MPS MILWAUKEE PUBLIC SCHOOLS

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Report on FY24 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 FY24 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 FY23 Annual Audit Plan. Risk-assessment questionnaires distributed to 66 office directors, managers and key personnel, in 38 departments, had a 99% return rate.

Of the 65 responses received and a comparison from prior year results identified:

- 64 (98%) were aware of MPS Fraud Reporting Tools, a decrease from 100% in the prior year;
- Unfortunately, 15 (23%) reported obstacles that would have prevented their departments from performing work tasks, a decrease from 30% in the prior year;
- Staff turnover continued to be a concern with 29 (44%) reporting a change in key personnel a decrease from 50% reported in the prior year;
- 6 (9%) reported a technology upgrade or other operational change, a decrease from 17% in the prior year; increasing stability in operations;
- 9 (14%) indicated that they did not have written standard operating procedures (SOP) or the SOPs were still being developed for staff to follow, an improvement from 20% reported in the prior year;
- 4 (6%) reported theft, fraud, waste or abuse, a decrease from 8% in the prior year;

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 38 auditable departments analyzed, twelve (32%) are high-risk, seven (18%) are moderate-risk, and 19 (50%) 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

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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 standard operating procedures.

The areas of higher risk include the Office of Finance (Financial), Office of Operations (Operations) Office of Communications and School Performance, and the Office of Human Resources (People). Audit resource days have been included in the FY24 Annual Plan of Audits in the higher-risk areas of district operations.