



February 5, 2020

To: Board of Education

Michael J. Martirano, Ed.D., Superintendent

This letter conveys the results of the risk assessment I conducted of HCPSS, pursuant to requirements in the Board of Education's Internal Audit Charter. The assessment identified 15 high-risk areas and 14 other significant risk areas. The identification and compilation of the risk areas align with the HCPSS Strategic Call to Action and provide a reference for HCPSS in its future strategic planning and budgeting efforts, including its development of specific or additional steps where feasible to help mitigate the risks.

The risk areas were identified largely by current and former Board Members and by senior management through discussions and reference to planning, budgeting, and other documents. The assessment period primarily covered the period May 2018 to December 2019. Each risk area was included in one or more of the following five categories:

1. Strategic Risk: Impairment to implementation of strategic mission and/or plans
2. Operational Risk: Impairment to the ability to carry out operations
3. Compliance Risk: Potential failure to comply with laws, regulations, and policies
4. Financial Risk: Loss of financial resources, assets, or opportunities
5. Reputational Risk: Damage to public image or reputation

The risks are included on the attachment and categorized as either major risks or other significant risks. The risks are in alphabetical order, not priority order.

The risk assessment did not include certain risks, such as, for example, safety and security risks related to the general nature of school designs and all social media risks related to student well-being, mostly because such risks are inherent and generally beyond the immediate control of HCPSS. The risk assessment also did not include risks deemed relatively less than significant, nor did it include any ongoing or planned risk mitigation steps.

This letter is intended primarily for the information and use of the Board of Education, Superintendent, and senior management. Any questions about the report should be addressed to them or me. I can be reached at David_Clark@HCPSS.org or 410-313-1562.



David Clark
Internal Auditor

Attachment
IA-RA-2020

cc: Ms. Karalee Turner-Little, Deputy Superintendent

Mr. William Barnes, Chief Academic Officer

Ms. Anissa Dennis, Chief School Management and Instructional Leadership Officer

Mr. David Larner, Chief Human Resources and Professional Development Officer

Mr. Jahantab Siddiqui, Chief Administrative Officer

Mr. Scott Washington, Acting Chief Operations Officer

HCPSS RISK ASSESSMENT

Risk Categories

Strategic (S)	Impairment to implementation of strategic mission and plans
Operational (O)	Impairment to ability to carry out operations
Compliance (C)	Potential failure to comply with laws, regulations, and policies
Financial (F)	Loss of financial resources or opportunities
Reputational (R)	Damage to public image or reputation

High Risk Areas**(In Alphabetical Order)**

Bus Driver Shortage	National risk due to economic factors (S-O-F)
Cash Reserves	Low compared to best practices and historical averages; may affect HCPSS's ability to respond to future crises (O-F)
Classroom Technology And Aging Infrastructure	Basic packages lacking in many schools, including for assessments; HCPSS has developed a 5-year replacement plan but may have insufficient funding to carry out the plan; office system technology (such as phone systems) needs updating (S-O-C-F-R)
Deferred Maintenance	Most deferred maintenance relates to life cycle cost issues, including, for example, deferred maintenance related to HVAC systems (S-O-C-F-R)
Health Fund Deficit	Structural issue that could affect HCPSS's ability to carry out its mission (S-C-R)
IT Security	Inherent risk due to the reactive nature of implementing a cyber-defense (against persistent adversaries) and lack of sufficient redundant controls, particularly including resources (S-O-C-F-R)

Mental Health	HCPSS has growing support needs that it may not be able to meet fully in the near future (S-O-F-R)
Overcrowding	Overcrowding at certain schools affects school operations; community input critically important (S-O-R)
Performance Gap	Performance and opportunity gap persists, particularly among traditionally underserved student groups and students with disabilities (S-O-R)
Program and Resource Cuts	Program and resource cuts include, for example, world languages and reading and math support teachers; cuts are related to budget limitations (also see Staff Shortages below) (S-O-R)
Regional Special Education And Early Childhood Programs	Insufficient space to house qualified students over the next 3 years (S-O-C-F-R)
Special Education	Inadequate resources to provide support, including insufficient number of teachers and support staff; use of contract staff (S-O-C-F-R)
Staff Shortages	For example, the need for more special education teachers, reading specialists, and mentors in several key areas (S-O-F)
Teacher Absenteeism And Staff Shortages	Affects all instructional programs; more problematic on Mondays and Fridays (S-O)
Teacher Development	Inadequate opportunities for professional development, lack of sustained mentoring and professional development, and inconsistencies and challenges in teacher evaluation and accountability (S-C-R)

Other Significant Risk Areas

(In Alphabetical Order)

Accounting Procedures	Written procedures (Standard Operating Procedures or "SOPs") almost nonexistent (O-F)
Board Processes	The Board is not always unified in addressing specific issues (S-O)
Bullying Reporting	Need to strengthen staff and student understanding regarding the difference between bullying and peer conflict, as well as the implications of cyberbullying (S-C-R)
Bus Inspectors	Ratio of inspectors to bus has fallen below national benchmarks (O-C-R)
Career and Technology Education	Limited capacity in certain career and technology education academies; some students do not have access to transportation for work-based learning; high costs of maintaining machinery to meet industry standards (S-F)
Criminal Investigations	Investigations by HCPSS and the police can be on parallel but uncoordinated tracks (C-R)
Differentiated Instruction	Need to develop an enhanced skill set for all professional staff in supporting the needs of all learners, including students in underserved groups and students with disabilities (S-F-R)
Digital Learning	Lack of availability of devices and staff to support the program preclude HCPSS from providing equitable access to courses throughout the school system, and dampen the capacity for supporting students who need to participate in credit recovery (S-O-C-F-R)
Hiring	Insufficient focus on regional candidates; process delays may result in losing desired candidates with regard to diversity; legislative mandates lead to delays in processing many applications, which results in losing some desired candidates; unclear on how salaries are budgeted and set (O-F-R)
Procedures	Lack of a repository for all written operating procedures and the lack of training results in staff not knowing or following policies and procedures (O-C)
Records Management	Staff will need to be trained to fully understand and/or comply with all legal and regulatory requirements (O-C)

School Auditoriums	Need more oversight and training on operations and safety (O-F)
School Finances	Inherent risk due to prevalence of cash; lack of guidance, accountability, and training for staff (O-C-F-R)
Workday	Mitigating steps and additional investments still needed to make the system work in certain areas (O-F)