



Office of Accountability & Efficiency  
Audit Services  
5225 W. Vliet Street, Milwaukee,  
WI 53208  
(414) 475-8314  
[audit@milwaukee.k12.wi.us](mailto:audit@milwaukee.k12.wi.us)



**MILWAUKEE  
PUBLIC SCHOOLS**

# Accounts Payable Audit

November 19, 2024

Audit Services

Paul E. Geib, Chief Auditor

Mike Lieske, Performance Auditor II

Office of Finance

Aycha Sawa, Chief Financial Officer

Felecia Jasper-Mitchell, Manager II

# SCOPE AND OBJECTIVES

## Scope

- Review period 07/01/23 to 06/30/24.
- Reviewed Purchase Orders, Electronic Direct Payments, Direct Payments, Travel, and Contract Payments made by Accounts Payable generated checks, ACH's and Wire transfers.

## Objectives

- Did schools and departments receive goods and services that were centrally ordered according to the agreed upon terms and conditions?
- Are payments for goods and services supported by adequate documentation, authorized, and accurately recorded?
- Are controls over the payment processing for goods and services effective and efficient?

# WHAT WE DID TO ADDRESS THE AUDIT OBJECTIVES

- Conducted interviews with staff from Finance, Technology, Recreation, MPS Department of State and Federal Programs, Strategic Partnerships and Customer Service, and Facilities and Maintenance
- Reviewed standard operating procedures (SOPs) and provided guidance related to the accounts payable process, including paper direct payments, electronic direct payments, purchase order payments, contract payments and travel
- Reviewed the wire transfer and ACH processes
- Reviewed granted access authority for approving invoices
- Reviewed controls in the electronic vendor set-up process
- Reviewed controls related to check stock, voided checks and bank reconciliations

# WHAT WE DID, CONTINUED

- Examined and tested accounts payable records and financial data, including audit trails related to data changes completed by Finance and Technology staff
- Reviewed processing of submitted payments which did not follow Finance protocol, analyzing the Finance rejection process and three-way matching
- Reviewed support related to MPS physical building locations to ensure utility bills were for valid locations
- Considered findings from prior AP audits and used best practices
- Analyzed the roles of AP staff for separation of duties and cross training and System Administrators roles related to making data changes, creating vendors, etc.
- Conducted testing related to Finance staff participation in MPS Fraud training
- Reviewed Department of Technology security protocols over district computers to ensure accuracy of user controls, access, etc.

# AREAS THAT THE DEPARTMENT EXCELS

- The Office of Finance has guidelines, policies, procedures, and controls in place for all Accounts Payable functions. An electronic dashboard offers step-by-step directions for AP transactions
- There is a combination of experienced and newer staff, with cross training a priority.
- Management and staff are receptive to change to enhance their sound control environment
- The department provides frequent in-person training events for school and district-based staff as well as on-demand electronic based training

Findings

Recommendations for Corrective Actions

Management Responses

# FINDING – THREE WAY MATCHING

Three-way matching ensures that the quantity ordered, and price (one) matches the quantity received (two) which matches the quantity invoiced and price paid (three).

Findings:

- Three-way match errors identified across MPS, FMS with repeated errors and Recreation with multiple concerns requiring their own finding.
- Updates / enhancements needed to SOPs related to monitoring / reporting violations, storage of support documentation within Business Plus for rate changes, bids and exceptions, travel and other AP support including contract updates for overtime rates
- When no contract or purchase order is in place, it is unclear as to how spending is controlled or how the end-user can conduct three-way matching to validate prices or services provided to what is expected

Management has (will): implement additional three-way match testing of processed invoices, update SOP's to report on violations, reviewed SOPs with staff to ensure Business Plus contains proper support, update overtime contract language. Recreation is in agreement with findings and has implemented changes to align with AP

# FINDING – PROCESSING VIOLATIONS

SOPs were present for all AP functions, varying on the type of payment submission (contract, direct payment, electronic direct payment, ACH/Wire) related to Administrative Policy 3.09

## Findings:

- Accounts Payable does not consistently reject invoices for not having valid contracts executed prior to any work being completed, payments being made or payments submitted by an unauthorized submitter.
- Violations should result in suspension of services but may continue. While those submitting invoices may receive repeated violation notices, they may continue to submit invoices, repeatedly, with the same violation, without being required to remedy the violations.
- Services requiring contracts may require liability insurance and staff background checks, which may not be met when, erroneously, a contract is not obtained.

Management has (will): Update SOPs, including reporting of repeat violations, ensuring services stop, requiring additional training for repeat offenders and self-auditing of payment approvers.



# FINDINGS – OTHER

## Findings:

Limiting Fraud, waste and abuse is a priority, particularly in the Office of Finance. The Department of Technology distributes district-wide fraud training videos, via email, to all employees. Sampled Office of Finance staff indicate 50% were not participating

Management has (will): Monitor and require staff complete the courses.

The Finance concentration account has a \$177,000 variance, related to ACH / Wire transfers that should be resolved.

Management has (will): complete a reconciliation to address this variance prior to 6/30/2025.

Invoices that are initiated in batches by the AP team do not consistently have a review of support prior to payment.

Management has (will): review the support documentation and sign-off on the batches prior to payments being made.

# FINDING – TECHNOLOGY

Staff funded by Technology who receive work direction from Finance, act as system administrators over Business Plus and financial processes. Also, use of the State vendor approved pricing (piggy-back pricing) for cell phone service occurs

Findings:

- Those with system administrative roles conduct tasks (setting up vendors) which are outside the scope of their assigned duties.
- When system or data errors occur, they have not been consistently tracked and reported to the vendor or department for correction.
- Piggy-back pricing not consistently applied by vendor. Business Plus dashboard needs updating to reflect options

Management has (will): reminded staff to not conduct activities outside of their assigned duties and to seek correction of system or data errors through prescribed channels

Piggy-back pricing will be monitored and Thursday Updates will be noted. Business Plus will be updated and regular review with the cell phone vendor has been implemented.



**MILWAUKEE**  
PUBLIC SCHOOLS

*Questions?*