



Report on FY21 District Risk Assessment

In October 2015, the Milwaukee Board of School Directors approved the District's risk assessment project as part of the Annual Plan of Audits for the fiscal year 2016. Audit Services worked in collaboration with the Association of Local Government Auditors (ALGA) to develop a risk assessment tool and risk assessment questionnaire distributed to key district leaders and administrators. During this six-month process, the Assistant Chief Auditor with the Miami-Dade County Public Schools served as the technical advisor for this project and provided valuable insights and feedback. The entire MPS Audit Services team also participated in the design and evaluation process. This district risk assessment tool since has been updated annually to continue to assist Audit Services in identifying risks and prioritizing audit resources.

Audit Services has completed the FY21 risk assessment as a means to help identify, measure, and rank potential audit areas based on the level of risk to the District and as a tool in preparing the FY21 Annual Audit Plan. Risk-assessment questionnaires distributed to 34 office directors, managers and key personnel, in 36 departments, had a 100% return rate.

Of the 34 responses received:

- 33 (97%) were aware of MPS Fraud Reporting Tools;
- 31 (91%) reported no obstacles that would have prevented their departments from performing work tasks prior to the District Closure;
- 29 (85%) reported that they were not aware of any incident of fraud, waste, abuse, or theft in their department in this past year;
- 14 (41%) reported a change in key personnel;
- 8 (24%) reported a potential impact to district funding or operations as a result of the COVID-19 pandemic;
- 7 (21%) indicated they had no process in place to work remotely during the District Closure;
- 6 (18%) indicated they did not have adequate technology tools to work remotely during the District closure; and
- 3 (9%) indicated that they did not have written standard operating procedures (SOP) or the SOPs were still being developed for staff to follow.

Audit Services has reviewed the responses and performed an analysis of year-over-year budget and staffing changes in assigning risk levels to six specific categories -- People, Fraud, Operations, Technology and Systems, Legal, and Financial- to arrive at an overall risk-and-audit priority. Using these criteria, an overall risk-and-audit priority level of high, moderate or low was assigned: of the 36 auditable departments analyzed, ten (28%) are high-risk, sixteen (44%) are moderate-risk, and 10 (28%) are low-risk.

In addition to the risk-assessment results, other factors affecting prioritization include requests from the Board of School Directors, audit resources, prior audit results, value-added impact to the organization, and degree of organizational change in the functional area. All of these factors are addressed when devising the recommended audit plan.

A high-risk score does not necessarily mean that an office is managed ineffectively or that it is not functioning properly, but merely indicates that the services or functions are inherently high-risk activities due to large expenditures or revenues, large amounts of cash, public interest, mission-critical operations, or support for other critical internal operations. The overall results identify the areas of activities with the highest risk factors, as described above, that may warrant or benefit from additional management action or Audit Services review.

The areas of higher risk include the Office of Finance, Office of Communications and School Performance, and the Office of Human Resources. Audit resource days have been included in the FY21 Annual Plan of Audits in the higher-risk areas of district operations.