drills

No audit findings.

## V. Student Attendance

### 7. 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 Principal will direct the attendance secretary to contact the parent by phone or another means before the end of the second school day after an unexcused absence. The attendance secretary will also create a note under PLP stating who was reached about the student unexcused absence.

<b>VI. Textbook Management</b>
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**8. Audit Finding**

For the six textbooks tested from two classrooms, six of six (100%) have the status “available”, when all six textbooks should have been recorded in the textbook management system and have the status *checked out*. In addition, the school only accounted for 87% of its inventory for the 2017-18 school year instead of the required 95%.

**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 accounts for at least 95% of their textbook inventory.

**School Response**

The Principal will direct the librarian to properly barcode all textbooks and record the status of the textbook in the management system. At the end of the school year, all textbooks will read “available” and will be ready for the next school year. The textbook coordinator should complete a complete textbook inventory by the end of the school year 2018 - 2019.

OFFICE OF BOARD GOVERNANCE  
AUDIT SERVICES

May 15, 2019

**Milwaukee Public Schools  
Balance Sheet by Location  
MG - Morgandale School  
As of February 28, 2019**

<b>Assets</b>		
A100	Cash In Bank - Checking	27,247.42
<b>Total Assets</b>		<b><u>27,247.42</u></b>
<b>Liabilities</b>		
L200	Capital Cash	5,000.00
L201	Budget Reimbursements	
L204	Camp Childcare Copayments	4,344.00
L206	Cafeteria	310.20
<b>Total Liabilities</b>		<b><u>9,654.20</u></b>
<b>Equity Balance</b>		<b><u>17,593.22</u></b>
<b>Total Liabilities and Equity Balances</b>		<b><u>27,247.42</u></b>

[Operating Summary by Club](#)

**Milwaukee Public Schools**  
**Student Activities Summary by Location**  
**As of and Through the Period Ending February 28, 2019**

Exhibit I

	Cash	Payables	Balance Beginning of Year	Revenues	Expenses	Net Transfers	Available Balance
<a href="#">MG</a> Morgandale School							
<a href="#">MG20001</a> Capital Cash	5,000.00	5,000.00					
<a href="#">MG20101</a> Budget Reimbursements							
<a href="#">MG20401</a> Camp Childcare Fees	4,344.00	4,344.00					
<a href="#">MG20601</a> Cafeteria	408.60	310.20				98.40	98.40
<a href="#">MG30201</a> Sunshine Fund	165.44			190.00	24.56		165.44
<a href="#">MG30401</a> Vending-Soda Fund	150.41		657.40	506.05	1,013.04		150.41
<a href="#">MG30601</a> Faculty/Staff Activitie-Office	32.00			32.00			32.00
<a href="#">MG30801</a> PSO	5,242.44		5,502.16	299.50	733.97	174.75	5,242.44
<a href="#">MG31801</a> Gifts/Donations	96.80			96.80			96.80
<a href="#">MG43607</a> Clsroom Act-Room 12				100.00	102.00	2.00	
<a href="#">MG43608</a> Clsroom Act-Room 13				104.00	102.00	(2.00)	
<a href="#">MG43611</a> Clsroom Act-Room 17	9.75			368.75	262.50	(96.50)	9.75
<a href="#">MG43613</a> Clsroom Act-Room 19				378.75	300.50	(78.25)	
<a href="#">MG43614</a> Clsroom Act-Room 21	78.00			78.00			78.00
<a href="#">MG43615</a> Clsroom Act-Room 22							
<a href="#">MG43619</a> Clsroom Act-Room 26	35.00			60.00	25.00		35.00
<a href="#">MG43620</a> Clsroom Act-Room 27	54.00			54.00			54.00
<a href="#">MG43628</a> Classroom Activity - Room 28	60.00			60.00			60.00
<a href="#">MG44401</a> Clubs-Student Council	833.44		1,045.65	32.00	244.21		833.44
<a href="#">MG44406</a> Clubs-Morgandale Playzone	7,939.53		8,000.05		60.52		7,939.53
<a href="#">MG50001</a> General School	912.70		1,436.29	28.32	453.51	(98.40)	912.70
<a href="#">MG50003</a> General School-Pbis	321.24		434.90	89.00	202.66		321.24
<a href="#">MG50004</a> Gen Sch-Postage	64.94		64.94				64.94
<a href="#">MG50005</a> Gen Sch-Educational Fund	870.30		944.38		74.08		870.30
<a href="#">MG50006</a> Gen Sch-Recreation	65.35		92.85	1,775.00	1,802.50		65.35
<a href="#">MG50007</a> General School-Exchange	36.51			342.76	306.25		36.51
<a href="#">MG50008</a> Gen Sch-Spirit Wear	526.97		313.01	272.00	58.04		526.97
Totals for Morgandale School	27,247.42	9,654.20	18,491.63	4,866.93	5,765.34		17,593.22
Total All Selected Activities	27,247.42	9,654.20	18,491.63	4,866.93	5,765.34		17,593.22

**ILWAUKEE 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.

2. 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]