

**OFFICE OF AUDIT SERVICES
ANNUAL PLAN OF AUDITS – FISCAL YEAR 2023**

FINANCIAL AUDIT

A) Audit: Basic Financial Statements

MPS is required to have an annual examination of the MPS basic financial statements. The Office of Board Governance has overall responsibility for the annual year-end examination and contracts with a certified public accounting firm to perform the audit. The accounting firm conducts the audit in accordance with government auditing standards to form an opinion on the basic financial statements. The audit includes audits of the two early-retirement pension plans, a Report on Internal Control, and a Status Report on the Prior Year’s Internal Controls. In addition to the financial statement audits, the district is also required to have a Report on Federal and State Awards (Single Audit), Student Membership (general, summer school, and integration transfer program) Audits, and a Parent Consent Audit.

- The Single Audit satisfies the audit requirements of both the state and federal governments for all state and federal funds received by MPS.
- The Student Membership Audits and Parent Consent for Transportation Audit satisfy the audit requirements mandated by the Wisconsin State Statutes and the Wisconsin Department of Public Instruction.
- The Report on Internal Control details areas where internal accounting controls need to be enhanced. A separate report is also provided which reports on prior year management comments and management’s progress in implementing those recommendations.

In addition to coordinating and monitoring the year-end audit activities, Office of Board Governance-Audit Services is responsible for completing various segments of the year-end audit.

<i>Estimated Resource Allocation — Internal.....</i>	<i>100 days</i>
<i>Estimated Resource Allocation — External.....</i>	<i>228 days</i>
<i>Estimated Start Date.....</i>	<i>July 2022</i>
<i>Estimated Completion Date</i>	<i>December 2022</i>

DEPARTMENTAL AND PROGRAM AUDITS-(CYCLIC)

B) Cyclic Audits:

Review of Retiree Health and Life Insurance

<i>Estimated Resource Allocation.....</i>	<i>55 days</i>
<i>Estimated Start Date.....</i>	<i>December 2022</i>
<i>Estimated Completion Date</i>	<i>June 2023</i>

This review will address whether comprehensive operating procedures exist, accuracy of data, effective internal controls over reporting, data and other operations. Other cyclic audit areas planned for may include financial reporting-grants management, IT security and disaster recovery, procurement, and selected areas of operations for individual offices, such as Office of Human Resources, Office of Academics, Office of Finance, Office of School Administration, and Office of the

Communication and School Performance. These cyclic reviews would be scheduled on a recurring basis to ensure that areas of district operations deemed as higher-risk/higher-impact are reviewed on a periodic basis.

C) Audit: Follow-up on Previously Issued Audit Reports

In order to ensure that all audit recommendations have been properly implemented, Audit Services tracks and follows up on the audit recommendations to determine the status of district administration’s corrective actions. Follow-up reviews are planned for three previously issued reports, Supplemental Pension, Building Lease and Accounts Payable-Finance Department.

<i>Estimated Resource Allocation</i>	<i>85 days</i>
<i>Estimated Start Date</i>	<i>September 2022</i>
<i>Estimated Completion Date</i>	<i>April 2023</i>

D) Non-cyclic-Program Evaluations

These reviews will focus on one or two higher-risk operational areas and may include various financial transaction reviews, use and oversight of District-Wide (DW) accounts, Infinite Campus data controls, and areas of operations that have not been reviewed, approved by the Board.

Review of Central Service Department Payroll Controls

MPSU Review (Carried Over)

Immersion Programs

<i>Estimated Resource Allocation</i>	<i>130 days</i>
<i>Estimated Start Date</i>	<i>July 2022</i>
<i>Estimated Completion Date</i>	<i>March 2023</i>

Other areas of review that may be considered on a non-recurring basis include FMS Billing practices, Remote/Telework Capability for Central Services and School Based Staff, Early Childhood, M-Cubed, IB Programs, Montessori programs, bilingual programs, and other evaluations of district operations such as building utilization and capacity and transportation services.

FRAUD INVESTIGATIONS AND OTHER REVIEWS

E) Audit: Special Audits and Projects

The Office of Board Governance-Audit Services has the responsibility for special audits, fraud investigations, and other projects including reviews of external charter school audit reports for Contracted School Services. Requests for analysis, investigations, and specific information can be requested by the Board, the Superintendent, management of Accountability and Efficiency, and the Chief Officer of the Office of Board Governance.

In addition, The Office of Board Governance operates the Fraud Hotline. Upon receipt, complaints are reviewed and, if deemed appropriate based on criteria from policy, investigated. A fraud, waste and abuse annual report summarizing the results of fraud complaints and tips received is issued to the Board, and the Superintendent. Enhancements to fraud-reporting tools have led to an increase in tips received including the 2017 approval of Administrative Policy and Procedure 6.38 Theft, Fraud, Waste, Abuse, Illegal or Unethical Behavior reporting requirements.

Special projects within higher risk operational areas may include a review of the district’s exit interview process, reviews of schools with overspent budgets, updating the District’s Annual Risk

Assessment, student-enrollment processes, and a cost benefit analysis of fleet maintenance and replacement schedules. In addition, Principal trainings and support are offered throughout the school year.

<i>Estimated Resource Allocation</i>	<i>526 days</i>
<i>Estimated Start Date</i>	<i>Ongoing</i>
<i>Estimated Completion Date</i>	<i>Ongoing</i>

SCHOOL AUDITS

F) Audit: Alternative/Early Childhood Partnership Schools

The district contracts with schools to provide alternative education and early childhood education to MPS students. The audits will review the operations of these schools to determine the extent to which the schools (1) comply with administrative policy and contract provisions and (2) appropriately use the financial resources provided by MPS. Schools are selected for review on a rotating basis. Five partnership programs and a related management letter are to be completed in FY23.

<i>Estimated Resource Allocation</i>	<i>51 days</i>
<i>Estimated Start Date</i>	<i>November 2022</i>
<i>Estimated Completion Date</i>	<i>June 2023</i>

G) & H) Audit: Charter School Financial and Performance Audits

Charter schools are required by the charter school contract to contract for a financial audit and an annual performance-and-compliance audit. The audits are conducted in accordance with government auditing standards.

One of the objectives of the financial/compliance audit of MPS instrumentality charter schools is to express an opinion on the fairness of the schedule of revenues and expenditures. The objective of the performance/compliance audit is to report on the charter school’s compliance with the performance, administrative, and fiscal provisions of the contract.

The charter school has the option to contract with Audit Services or with an independent certified public accountant to perform the audits for FY23 activity. Five charter schools have contracted with Audit Services.

<i>Estimated Resource Allocation</i>	<i>74 days</i>
<i>Estimated Start Date</i>	<i>July 2022</i>
<i>Estimated Completion Date</i>	<i>March 2023</i>

I) Audit: School Audits

The Board, in recognition of the school’s authority to make key decisions regarding the operations of the school, has directed Audit Services to initiate a continuous program of individual school audits. Schools presently have control over a significant portion of their local school budgets. In addition, schools are expected to achieve accountability standards, meet the Board’s strategic objectives for student achievement and equity, and comply with fiscal and administrative guidelines. The program continues the cyclical audits of MPS schools. Fifteen (15) schools will be selected for audit during FY23.

The purpose of the review is to assess whether the existing internal controls over the school’s financial activities can be relied upon to ensure that student-activity-fund, fixed-asset, and payroll-

exception-reporting financial transactions are properly authorized, recorded, documented, and safeguarded. Compliance with fire drill, textbook management, and student attendance procedures is also reviewed.

<i>Estimated Resource Allocation</i>	<i>135 days</i>
<i>Estimated Start Date</i>	<i>July 2022</i>
<i>Estimated Completion Date</i>	<i>June 2023</i>

J) Audit: School Audits — New-principal, Follow-up, Carryover, and School-Closing

Newly assigned principals may request audits to assist them in determining the financial and other conditions at a school. The review conducted is identical to the continuous program of school audits. Follow-up reviews may be conducted for those schools where prior audits have determined that internal controls were significantly deficient. School-closing audits with a focus on financial transactions are conducted to assist the Administration with close-out activities at these schools. Twelve (12) new-principal audits are scheduled.

<i>Estimated Resource Allocation</i>	<i>108 days</i>
<i>Estimated Start Date</i>	<i>July 2022</i>
<i>Estimated Completion Date</i>	<i>June 2023</i>