COUNTY OF MILWAUKEE
Inter-Office Communication

Date: July 26, 2012

To: Milwaukee County Board of Supervisors

From: Jerome J. Heer, Director of Audits

Subject: Role and Accomplishments of the Office of the Comptroller—Audit Services Division

State legislation passed in 2011 mandated creation of the Office of Comptroller within Milwaukee County government. Related legislation specified that, among other duties and responsibilities, the Comptroller shall perform all audit functions related to county government. To provide the resources necessary to carry out the audit functions, the Department of Audit was transferred to the Office of the Comptroller in May 2012 and renamed the Audit Services Division.

Audit Services Division Mission Statement
Through independent, objective and timely analysis of information, the Audit Services Division assists both policy makers and program administrators in providing high-quality services in a manner that is honest, efficient, effective and accountable to the citizens of Milwaukee County.

To assist in understanding Audit Services Division functions, we have prepared the enclosed recap of reports, issued while the unit functioned as the Department of Audit. These reports, covering the period 1996 through the present, are listed in **Attachment A**. Also enclosed is **Attachment B**, containing a functional description of the Division.

As an elected official, the Comptroller has complete independence in deploying the Audit Services Division to conduct audits involving County departments and contracts under the executive and legislative branches of County government.

As seen in **Attachment A**, the scope of audits prepared by the Audit Services Division includes a wide range of diverse topics. Certain issues were straightforward while other were complex and controversial. However, the common thread among all of the audits was to improve County programs and services to County residents by either being more effective in accomplishing program objectives, becoming more efficient, strengthening controls and safeguarding County assets and/or complying with laws and regulations. Reports issued since 2002 are available on the County's web site (www.milwaukeecounty.org). We would be happy to provide you with copies of any reports issued prior to 2002.

In addition to the audit reports listed in **Attachment A**, the Audit Services Division also prepares a variety of management advisory/consultative letters, investigative reports, memos, etc. to the County Board, its committees and County departments. These types of letters and memos include topics such as Countywide overhead, due diligence procedures, employee health care budget monitoring, analysis of a proposal to enter into a long-term lease with a developer to build a new mental health facility and factors to consider in evaluating privatization initiatives. Similar to traditional audit reports, the purpose of these various communications is to improve County services and operations.

Since 1994, the Audit Services Division has operated a Fraud Hotline to investigate allegations of fraud, waste and abuse in County government. An annual report is issued on Hotline activity.

The Audit Services Division also contracts with an outside CPA firm on an annual basis to perform the audit of the County's financial statements and the "single audit" of federal and state grants received by County departments. The ability to provide audited financial statements of Milwaukee County to bonding agencies and also provide required audited schedules of federal and state awards to grantor agencies are valuable components to the County's overall financial program. The Audit Services Division functions as a liaison between County departments and the CPA firm while continuously monitoring progress of the audits.

In addition to audits, other department functions include the department's bank reconciliation and contract compliance operations. The bank reconciliation function is an effective oversight tool for most checking accounts under departmental control. The contract compliance function provides County oversight of private vendors' adherence to equal employment opportunity and affirmative action requirements. These functions also contribute to the County's overall effectiveness.

If you have any questions or need further information, please call me at 278-4206.

Jerome J. Heer
Director of Audits

JJH/cah

Attachments

cc: Scott Manske, Milwaukee County Comptroller
Chris Abele, Milwaukee County Executive

Attachment A

MILWAUKEE COUNTY
Office of the Comptroller
Audit Services Division

Highlights of
Reports Issued 1996–2012 to Date

2012

Wauwatosa School District Reimbursement – This is an annual review of the School District's expenses related to providing teaching services at County schools on the County Grounds. For the 2010-2011 school year, we verified a $608,833 rental payment was due to the County from the District. (Original audit report noted that the County had not been charging rent even though the State reimbursed facility rental costs.) This report also notes that the Wauwatosa School District intends to pass through a State funding shortfall of $40,841 by deducting that amount from the County payment. The issue of the County's vulnerability to State funding shortages due to the existing contract language between the school district and the County has been raised in several previous audit reports.

Review and Recommendations Related to the Proposed Resolution/Ordinance Creating the Office of the Comptroller – This memo, authored jointly by the Director of Audits and the County Board Fiscal & Budget Analyst, summarizes requirements of recently enacted State law creating an independently elected Comptroller position for Milwaukee County effective April 1, 2012. It provides recommendations for transferring existing positions within County government, including the Department of Audit, into the Office of the Comptroller, as well as the creation of additional positions for the office. The report was prepared with input from the newly-elected Comptroller.

Review of Issues Regarding Our Space Contracts for Peer Support Services – In December 2011, the Department of Audit was asked by the Director of the Department of Health and Human Services and the Behavioral Health Division Administrator to assist in reviewing concerns expressed by seven individuals associated with various mental health advocacy efforts. The concerns were in regard to a County contract with Our Space and alleged incidents involving employment practices and working conditions for peer specialists as well as consumer safety. The letter asked a delay in renewing of this contract pending an independent investigation. One incident involved the hiring of a peer specialist with a known criminal background involving child pornography. The report lays out nine separate concerns, Our Space management's response to each concerns, and the Department of Audit's independent analysis of each area dispute. The report contains 11 recommendations for improvements, four addressed to Our Space and seven addressed to the Department of Health and Human Services for improved contract oversight.

Controls Over Milwaukee County Parks' Point-of-Sale Revenues are Sound but Timeliness of Reporting and Other Improvements are Possible – The audit focuses on cash receipts applications at the Department of Parks, Recreation and Culture (Parks) that interface with the County's comprehensive financial accounting system (Advantage) to facilitate the recording (posting) of revenue transactions from multiple Parks revenue reporting sites. In 2010, the Parks Department generated total revenues of $16.6 million. Of that total,$7.7 million, or 46%, was transacted and processed through Parks' POS system. During the peak summer season of 2010, Parks revenue reporting to the Advantage system was delayed for as long as 60 to 90 days from the time the revenues were collected. Thus, we estimate an average of at least $1.6 million in POS revenues was not reflected in the Advantage system during the peak summer months of that year. Automating POS revenue transactions to post directly to Advantage will improve the timeliness of information in the County's financial reporting system. Additionally, during the audit we identified issues of concern related to the security of Milwaukee County's computer control centers. Due to the sensitive nature of those issues, and in accordance with Government Auditing Standards, we have communicated our findings in a separate report, with distribution limited to those parties responsible for taking corrective action.

Fraud Hotline – 2011 Annual Report – This annual report on Audit Hotline activities notes that the Department of Audit received 67 contacts alleging fraud, waste or abuse for 2011. Direct savings to

taxpayers of Milwaukee County and other jurisdictions attributed to the Hotline and audit activity related to fraud, waste and abuse for the year totaled $245,765.

Excessive Manual Review and Intervention is Required to Ensure Pension Benefit Calculations from Milwaukee County ERS' Automated V-3 System are Accurate – This audit report notes that the ERS began the process of purchasing and installing a fully automated pension processing system (the Vitech V-3 Pension System) in 2006, with an ERS estimated total project cost of approximately $12 million. In 2009, the V-3 system became operational. The V-3 system was intended to provide faster, more accurate pension estimates and retirement processing, complete integration of pension and post-employment benefits, and enhanced customer service. The audit concludes that while base monthly pension benefit calculations are generally accurate, the automated V-3 system cannot currently be relied upon to generate accurate pension calculations and disbursements without extensive manual review and intervention.

2011

Informational Report on the Impact of Employee Furloughs on Milwaukee County Operations in 2010 – The report summarizes net savings attributable to employee furloughs in 2010 and provides examples of operational impacts of the furloughs as reported by select departments surveyed by the Department of Audit.

2011 Milwaukee County Compensation Study – In its 2011 adopted operating budget, the Department of Audit was directed to conduct an evaluation of total employee compensation. The directive indicated that the purpose of the review is to identify the total compensation of County employees and to compare the compensation with other public and private sector employers in the community with, particular attention to the County's ability to retract and retain the workforce needed to provide key services. The evaluation was directed to be conducted with the services of an independent consultant and with the input of the County's Employee Benefits Workgroup. The report compares compensation of the County, City of Milwaukee, State of Wisconsin and an average of private employers in the Milwaukee labor market for comparable positions. The report notes that the County is second highest (to the State) in total compensation for higher paid positions and lowest in terms of total compensation for lower paid positions. From a salary perspective, when looking at the lower pay category, the County generally offers lower salary ranges than the other entities. When looking at the higher pay category, the County often has the most generous entry salaries (range minimums), but the salary range maximums tend to be average or slightly below. The report also contains a comparison of current employee benefit levels for the same entities.

New Strategies are Needed to Revitalize the War Memorial Center and Fulfill its Dual Mission to Honor Veterans and Promote the Arts – The audit report provides background information to help provide an understanding of how the War Memorial Center was conceived, created and has evolved since 1945. Despite a mix of private and public funding for the War Memorial Center that includes substantial financial support from the County, there is an estimated $5.3 million of known problems needing repair, replacement or upgrade. Problems with the physical condition of the facility threaten the safekeeping of the Milwaukee Art Museum collection and reflect poorly on the community's level of commitment to fulfill its intent to honor American veterans who have fallen in service to their country. Remedies will require a significant investment of public and/or private funds. This ongoing problem is representative of a much larger issue that exists on a Countywide basis, one that has been the subject of a number of prior audit reports—the County's inability to adequately fund the repair and maintenance needs of its aging infrastructure. The report provides recommendations to address specific operational issues and offers new strategies to revitalize the War Memorial Center and fulfill its dual mission to honor veterans and promote the arts.

Residency of Contractor Employees Working on County Construction Contracts – This report concludes that Milwaukee County has had limited success in achieving a goal of paying 50% of gross wages for County construction projects to County residents. It notes that a large portion of publicly funded construction projects awarded by the County are exempt from the requirement, in accordance with a Corporation Counsel opinion, "... the County may not apply a geographical preference to projects funded directly by the federal government or by the State when it merely 'passes through' federal funds for local projects." /The report notes that further work is needed to address two key issues: 1) the

applicability of the initiative to Federal and State funded projects and 2) application of appropriate incentives and disincentives for compliance by contractors.

Review of Issues Related to Accounting for Funds Provided by the U.S. Department of Housing and Urban Development – The review summarizes a history of problems associated with the County's financial management of federally-funded housing programs. It notes that current issues, resulting in nine findings contained in the monitoring letter issued to the County by HUD in September 2009 generally pertained to a breakdown in the County's timely and accurate reporting of required financial information to HUD. The review identifies root causes of frequent turnover and extended vacancies in management positions, as well as insufficient staff resources devoted to administering the federal programs. Recommendations are included to address the root causes.

Fraud Hotline – 2010 Annual Report – This annual report on Audit Hotline activities notes that the Department of Audit received 62 contacts alleging fraud, waste or abuse for 2010. Direct savings to taxpayers of Milwaukee County and other jurisdictions attributed to the Hotline and audit activity related to fraud, waste and abuse for the year totaled $144,675.

2010

Milwaukee County Needs to Commit to a Preventive Repair & Maintenance Program to Ensure Public Safety – The report notes that a consistently applied, coordinated approach for periodic building safety inspections is needed to address public safety concerns. Despite having hundreds of buildings used by County employees and the general public, Milwaukee County does not have formal policies or procedures establishing general baseline requirements for the seven property management (PM) units responsible for repairing and maintaining County facilities. Consequently, the different PM units use their own, informal approaches for assessing the condition of buildings in their charge. Absent the structure and consistency that formal, uniform policies could provide, we found little to no emphasis on building assessments. Further, we noted varying degrees of emphasis on building safety inspections by the different PM units. The report also identified a need to establish and commit to a comprehensive property management system. Lacking an effective, comprehensive plan for property management, the County's expenditures for infrastructure Repair & Maintenance is difficult to readily quantify, much less evaluate for effectiveness.

System Changes are Needed to Help Ensure Patient and Staff Safety at the Milwaukee County Behavioral Health Division – In February 2010, the federal Centers for Medicare and Medicaid Services cited the Milwaukee County Mental Health Complex for regulatory violations related to a failure to protect a female psychiatric inpatient from sexual contact with another patient. Our review of BHD's adherence to corrective action plans submitted to regulators indicate substantial compliance with the plans, but the need for continued diligence on the part of the BHD administration to monitor and measure staff compliance. In addition, we believe legislative oversight of BHD's progress in attaining and sustaining compliance is an important aspect of holding administrators accountable for results. The audit also concludes that BHD's current model for inpatient mental health services is not suited for particularly aggressive patients. The report details three examples of a small number of patients whose particularly aggressive behavior makes placement in the community difficult, whose treatment in the Adult Acute Inpatient units can be disruptive to the therapeutic environment for other patients, and whose behavior can pose a threat to their own safety as well as that of other patients and staff at the facility. Such patients can be caught up in a vicious cycle of aggression, arrest, court-ordered evaluation/placement at a state institution, and a 'not competent' court finding that ultimately returns the patient to BHD.

Strategic Property Management – A presentation of concepts, past recommendations and present progress in the County's ongoing efforts to establish and maintain sound strategic property management practices.

Better Management Oversight Needed for County Administered Federal Rent Assistance Program – This is an audit of the Federal Section 8 Housing Choice Voucher (Rent Assistance) program, administered by the Housing Division of the Milwaukee County Department of Health and Human Services. The report identifies the need for improved management oversight and additional program resources to reduce errors and omissions in the calculation of rent subsidies paid on behalf of program participants. The high error rate (22.7%) of the cases in our statistically valid random sample resulted in projected annualized program overpayments of $328,000 in the $11.9 million program. The report also

recognizes future program savings achieved by management while noting the opportunity for enhanced program integrity efforts. The report also notes that within Milwaukee County, three municipalities have established separate, and partially overlapping, locally-administered Federal Section 8 Housing Choice Voucher Programs. Milwaukee County, the City of Milwaukee, and the City of West Allis all run the same federal program within their respective boundaries. We question the need for this duplication of administrative effort.

Residency of Contractor Employees Working on County Construction Contracts – This report describes a spot-check review of the residency of construction workers charged to County construction contracts in July 2009. As in previous years, we selected a sample month for review due to the labor-intensive nature of this type of analysis. The results for July 2009 showed 33% of nearly $1 million in gross wages were paid to County residents. This percentage is similar to the results of previous years' analyses, where the percentage of gross wages paid to County residents ranged from 32% to 40%, with the results trending lower. The goal is 50%, established by the County Board in Resolution 95-573.

Fraud Hotline – 2009 Annual Report – This annual report on Audit Hotline activities notes that the Department of Audit received 73 contacts alleging fraud, waste or abuse for 2009. Direct savings to taxpayers of Milwaukee County and other jurisdictions attributed to the Hotline and audit activity related to fraud, waste and abuse for the year totaled $75,840.

2009

A Tale of Two Systems: Three Decades of Declining Resources Leave Milwaukee County Parks Reflecting the Best and Worst of Times – This report received the Bronze Award in the Association of Local Government Auditors' prestigious Knighton Awards Competition for Excellence in Performance Auditing. The report concludes that three decades of declining resources have led to the Parks system's current state of select showcase holdings, but unsustainable infrastructure demands. In 2008, the Parks Department reported that the accumulated deferred repairs and maintenance totaled $275.6 million. Our analysis of the support for that amount indicates the figure is inaccurate, with evidence that a significant portion of the estimate is overstated, while other portions may be understated. This raises concerns regarding the construct of the number. Despite these concerns, the Parks deferred maintenance figure likely exceeds $200 million, overwhelms available resources, and is rising. Addressing this issue will require the County to make tough decisions concerning the direction of the Parks system as a whole. The report identifies the need for an improved process for ongoing assessment and prioritization of Parks infrastructure needs, and describes options for consideration by policymakers in choosing the future course of the Milwaukee County Parks system.

Emphasis is Needed to Improve Milwaukee County's Recycling Efforts – The report points out how the County's decentralized recycling program results in varying degrees of adherence to good recycling principles. Centralizing many of the recycling activities currently performed autonomously at several County departments should provide greater consistency Countywide. This includes such things as contracting for recycling vendor service, maintaining records on the amount of recycling taking place, instituting best practices for all County locations, and educating employees on proper recycling procedures. The report also includes a recommendation to develop a strategic plan to provide uniformity in the manner in which Milwaukee County recycles.

Data on Value of the Milwaukee County Farm and Fish Hatchery Operation – An assessment of both the tangible and intangible value of the Farm and Fish Hatchery operation (FFH) at the County Correctional Facility—South. In recent years, the FFH has been a perennial candidate for elimination from the County budget. This report was prepared by Department of Audit staff using data obtained from the Office of the Sheriff and from the Hunger Task Force, a non-profit organization that operates the FFH under contract with the County, using voluntary inmate labor. In 2008, County expenditures on the FFH totaled $301,000. In addition, the Hunger Task Force estimated it contributed approximately $175,000 in staff time, supplies, equipment and repair costs in 2008. 2009 County expenditures were budgeted at $285,000, and the 2010 Sheriff's Office budget request for the FFH totaled about $326,000. In total, we estimate the value of tangible benefits to the community provided by operation of the FFH totals approximately $211,500. A comprehensive list of intangible benefits that include inmate job training is also provided in the report.

A More Strategic Approach is Needed to Combat Child Care Subsidy Fraud in Milwaukee County – Under the Wisconsin Shares Program, the Program Integrity Unit of the Milwaukee County Department of Health and Human Services is responsible in Milwaukee County for preventing and correcting improper child care subsidy payments, establishing and collecting overpayments, and for determining which clients and providers should be referred to law enforcement authorities for fraud investigation and/or criminal prosecution. On May 26, 2009 the Governor signed legislation authorizing the State to take over administration of public assistance programs in Milwaukee County, including operation of the Milwaukee County Program Integrity Unit. The legislation creates the possibility of returning administrative responsibility for the programs to Milwaukee County at a future date. Regardless of which entity administers the program, we make observations for improving PIU performance. The report identifies the need for the PIU to develop a more comprehensive, strategic approach to detect and pursue child care fraud. For example, to date, the PIU unit has not developed any formal fraud profiles, or 'red flags,' to routinely identify suspicious attendance patterns or other indicators of potential fraud. The report also notes that the Milwaukee County District Attorney's Office has inadequate resources to investigate and pursue prosecution of potential fraud cases identified by the PIU.

Multiple Changes Needed to Improve Milwaukee County's Call Center Performance – On May 26, 2009, the Governor signed legislation authorizing the State to take over administration of public assistance programs in Milwaukee County, including operation of the Call Center. The legislation created the possibility of returning administrative responsibility for the programs to Milwaukee County at a future date. The report details Call Center performance in recent years, identifies multiple reasons for an inordinately high volume of calls to the center, and notes that improving Call Center performance will require several corrective measures.

An Audit of Milwaukee County Transit System's Security Contract With Wackenhut Corporation – Since July 1, 1993, MTS has contracted with Wackenhut, Inc., a private security firm, to provide transit system security services. In its contract proposal in 2003, Wackenhut established a goal that 85% of a security officer's time should be spent riding on a bus or assisting with a situation at a bus stop. Despite clear documentation establishing the expectation of an MCTS security strategy emphasizing security officers riding buses, emphasis has instead been placed on deploying a mobile security force. The current strategy used by Wackenhut has resulted in most of a Custom Patrol Officer's (CPO's) workday spent in a van. On the days reviewed, only 2.8% of CPO work time was spent riding buses. MTS management has acknowledged that, despite language regarding an on-bus presence contained in its contract specifications and Wackenhut's contract proposal, a mobile response capability provided by deployment of CPOs in vans is the strategic approach preferred and agreed upon by the parties.

The report identifies opportunities for improvement in the areas of security staff deployment, contract administration and bus operator training relative to bus security. The report notes that a recent modification in MTS' security approach to increase security officer presence on MCTS buses was a step in the right direction.

Fraud Hotline – 2008 Annual Report – This annual report on Audit Hotline activities notes that the Department of Audit received 62 contacts alleging fraud, waste or abuse for 2008. Direct savings to taxpayers of Milwaukee County and other jurisdictions attributed to the Hotline and audit activity related to fraud, waste and abuse for the year totaled $1,070,650.

An Audit of the Milwaukee County Transit System's Fare and Data Collection Systems – The report identified the need for additional resources and techniques to improve the accuracy of ridership profiles upon which decisions affecting bus fare structures and service levels are based. The MTS Finance Department uses a series of ratios and formulae that represent a 'ridership profile' (i.e., typical mix of passengers with varying fares and payment methods that constitute an average busload) for purposes of reporting to the State and for analyzing rate structures. An internal memo from a former MTS analyst dated August 20, 1992, indicates the ridership profile upon which the ratios and formulae used today are based, originated in 1988. Another correspondence indicates at least one ratio still in use today was developed prior to 1988. As indicated in the 1992 memo, the accuracy of the ridership profile was in question just four years after its development. Despite significant variances in revenue rides and passenger make-ups noted in the memo, MTS has retained the same ridership profile developed from patterns established in or prior to 1988. MTS has changed its fare structure in 11 of the 20 years from 1988 through 2008. The report recommended developing a plan for financing and installing 'smart card' swipe technology to obtain reliable ridership data.

Analysis of Request to Change Coast Restaurant from a Year-Round Walk-In Restaurant to a "Reservation Only" Facility – A review of terms and conditions proposed by the lessee of County facilities at the O'Donnell Park lakefront site that would significantly alter the terms of an existing lease. The analysis provides background on the troubled history of various business ventures at the site and includes recommendations to clarify language to protect Milwaukee County interests in the public-private partnership.

2008

An Audit of Professional Service Contracting – The report notes that there is considerable similarity between the definitions of a professional service in s. 56.30 and negotiated contractual services described in s. 32.36 and 32.37 of the Ordinances. The report recommended adding additional clarity in the definition of professional services to help ensure consistent interpretation by all County administrators. The report also recommended adoption of a uniform template for analyzing the cost-effectiveness of contracting for professional services and included an illustration of such a template.

Analysis of Request by County Administrators to Enter Into Final Lease Negotiations with WEAS Development for the Long-Term Lease of the St. Michael's Hospital Facility for the Behavioral Health Division Inpatient and Nursing Home Operations – A detailed, 25-year life-cycle financial analysis conducted by Department of Audit and County Board staff. Based on the analysis and other considerations, the report recommended that the County Board choose to either renovate the current BHD facility or build a new facility on County-owned property near the current site.

An Audit of the Milwaukee County Procurement Division – The report identified numerous conditions that collectively reflected a breakdown of internal controls and indicated a lapse in former management's oversight of Procurement operations. The report noted that some of the problems identified may have been the consequence of significant staff cuts over time.

Release of Confidential Records and Processing of Open Records Requests – An analysis of the causes of the release of confidential records imbedded in a data base provided by the County to a private organization in response to a Wisconsin Open Records Law request.

Information Management Services Division Help Desk Survey – The Department of Audit conducted a limited scope review of technology help desk customer service. These services were provided directly by staff of the Department of Administrative Services Information Management Services Division until September 2006. At that time, help desk services were outsourced to a private contractor. The scope of the review was primarily a survey of 297 help desk users to identify the level of satisfaction with services in 2007 compared to 2006. We received 101 responses (34%) to our survey. The results indicate a fairly high level of satisfaction (94%) with the professional manner of help desk service in 2007. The level of knowledge (77%) and experience (76%) was lower but still reasonably high. The survey also indicated satisfactory resolution of problems within one day for (57%) of respondents and within 2-5 days for an additional (33%). Overall level of "complete satisfaction" for 2007 and 2006 were similar (51% and 50%). However, when "partially satisfied" and "neutral" are added to the aggregate for 2007 and 2006, 34% thought services were better in 2006, 55% did not notice a difference, and 11% noted that services were worse in 2006.

Fraud Hotline – 2007 Annual Report – This annual report on Audit Hotline activities notes that the Department of Audit received 55 contacts alleging fraud, waste or abuse for 2007. Direct savings to taxpayers of Milwaukee County and other jurisdictions attributed to the Hotline and audit activity related to fraud, waste and abuse for the year totaled $71,417.

2008 Health Care Budget – A breakout of the component parts of Milwaukee County employee and retiree health care cost savings estimated to total $75 million for the period 2006 through 2008. The savings are attributed to two cost containment efforts initiated during 2006.

House of Correction Correctional Officer Staffing – This audit identifies major contributing factors to a vicious cycle of forced overtime and excessive absenteeism. It quantifies the need for an additional 23 Correctional Officer 1 positions over 2007 staffing levels, quantifies the excessive absenteeism problem as requiring an additional 34 full time equivalent positions, and identifies a disconnect between budgeted staffing levels and actual staff deployment. Recommendations are included to heighten management

attention to budget matters, intensify Executive Administration efforts to improve operations, and enhance Legislative oversight of the facility.

Office of the Sheriff Electronic Medical Records System – This audit compared the total cost of acquiring and implementing an Electronic Medical Records System (EMS) for County Jail and House of Correction inmate medical care against projections provided to policymakers during the project approval phase. The audit found that, four years into implementation, actual savings more than offset project costs, but fell approximately $1.1 million short of projections. In addition, the report cites lack of system functionality and operational risks as reasons the current ERS should be replaced. Recommendations are included to establish protocols for improved automated system implementation practices Countywide.

2007

Review of the Zoological Travel Card Program – A review of administrative controls and supporting documentation for travel expenditures under the credit-card-type Travel Card Program for employee travel at the Milwaukee County Zoo.

Average Annual Pension Benefit Payments for State and Local Governments – A comparison of average annual pension benefit payments for retirees of Milwaukee County, the State of Wisconsin, the City of Milwaukee, the national average for state and local governments, and two estimates of average pension benefit payments for the private sector.

External Quality Review of the Department of Audit – In accordance with Government Auditing Standards issued by the Comptroller General of the United States, the Department of Audit was assessed by a team comprised of members from three distinguished local government auditing shops. Reviewing work performed during the past three years, the team issued a 'clean opinion' that the Department has complied with the standards, and was complimentary of the challenging and complex issues addressed in the work.

Report on Countywide Strategic Planning – This memo provides a summary of the prior Countywide strategic planning initiative, lessons learned from that experience, and recommendations to revive and modify the effort going forward

Jury Selection Process in the Milwaukee County Circuit Court System – This audit identified a significant disparity between the racial compositions of jury pools assembled in Milwaukee County during 2006 and the population from which jury pools were drawn. The report identified several reasons contributing to the disparity, and included recommendations directed at developing a strategy for cost-effective remedies.

Department of Public Works Airport Division – Financial and passenger statistics reported to the Federal Aviation Authority were used to compare General Mitchell International Airport with other airports nationwide. The results showed that GMIA compared favorably in nearly all revenue and cost categories.

Follow-Up Review of Department on Aging Care Management Organization Provider Network Administration – This review addresses concerns brought to the attention of the Department of Audit alleging a lack of policy or criteria for: participation in the Family Care provider network; the level of service quality; cost and oversight of providers; the manner in which clients are assigned to providers; and other issues. Our review found that these allegations generally were unfounded, but that program administration could be strengthened in some instances

Pension Data – A compilation of statistics related to pensions of Milwaukee County employees, including a stratification of annual pension amounts, the average and mean annual pension, and the average years of County service for retirees.

Reimbursement of Operating Costs from Wauwatosa School District – This annual review of the school district's expenses relating to providing teaching services to youths under the care of the Milwaukee County Department of Health and Human Services for the 2005-06 school year verified a $619,678 rental payment due to the County from the school District. [Our original audit report noted that the County had not been charging rent even though the State reimburses facility rental costs.]

2006 Economic and Community Development Division Deficit – The review identified management failings responsible for a net deficit of $2.5 million in 2006, including a deficit of $3 million in a housing program. Inadequate fiscal staff in support of operations was a key contributing factor.

Follow-Up Review of the Family Care Program Eligibility and Enrollment Process – This follow-up of previous audit work was initiated after concerns were expressed about increases in the number of ineligible individuals receiving Family Care services, resulting in financial exposure to the County. Process improvements since our previous audit work is noted, along with enhanced coordination between the Department on Aging and the Department of Health and Human Services staff. We determined that the County did not suffer financial loss associated with too many ineligible recipients, but several recommendations were made to fine tune monitoring efforts to ensure compliance with strict State timelines is maintained.

Salary Survey of Legislative and Executive Positions – This report builds on two previously-released reports and concludes that the positions of Milwaukee County Supervisor, County Board Chairman and County Executive are significantly lower than comparable positions in the jurisdictions surveyed, and stand in need of adjustment.

Milwaukee County Billing and Collection Practices – This report details the result of a comprehensive audit of the County's billing and collection practices across County departments. The report identifies accepted precepts for successful billing and debt collection efforts, assesses the current state of Milwaukee County billing and collection practices, and outlines a vision for improving County practices. Key to specific recommendations contained in the report is the overall conclusion that the county would benefit from centralizing certain aspects of its de-centralized collection function.

Fraud Hotline – 2006 Annual Report – This annual report on Audit Hotline activities notes that the Department of Audit received 89 contacts alleging fraud, waste or abuse for 2006. Direct savings to taxpayers of Milwaukee County and other jurisdictions attributed to the Hotline and audit activity related to fraud, waste and abuse for the year totaled $389,123.

2006

Department on Aging Oversight of Vendor Payments – This report is a follow-up to one issued in 2004 relating to the County's administration of the Family Care Program, a long-term care pilot program for adults at least 60 years old operating in selected Wisconsin counties. The program is intended to provide eligible individuals with better choices about their living arrangements and services they receive, improve quality of care, and establish a system that will be cost effective into the future. This report showed that the care management organization (CMO) responsible for administering the program considerably improved its fiscal oversight, reversing earlier trends that had resulted in the County having to contribute $12.2 million to enable the CMO to continue operations. This report focused on the CMO's oversight and controls over payments budgeted at $148.8 million to vendors doing business with the CMO. The report contained several recommendations to improve the CMO's fiscal oversight, including the recovery of amounts overpaid to vendors in the past.

Combined Court Related Operations – As directed by the County Board in the 2006 Adopted Budget, we reviewed the efficiency of the Combined Court Related Operations. The request was in response to a proposed 25% reduction in the number of court positions, equating to 75 funded positions, including nine full-time court commissioners. Funding was partially restored in the adopted budget, which also included the request to review overall court staffing. The expertise of the National Center for State Courts (NCSC) was contracted to assist in this review. NCSC concluded that there was no basis for the proposed staffing reductions. Our review of the number of cases completed by judges within the same court division showed wide variances in productivity, highlighting the potential for improving overall court efficiencies.

Office of the Sheriff – Court Services Division – Also directed by the County Board in the 2006 Adopted Budget, we reviewed the bailiff services provided by the Office of the Sheriff to the Combined Court Related Operations, including a review of the methodology used to allocate costs to the courts. Prompting this review was a 20% reduction in the number of funded bailiff positions, leading to concerns that the courtrooms and surrounding areas were adequately secured. The courts were inadequately staffed, recommending an increase of 36 bailiff positions, from 78 to 114 bailiffs. In addition, our review

showed security issues relating to holding cells used for prisoners adjoining the courts. Our review also pointed out some flaws in the methodology used for allocating costs to the courts from the Office of the Sheriff. The report included recommendations by our department and NCSC for improving security and financial accountability.

Pension Data – A compilation of statistics related to pensions of Milwaukee County employees, including a stratification of annual pension amounts, the average and mean annual pension, and the average years of County service for retirees.

Survey of Other Counties' Handling of Government Accounting Standards Board (GASB) Statement 45 Requirements – A discussion of GASB Statement 45 *Accounting and Financial Reporting Requirements for Post-Employment Benefits Other Than Pensions*, particularly regarding the relative size of other counties' unfunded liability for retiree health care costs. Circumstances and options under consideration by other jurisdictions are surveyed and summarized to help frame what promises to be a challenging issue for policymakers.

Reimbursement of Operating Costs from Wauwatosa School District – This annual review of the school district's expenses relating to providing teaching services to youths under the care of the Milwaukee County Department of Health and Human Services for the 2004-05 school year verified a $587,445 rental payment due to the County from the school district. [Our original audit report noted that the County had not been charging rent even though the State reimburses facility rental costs.]

Parks Facilities Leases – This audit was conducted to review leases of county park facilities to private businesses that perform revenue-generating activities. Comparisons with private commercial rental rates showed that three major contracts reviewed were in line with market rates. However, compliance testing of lease requirements identified several conditions relating to enforcement of lease conditions, plus gaps and ambiguities in the lease documents themselves, pointing to lax oversight by Parks management.

Fraud Hotline – 2005 Annual Report – This annual report on Audit Hotline activities notes that the Department of Audit received 49 contacts alleging fraud, waste or abuse for 2005. Direct savings to taxpayers of Milwaukee County and other jurisdictions attributed to the Audit Hotline and audit activity related to fraud, waste and abuse for the year totaled $155,635.

Office of the Sheriff – Expressway Patrol Unit – This report, requested by the County Board, analyzed the fiscal, safety and enforcement effects of the reduction in the number of deputy sheriffs assigned to patrol Milwaukee County's expressways. The report noted that the reduction in force, along with other factors, caused the number of citations issued to fall 41%, resulting in a $625,000 reduction in citation revenue. Total expenditures remained nearly the same as before, primarily due to a $523,000 increase in fringe benefit costs. From an operational perspective, response times for accidents with property damage and those involving injuries increased 86% and 40%, respectively. The report included recommendations to address these issues, and to request sufficient State funding to pay for the service provided on behalf of the State.

2005

Milwaukee Public Museum 2005 Financial Crisis – Interim Report – This audit was conducted to identify and analyze the factors leading to the sudden disclosure of severe financial problems at the Milwaukee Public Museum, Inc. This interim report was issued to provide information to financial backers and Milwaukee County decision makers who were in the process of negotiating a new 20-year lease and management agreement with MPM. The report discusses the factors and roles played by key persons, including the MPM Board of Directors, that contributed to the financial decline of MPM and how that condition was not reported to the Milwaukee County Board of Supervisors.

Milwaukee Public Museum 2005 Financial Crisis – Final Report – This report provides additional insight as to the factors that led to the financial decline of MPM, which incurred a reduction of net assets of $6.4 million in FY 2004, and a non-audited loss of $10.4 million for FY 2005. It discusses how MPM management failed to report on the significance of its operating losses, and how it used restricted funds to pay operational expenses and thereby mask the size of the problem to its oversight board of directors. It also points out the Museum Board's role in the problem, by not adequately scrutinizing staff reports and

fostering a corporate culture that discouraged frank discussion of downside risks associated with growth ventures that contributed to MPM's financial decline.

Comparison of Health Care Models Employed by Milwaukee County, the City of Milwaukee and the State of Wisconsin – A comparison of health care models employed by each government to provide health care for its employees and retirees. Includes comparisons of underlying demographics, market forces, cost trends and potential for Milwaukee County to pool efforts or replicate aspects of other models.

Review of Key Actuarial Assumptions Used for the 2006 Recommended Contribution for the Milwaukee County Employees' Retirement System – A discussion of historical trends in ERS return on investment, underlying components of and policy guidelines on establishing the actuarially-assumed rate of return, and a comparison of assumed rates of return used by other public employee retirement funds.

DPPI Transportation Division – American United Taxicab Company Drivers Overcharges - Milwaukee County operates a transportation service using taxis and vans for disabled persons unable to ride the standard buses. This report addresses allegations that taxi drivers inflated their fares before submitting them for reimbursement. The report contained recommendations to recover overcharges from the company for which the drivers worked, along with recommendations to improve controls over the process for identifying overcharges.

Merger of the Department of Parks and Public Infrastructure (DPPI) – In a cost-cutting measure, the County Executive proposed a 2004 budget initiative that merged two operating departments, Parks and Public Works, into DPPI. We reviewed the merger after one year to determine the extent to which the $3.4 million in expected savings and other operational efficiencies occurred. The report concluded that the merger took place in name only. Merger implementation took place without a clearly defined merger plan, and without leadership at the top as the newly appointed DPPI director resigned after only a brief period. Many key veteran employees and seasoned workers retired as the merger took place to take advantage of enhanced pension benefits. Substantial savings did occur, but as all County departments were under the gun to operate without additional tax levy support, the resulting savings could be attributed more to an overall County austerity environment than a reduction of duplicative services. Where the two departments did share common tasks that could have benefited from streamlining operations, with limited exceptions it was business as usual, with each department servicing the same divisions it had pre-merger.

Reimbursement of Operating Costs from Wauwatosa School District – This annual review of the school district's expenses relating to providing teaching services to youths under the care of the Milwaukee County Department of Health and Human Services for the 2003-04 school year verified a $665,696 rental payment due to the County from the school district. [Our original audit report noted that the County had not been charging rent even though the State reimbursed facility rental costs.]

2004 Economic and Community Development Division Deficit – The review identified program funding changes and vacancy/turnover issues in key management and staff positions as reasons for a $531,000 deficit that could have been anticipated and reported to the County Board some ten months in advance of the actual reporting date.

Milwaukee County Travel Card – This audit was conducted to determine whether controls were adequate to prevent expenses charged on the travel credit card from also being paid via a normal travel expense report. It also looked at the controls in place to ensure only properly authorized expenditures were incurred and paid. The review was limited to travel card usage by the Office of the Sheriff, the predominant user of the travel card. The report found no duplicate payments, and only a few improper documentation issues.

Child Support Enforcement – Internal Control Review – This audit was conducted to review the internal control over the handling of unclaimed court-ordered payments for alimony, paternity and child support. We also looked at the duties and responsibilities of key staff involved in this activity. We found several problems related to the manner in which over $1.1 million in unclaimed funds was invested. Interest income was lost when investment of available funds was delayed, interest collected was not properly recorded in the County's books, and investment activities were not reported to top management

and policy makers. Also, excess staff resources were assigned cash handling and accounting activities since much of the cash collection process is now electronic in nature.

Milwaukee County Benefits Comparison – A comparison of employee fringe benefits for the largest bargaining unit in Milwaukee County with that of seven of the largest public employers in Southeast Wisconsin, as well as the State of Wisconsin.

Fraud Hotline – 2004 Annual Report – This annual report on Audit Hotline activities notes that the Department of Audit received 40 contacts alleging fraud, waste or abuse for 2004. Direct savings to taxpayers of Milwaukee County and other jurisdictions that are directly or partially attributable to the Audit Hotline and audit activity related to fraud, waste and abuse for the year totaled $1,249,032.

2004

Department on Aging – This report was requested by the County Board to determine what factors led to a $5.6 million dollar deficit in 2003 by the care management organization (CMO) responsible for administering the Family Care Program, a long-term care pilot program for adults at least 60 years old operating in selected Wisconsin counties. The program offers a myriad of services such as supportive home care, durable medical equipment and skilled nursing home care. This report categorized the numerous and complex problems leading to the deficit into two categories: (1) member eligibility and enrollment issues, and (2) financial reporting and fiscal accountability issues. Recommendations were included to address both of these areas, including hiring persons with fiscal and operational knowledge.

Community Business Development Partners – As directed by the County Board, we conducted an audit of the Community Development Business Partners (CBDP) to assess the state of Milwaukee County's disadvantaged business enterprise (DBE) program. The report noted that DBE participation goals in County contracts were achieved in construction-related contracts, but not in non-construction related professional service contracts. Problems were also noted in the process used by CBDP to enforce DBE requirements, monitor goal achievement, and provide operational oversight. Recommendations were made to improve CBDP's program management in these three areas.

Milwaukee County Form of Governance Survey – Executive and Legislative Branch – As directed by the County Board, we compared Milwaukee County's administrative structure and form of governance, with a focus on the executive and legislative branch's composition, duties, compensation, and the size of each branch's support staff and operating budget. We obtained data from 26 counties nationwide with comparable populations. The report was for informational purposes only and contained no recommendations.

Reimbursement of Operating Costs from Wauwatosa School District – This annual review of the school district's expenses relating to providing teaching services to youths under the care of the Milwaukee County Department of Human Services for the 2002-03 school year verified a $632,916 rental payment due to the County from the school district. [Our original audit report noted that the County had not been charging rent even though the State reimbursed facility rental costs.]

Employee Health Care Benefits Audit – This report received Honorable Mention in the Association of Local Government Auditors' prestigious Knighton Awards Competition for Excellence in Performance Auditing. At the direction of the County Board, we initiated an audit of the employee health care benefit for the purpose of providing insights and potential efficiencies regarding employee and retiree health care costs. The report attempted to validate a $10 million savings relating to a Health Care Cost Reduction Plan tentatively developed with the County's health care providers and administrator that had been incorporated into the 2003 Adopted Budget. The report estimated that the savings were actually $7.6 million. It also broke down the County's health care costs into its component costs, identified cost drivers and included recommendations as to how the County could better control the escalating costs of health care.

Privatization of Milwaukee County Facilities and Programs – This informational report, issued jointly with County Board staff, was issued to address questions as to whether selected Parks programs and facilities were candidates for privatization. It also provided information regarding the various forms of privatization, advantages and disadvantages of privatizing programs, and revenue and expense

information incorporated into privatization decision. It gave numerous examples of past privatization in Milwaukee County. It also answered many frequently asked questions concerning privatization.

Fraud Hotline – 2003 Annual Report –This annual report on Audit Hotline activities notes that the Department of Audit received 51 contacts alleging fraud, waste or abuse for 2003. Direct savings to taxpayers of Milwaukee County and other jurisdictions that are directly or partially attributable to the Audit Hotline and audit activity related to fraud, waste and abuse for the year totaled only $2,504, but many cases involving substantial savings remained open at the close of the year. This report marked the 10th anniversary of the creation of the Audit Hotline. The report noted that direct savings attributed to the Audit Hotline and audit activity related to fraud, waste and abuse for the ten-year period totaled $1.3 million.

Furthermore, the report noted that fraudulent activity is typically perpetrated as a series of systematic, repetitive incidents rather than a singular act. Therefore, exposing a fraudulent act not only results in the direct savings of the incident at hand, but in most cases likely results in additional savings by avoiding future losses. One industry estimate places the value of this avoidance factor as equal to the direct savings. In other words, the financial impact of the Fraud Hotline investigative effort during its ten years of operation was estimated to be about $2.6 million. In addition, Fraud Hotline activities have a deterrent effect, placing vendors and employees on notice that there is a concerted effort in Milwaukee County to identify, expose and punish perpetrators of fraudulent activities.

Homeowners Protection Program (HOPP) Follow-up – This follow-up report to our original HOPP report issued in 2000 updated the satisfaction of homeowners surrounding General Mitchell International Airport involved in the sound insulation program. Our follow-up telephone survey showed all 110 homeowners contacted indicated that their overall level of satisfaction was either excellent or good. Also, the report indicates that participation in the program by disadvantaged business enterprises (DBE) for homes begun in the period of July 2001 through January 2003 was exceptional, with 44% of more than $10.4 million in construction payments going to DBE firms.

Register of Deeds – Tax Listing Services Division – At management's request, we performed a limited review to evaluate the overall efficiency of this division. The report cited a number of opportunities for increased efficiency and cost savings, such as incorporating current technology, eliminating redundant tasks, and pursuing other steps to streamline operations. The primary factor contributing to the lack of efficiency in the Tax Listing Services Division is the dependence on three separate, and in many respects, redundant information systems containing information on parcel characteristics. The report also cites the redundant manual and electronic mapping functions maintained by the division.

Review of La Causa Special Needs Child Care Program Expenditures – We reviewed the expenses and relating documentation for the 15-month period ended July 31, 2003 submitted to the County by La Causa, Inc., a contractor providing child care for families with special needs children. The report recommended disallowance of over $511,000 in expenses, representing 40% of all expenses submitted by the contractor over the review period. Most costs were related to (1) salary and associated benefits and taxes, due to the percentage of allocation charged being higher than actually incurred, and (2) professional services charged to the program without documentation of its purpose. The report also questioned the extension of the contract due to concerns over La Causa's fiscal management and reporting/recordkeeping, a problem that had surfaced in a contract with the State of Wisconsin's Division of Children and Family Services.

2003

Fraud Hotline – 2002 Annual Report – The Audit Hotline received Honorable Mention in the Association of Local Government Auditors' prestigious Knighton Awards Competition for Excellence in Performance Auditing (Special Projects Category). As directed by County Board resolution, this is the annual report on 2002 Hotline activities. Direct savings attributed to the Audit Hotline and audit activity related to fraud, waste or abuse in 2002 totaled $123,962. Part of these savings resulted from unallowable services or services not supported by agency records that were provided by vendors within the DHHS Integrated Provider Network. For example, we recommended DHS recoup $59,517 from a transportation vendor due to a lack of service documentation and charging for unauthorized services and higher rates than agreed to in the contract.

Employee Grievance Process – This report indicates that the employee grievance process for represented employees can be a time consuming and costly process. A formal centralized and coordinated County-wide management strategy to address grievance issues is not in place. The report recommends measures to improve accountability for proactive, consistent labor contract management and also to improve the effectiveness and efficiency of the grievance process.

Wauwatosa School District Reimbursement – This annual review of the School District's expenses related to providing teaching services at County schools on the County Grounds for the 2001-2002 school year verified a $580,381 rental payment due to the County from the District. (Original audit report noted that the County had not been charging rent even though the State reimbursed facility rental costs).

Supportive Homecare Options, Inc. – As directed by the County Board, we conducted an audit of Supportive Homecare Options (SHO), Inc., an agency under contract with the County Department on Aging, to review the quality assurance and complaint resolution process in place at the agency. The report found that SHO has no formal process or procedures in place to systematically monitor worker performance for purposes of determining adherence to member care plans. The report also noted that SHO had no formal procedures or central complaint file or log to help ensure that all complaints are documented and addressed in a consistent manner.

Midwest Airlines Agreement – This joint report by the Department of Audit and County Board staff was requested by the Chairman of the Committee on Finance and Audit. The report provided an analysis of a proposed agreement for the County to provide credit relief to Midwest Airlines. The report points out that there are risks associated with the proposed agreement and that it is critical that County policymakers fully understand those risks as they consider the proposal.

Parks Concessions – As directed by County Board resolution, we completed an audit of the Department of Parks Concessions Operations. Concessions revenues are heavily dependent on golf and swimming activities. Reviewing specific profit/loss patterns by location and services provided showed that unprofitable locations are negatively impacted by higher concentrations of labor resources and the high percentage of Parks overhead and program-specific administration costs. The report provides several policy options to guide Parks' fiscal and program decisions regarding Concessions operations.

Employee Disciplinary Process – This report points out the consequences of the County's lack of accountability for providing direction to County managers in the area of employee discipline. The report states that there is no single entity in Milwaukee County government that is solely responsible for administering employee discipline. Finally, the report points out that direct departmental staff costs associated with disciplinary actions brought before the Personnel Review Board total over $130,000 annually.

2002

Wraparound – As directed by County Board resolution, we performed an audit of the Wraparound Milwaukee Program. While the Wraparound Program has achieved nationally recognized success in serving emotional, behavioral and mental health needs of children and their families, our report addresses several program, administrative and information system problems. Some of these problems include the development of a management information/on-line vendor invoicing system that is incompatible with County IT standards and existing County automated payment and financial systems.

Sick Leave Payouts – This joint report by the Department of Audit and County Board staff was requested by the County Board Chairman. The report outlined the fiscal impacts associated with increased sick leave payouts caused by recent retirements, the fiscal impacts of potential modifications to existing sick leave benefit payout methods and potential impacts for departments associated with potential sick leave modifications. The report notes that if all employees eligible to retire in 2002 did in fact retire, the County's sick leave payouts would total $28.2 million.

Milwaukee Metropolitan Drug Enforcement Group (MMDEG) – This management letter report addressed MMDEG's compliance with various requirements of the federal and state funded Anti-Drug Abuse Funding grant that is currently administered by the Sheriff's Department. Our report recommended improvements to procedures and controls to better safeguard funds of the program.

Fraud Hotline – 2001 Annual Report – As directed by County Board resolution, year-end statistics on Hotline activity were reported. In 2001, the Department of Audit received 55 contacts. Direct savings attributed to Audit Hotline and audit activity related to fraud, waste and abuse in 2001 totaled $238,152.

Purchasing Card Follow-up – This follow-up audit of the County's purchasing card program addresses card controls, tracking of Disadvantaged Business Enterprise (DBE) related purchases and includes recommendations to strengthen the program. Card activity totaled $3.3 million in 2001 with over 300 active cardholders County-wide.

Development and Adoption of 2001-2004 Wage and Benefit Package – As directed by County Board resolution, we conducted a review of the structural and procedural problems that led to the recent County pension controversy. Our report indicates significant pieces of information were omitted, inaccurately presented or unsubstantiated by Executive Branch administrators responsible for developing and presenting the package. Further, the public record does not reflect a substantive degree of questioning or scrutiny of the wage and benefit package by the Legislative Branch of County government. The report recommends new procedures for developing fiscal notes, which were significantly understated by millions of dollars in the presented package of resolutions.

Salary Survey of Selected Top Manager and Elected Officials – As requested by the County Board Chairman, we performed a comparison of compensation for Milwaukee County's Executive, County Board, department heads and other top managers with other appropriate jurisdictions. Although a limited number of positions are well above or below other jurisdictions, generally the report indicates Milwaukee County salaries are comparable to other governments.

Salary Survey of Constitutional Officers – As requested by the Personnel Committee of the County Board, we expanded our salary survey of other jurisdictions to include salary information on the constitutional officers for Milwaukee County (Sheriff, Clerk of Courts, Treasurer, Register of Deeds, and County Clerk). The report indicates the current salaries for three of the five officers are less than the survey averages, while two are greater than the survey averages. As an informational report, no recommendations are offered.

Management Structure Review/Department of Public Works (DPW) – As authorized and directed by County Board resolution, this is the first in a series of reviews of the organizational structure of County departments in an effort to realize long term fiscal savings. The report indicates opportunities for savings in a number of DPW areas including: evaluating pay levels and the reporting configuration of top DPW administrators; restructuring the Transportation and Architectural, Engineering, and Environmental Service Divisions; consolidating the Fleet Management Division and the Parks Department equipment repair shop functions; outsourcing Fleet Division auto body shop functions; transferring maintenance of County grounds utility operations to the City of Wauwatosa; outsourcing building security and janitorial functions; and restructuring the DPW Administration Division.

Management Structure Review/Department of Human Services (DHS) – As authorized and directed by County Board resolution, this is the second in a series of reviews of the organizational structure of County departments in an effort to realize long term fiscal savings. The report indicates opportunities for savings in a number of County-wide areas including: restructuring the health and human needs framework; restructure the manner in which administrative support services are provided; restructuring the public services framework under a single department; evaluating Behavioral Health Division (BHD) inpatient support services and adjust or outsource accordingly; outsourcing BHD Community Support Program services; evaluating the merits and savings of selling Mental Health Complex buildings and property under a lease-back arrangement; and consolidating DHS public relations functions.

Salary Comparison with Dane County – As requested by the Personnel Committee of the County Board, we expanded our original salary survey report of selected top managers and elected officials to include information from Dane County. Generally, Milwaukee County salaries are higher when compared with Dane County. As an informational report, no recommendations are offered.

Wauwatosa School District Reimbursement – This annual review of the School District's expenses related to providing teaching services at County schools on the County Grounds for the 2000-2001 school year verified a $811,645 rental payment due to the County from the School District. However, due to a State funding shortfall, the County was reimbursed $752,580 or $59,065 less than the amount due.

(Original audit report over 10 years ago noted that the County had not been charging rent even though the State reimbursed facility costs.)

Hiring Process – This audit of the Department of Human Resources' role in the County hiring process showed a hiring process timeframe that is unacceptable. Results of a customer satisfaction survey to County departments also indicated dissatisfaction with bottom-line results concerning meeting departments' hiring needs. The report recommends both structural and procedural reforms designed to improve the customer focus of the Human Resources department.

Management Structure Review/Department of Parks – As authorized and directed by County Board resolution, this is the third in a series of reviews of the management structure of County departments in an effort to realize fiscal savings. The report indicates that given the divergent trends of declining funding levels, increasing infrastructure demands and reduced utilization of certain capital-intense facilities, the County Parks system is at a crossroads. The report recommends that policy makers decide upon a course of action now as delays will make choices more costly in the future.

Employee Retirement System Actuary Report – This management letter report examines the role of the actuary in providing information relevant to decisions on major pension benefit changes. The report found no inherent conflict in Mercer's investment advisory and actuarial services to the Retirement System and Department of Human Resources. However, after 12 years without competitive proposals, the report recommends the Retirement System solicit proposals for actuarial services. The report also recommends other changes to improve accountability and strengthen the process.

Management Structure Review/Sheriff's Department – As authorized and directed by County Board resolution, this is another in a series of reviews of the management structure of County departments in an effort to realize fiscal savings. The report indicates opportunities for savings in a number of Sheriff's Department areas including: obtaining lower inmate drug and pharmacy operations costs; transferring responsibility for inmate health care to the County's Health Related Programs Division; reducing training hours for jail officers from 400 to 120 hours; replacing deputy sheriffs assigned to the jail with correctional officers; billing all costs of providing Sheriff's Department services to third parties; and ensuring full productivity of deputy sheriffs used as bailiffs.

Annual Performance Report – As directed by County Board resolution, this is the first annual audit report of County department's mission statements, desired outcomes and performance measures identified to monitor progress towards achieving those outcomes. The report indicates the greatest opportunity for improving lies in the linkage between specific indicators and the department outcomes they are intended to measure. Further, Milwaukee County's commitment to having performance-based budgeting for 2004 budget preparations, appears to have fallen off the agenda of County policy makers and administrators. The report makes specific recommendations designed to rejuvenate momentum for implementation of managing for results.

Purchasing Card Status Report – This six-month status report regarding our March, 2002 audit showed a continuation of purchasing card problems cited in previous reports. Of the current 40 purchasing card transactions tested for compliance with purchasing card policies and procedures, 21 (52%) did not comply with card policies. These findings are an indication that meaningful supervisory reviews and/or enforcement of card policies are not taking place by departments.

Review of Health Care Cost Reduction Plan – As requested by the Finance and Audit Committee, this joint report from the Director of Audits and Director of County Board Research reviewed the Executive Branch's 2003 budget health care cost reduction plan totaling $10 million. The report provided the County Board with a number of options including: ensure that the contingency fund is sufficient to guard against possible shortfalls in the savings attributed to self-insured components of the plan; obtain concurrence from the labor unions to endorse the plan without reducing employee premiums; and direct DHR to negotiate a contractual provision limiting increases in billable charges.

Register of Deeds/ID Controls – This audit was requested by the Register of Deeds in response to an incident in which applications for birth certificates along with personal credit card information were found in the home of a Register of Deeds employee. The report identified control weaknesses in both the process by which County ID cards are issued and the manner in which sensitive identity information is

handled. The report also points out the need for the Department of Human Resources to perform criminal record checks on all individuals selected for hire before their hire date.

2001

Fraud Hotline – 2000 Annual Report – As directed by County Board resolution, year-end statistics on Hotline activity were reported. In 2000, the Department of Audit received 76 contacts. Cases opened showed an increase in the unauthorized use of bank account information to create counterfeit checks and fraudulent electronic fund transfers. We also assisted House of Correction and Jail staff review commissions associated with inmates' use of pay phones and established that Ameritech owed Milwaukee County an additional $406,000 in commissions and interest.

Zoo Customer Satisfaction – This report addresses customer satisfaction with the total Zoo experience, including customers' opinions regarding the Zoo's general appearance, maintenance and cleanliness of the facility. Overall, our surveys showed generally high levels of satisfaction as expressed by Zoo visitors. We also reviewed cash handling and inventory controls and made recommendations where appropriate.

Mental Health Division (MHD) Revenue Deficit – This management letter report addressed reported MHD revenue shortfalls of approximately $1.75 million for mental health services provided by the County to Froedtert Hospital patients. Our report indicates Title 19 claims were not filed for all eligible patients and filing deadlines were not always met. As a result of our review, Froedtert reduced an accounts receivable liability attributed to Milwaukee County by nearly $100,000. The report recommends regular quarterly reconciliations of Title 19 reimbursements to help monitor patient settlements between Froedtert Hospital and MHD.

Mental Health Division (MHD) Outpatient Trust Accounts – This audit looked at the controls in place to safeguard the assets of MHD outpatients. Due to the potential vulnerability of some clients, internal controls take on an added importance. Our report disclosed a number control breakdowns including lack of proper segregation of duties, lack of accountability of funds and weak fiscal oversight. Concurrent with our work, a County employee admitted stealing two client checks and we also uncovered other stolen checks. The employee was suspended and referred to the District Attorney's Office.

Child Welfare – This audit was requested by the County Board and County Executive to address the major causes contributing to the Department of Human Services' (DHS) overspending the 2000 State contract funding by $6 million. Our audit determined that the overspending was caused by a breakdown in program management including not obtaining a formal funding commitment from the State for full staff and administration costs and well as not using information systems effectively to detect significant increases in service expenditures on a timely basis. We also visited selected service providers and reviewed supporting billing documentation. We support the need for clearly defining the types of activities which can be billed for mentoring services.

Semi-Annual Museum Monitoring Report (6/4/2001) – As directed by the County Board, the Departments of Administration and Audit are monitoring and reporting on the progress of the transition of the Museum to a nonprofit corporation. This report noted that paid admissions increased 5.6% while free admissions deceased 0.4% over prior year figures.

Wauwatosa School District Reimbursement – This annual review of the School District's expenses related to providing teaching services at Milwaukee County Department of Human Services' school for the 1999-2000 school year verified a $778,000 rental payment due to the County from the District. (Original audit report noted that the County had not been charging rent even though the State reimbursed facility rental costs.)

Airport Parking – This audit looked at General Mitchell International Airports (GMIA) oversight of its $18 million annual parking revenue operation. The report concludes that GMIA has not done an effective job of obtaining reasonable assurance that daily parking receipts are properly recorded and deposited by the parking operations management firm.

IMSD – As directed by the County Board in the 2001 Adopted Budget, we conducted an audit of IMSD. As authorized, we contracted with an outside IT consultant to assist us on the project. Objectives of the

audit, as defined by the County Board, included a review of all IMSD expenditures associated with Y2K, a review of IMSD's former and proposed organizational structure, IMSD's use of outside contractors, and a satisfaction survey of all County departments regarding IMSD services. The audit was used as a springboard for future IT improvements throughout the County.

Zoo/Chinese Novelty Items – As directed by the County Board, we conducted a review to determine the number of Chinese-made novelty items sold at the Zoo, the impact on Zoo revenues of not selling these items and the potential to substitute other items to replace the Chinese-made products. Our analysis of Zoo sales data and discussions with major Zoo suppliers indicates that a ban on Chinese-made items would have negative financial implications for the Zoo, quite possibly measured in terms of six figures.

Back Drop Controls – This management letter report assessed management controls over the process by which 'back drop' checks are calculated and processed by the Employee Retirement System Division of the Department of Human Resources. Our review showed control weaknesses including inadequate segregation of duties, blank checks kept in unlocked cabinets, lack of mandatory periods of vacation, no formal policies and procedures manual and a lack of typical budgetary controls that apply to all other County expenditures. Although no fraud was found, recommendations were provided to improve controls.

Semi-Annual Museum Monitoring Report (12/3/2001) – In accordance with a County Board resolution, this was the final monitoring report on the progress of the Milwaukee Public Museum's operations from the Department of Audit and Administration. This report noted that total attendance has increased from 435,944 to 590,883 during the nine year transition period, which represents an increase of 154,939 in total admissions or 35 percent.

2000

Fraud Hotline – 1999 Annual Report – As directed by County Board resolution, year-end statistics on Hotline activity were reported. In 1999, the Department of Audit received 23 contacts. Cases opened concerned allegations of employee misconduct, vendor/provider fraud, operational inefficiencies, or ineligible beneficiaries of County services or benefits. In one case, we concluded that a psychologist's agency billed the Wraparound Program $94,000 over a three-year period for services that were not supported by agency records. The psychologist ultimately pleaded guilty to fraud charges and is currently incarcerated.

Treasurer's Office Unclaimed Funds – This audit reviewed the controls over the processes used by the Treasurer's Office in handling claims and making disbursements for unclaimed funds. Our review of all 201 claims from 1998 showed room for substantial improvement over both the processes for handling claims and for disbursing funds.

Homeowner's Protection Program (HOPP)/Airport Division – This report addresses the satisfaction of homeowners involved in the Sound Insulation Program portion of HOPP. Our telephone survey of a random sample of 186 homeowners indicated a generally favorable response to the improvement in the noise levels in their homes after construction. However, the survey also indicated recurring themes regarding poor quality of workmanship, poor quality of products, inability to fix problems and length of time to complete construction.

Department of Human Services Alcohol and Other Drug Abuse (AODA) Voucher Program – This report includes recommendations to improve problem areas regarding the accuracy and management of the AODA waiting list, the accuracy of provider agency billings and the Adult Services Division's quality assurance efforts.

Wauwatosa School District Reimbursement – This annual review of the School District's expenses related to providing teaching services at Milwaukee County Department of Human Services School for the 1998-99 school year verified a $544,700 rental payment due to the County from the District. (Original audit report had noted that the County had not been charging rent even though the State reimbursed rental costs.)

Purchasing Card – This audit looked at controls associated with the County's new purchasing card program administered in part by the Procurement Division. Our review of a sample of purchases by the

Parks and Sheriff's Departments in 1999 showed that: 17 purchases were over the $500 single transaction limit; one cardholder used the County card for six personal transactions; six cardholders, due to a bank error, were authorized a single transaction limit of $50,000 instead of $500; and six cardholders were authorized, in error, a single transaction limit of $1,000.

Semi-Annual Museum Monitoring Report (6/7/2000) – As directed by the County Board, the Departments of Administration and Audit are monitoring and reporting on the progress of the transition of the Museum to a nonprofit corporation. This report noted that paid admissions increased 19.7% while free admissions decreased 3.8% over prior year figures.

Parks Cash Counts – This management letter highlighted the results of our unannounced cash counts during the busy summer months at four Parks' locations. The letter included recommendations to further improve cash handling procedures and controls.

Department on Aging Fiscal Oversight – This audit addresses issues of concern identified in the report including management of Federal and State program funding, contracting oversight and safeguarding of client funds. For example, Aging has acknowledged there was unspent funding of $2.45 million in 1999 while clients remained on waiting lists for program services.

House of Correction and County Jail Phone System – This management letter addresses the unrecorded telephone revenue for the County Jail and House of Correction for the 16-month period January 1999 – April 2000. The report estimates that Ameritech owes the County a total of $295,524 in commissions and interest.

Semi-Annual Museum Monitoring Report (12/1/2000) – As directed by the County Board, the Departments of Administration and Audit are monitoring and reporting on the progress of the transition of the Museum to a nonprofit corporation. This report noted that total 2000 paid admissions (426,942) increased 14.6% compared to 1999. In addition, total admissions to the IMAX Theater increased 5.9% over the prior year.

1999

Fraud Hotline – 1998 Annual Report – As directed by County Board resolution, year-end statistics on hotline activity were reported. In 1998, the Department of Audit received 37 contacts. Cases opened concerned allegations of employee misconduct, vendor/provider fraud, counterfeit checks, bank fraud, operational inefficiencies, or ineligible beneficiaries of County services or benefits.

'Lessons Learned' – Audit Flash – Based on five years experience of operating the Audit Hotline, this Audit Flash reflected on valuable lessons learned over that time. It pointed out the importance of employee background checks, timely reconciliation of bank accounts, segregation of ordering and receiving functions, timely deposit of County receipts, employee residency within Milwaukee County and the safeguarding of employee payroll checks.

Airport Purchasing Practices – This management letter addressed internal controls relating to General Mitchell International Airport (GMIA) purchasing practices. Our review of the airport's purchasing practices indicates GMIA did not always follow or enforce its new procedures and used questionable judgment when purchasing expensive office furniture.

Employee Safety Program – The audit found that for the six-year period 1992-97, costs directly associated with County workplace injuries totaled $17.7 million, or approximately $2.9 million per year. If the County had experienced injury-related costs in line with national standards, the audit showed it could save approximately $1.7 million per year.

Wauwatosa School District Reimbursement – This annual review of the School District's expenses related to providing teaching services at Milwaukee County Department of Human Services schools for the 1997-98 school year verified a $544,700 rental payment due to the County from the District. (Original audit report had noted that the County had not been charging rent even though the State reimbursed rental costs.)

Transit-Plus Follow-up – This follow-up audit of County paratransit service for persons with disabilities estimated that the program's change to reimbursing carriers on a 'per hour' basis versus the old per ride basis will cost $2.7 million more annually. This could be reduced with more aggressive management of the number of vehicles in service.

Semi-Annual Museum Monitoring Report (6/25/99) – As directed by the County Board, the Departments of Administration and Audit are monitoring and reporting on the progress of the transition of the Museum to a nonprofit corporation. This report noted that based on attendance figures provided by the Museum for September 1998 through April 1999, paid admission revenues were down 16% over prior year figures.

Inmate Property – The report reviewed inmate property procedures as they relate to the Sheriff's Department and House of Correction to provide assurance that inmates' property had been properly inventoried, stored, and returned to inmates upon their release. The report showed that specific internal controls over inmate property procedures can be strengthened without a significant expenditure of resources.

Sheriff's Department Foreclosure Sales – This audit was initiated at the request of the Sheriff's Department to determine if the foreclosure sale process might somehow facilitate illegal 'property flipping' or laundering of drug money. Our review of sale procedures indicated there was nothing in those procedures or practices that influence the determination of either the properties to be sold or the amounts bid.

Wisconsin Correctional Service (WCS) – This audit indicated that improved coordination is needed between WCS and participants in the Milwaukee County Criminal Justice System who contract for WCS pretrial services. The problems identified in the report suggest that pretrial services (budgeted at $1.4 million in 1999) could be enhanced with better clarity and agreement on the objectives of the program, and with better performance monitoring by the County.

Property Management – A review of Milwaukee County's property management indicated there exists no comprehensive, or accurate inventory of buildings and structures owned or leased by the County. Our best efforts to compile a comprehensive inventory produced a list of 675 buildings and structures valued at about $700 million.

Semi-Annual Museum Monitoring Report (11/30/99) – As directed by the County Board, the Departments of Administration and Audit are monitoring and reporting on the progress of the transition of the Museum to a nonprofit corporation. The reported noted that total 1999 fiscal year paid admissions remained essentially flat compared to 1998. Friends of the Museum membership attendance increased 21.9% over the previous year.

1998

Subsidized Child Care - Interim Report – This interim report focused on the process used to certify day care providers and the ability for providers to be authorized to care for more children than allowed by Wisconsin Administrative Code. The report indicates that the outside agency contracted to perform the provider certification process is not always performing required criminal background checks. Also, on average, 113 providers exceeded statutory maximums regarding caring for more children than allowable.

Transit Plus Program - Interim Report – This interim report looked at the affiliation between an outside work services provider and one of the paratransit service providers and any associated impact on the County's Transit Plus program. The report noted that the work services provider was actively enrolling clients for Transit Plus services at an additional taxpayer cost of $900,000 for the first nine months of 1997.

Residency of Employees on County Construction Projects – This management letter report provided information on the residency of contractors' employees as requested by the Committee on Transportation, Public Works, and Transit. It showed that 37% of construction payroll goes to County residents while 63% goes to non-County residents.

Fraud Hotline – 1997 Annual Report – As directed by County Board resolution, year-end statistics on hotline activity were reported. In 1997, the Department of Audit received 43 contacts. Cases opened concerned allegations of employee misconduct, vendor/provider fraud and operational inefficiencies.

Zoo Cash/Inventory Controls Follow-up Report – This was a follow-up status report directed by the Committee on Finance and Audit to our original September 1997 Zoo audit report. This follow-up report indicated our satisfaction with the Zoo's corrective actions.

Time and Material Contracting Follow-up Report – This was a follow-up audit to two previous audits in 1990 and 1995 regarding time and materials (T&M) contracting. This review indicated that, despite general improvement, some of the problems identified in the previous two audits persist.

Semi-Annual Museum Monitoring Report (3/27/98) – As directed by the County Board, the Departments of Administration and Audit are monitoring and reporting on the progress of the transition of the Museum to a nonprofit corporation. This report noted that paid admissions and total admissions increased 50% and 63%, respectively, over prior year figures.

Subsidized Child Care – Final Report – The audit found that due to a division of responsibilities between and among W-2 regional offices and DHS workers, there is a lack of accountability for the timely processing of child care applications, as well as poor documentation regarding the timeliness of actions taken throughout the process. For example, our sample of 121 cases showed the time from when care was first provided to the date of payment averaged nearly 11 weeks.

Wauwatosa School District Reimbursement – This annual review of the School District's expenses related to providing teaching services at Milwaukee County Department of Human Services schools for the 1996-97 school year verified a $542,866 rental payment due to the County from the District. (Original audit report had noted that the County had not been charging rent even though the state reimbursed rental costs.)

Transit Plus Program - Final Report – The audit of paratransit services for persons with disabilities found that controls which limit the County's risk of paying for inappropriate or fraudulent charges need to be strengthened. For example, the report identified trips reported as taken after clients' date of death. Also, a client survey identified instances of rides paid by the program that were never provided.

Department of Child Support Enforcement Cash Handling Procedures – This audit which was requested by the Department found that over 29,000 payments for alimony and child support totaling $1.5 million were being held in suspense by the Department due to insufficient disbursement information. In addition, checks to individuals totaling $482,000 were outstanding/not utilized by clients for over 60 days.

General Assistance Medical Program (GAMP) – The report acknowledges significant program achievements in 1997/98 as GAMP completed a transition from a hospital – based healthcare delivery system for the medically indigent to a community-based primary care system. It also presented recommendations for future program enhancements.

Procurement Division – The audit indicated a high usage (17%) of 'confirming' purchase orders which circumvent normal encumbrance procedures, purchase order requisitions and receiving copies that were not always signed by authorized signers and purchases where the required three quotations were not always obtained. Also, a survey of County departments regarding service they receive from Procurement Division showed that departments responded favorable to all survey questions.

Semi-Annual Museum Monitoring Report (11/30/98) – As directed by the County Board, the Departments of Administration and Audit are monitoring and reporting on the progress of the transition of the Museum to a nonprofit corporation. The audit indicted a revenue shortfall of $456,000 related to the theater project which was not fully resolved.

Career Youth Development – The audit of this non-profit community agency that provides contracted social service programs to the County found non-salary charges had insufficient documentation to determine the appropriateness of the expenditure to the program charged.

1997

Fraud Hotline - 1996 Annual Report - As directed by County Board resolution, year-end statistics on hotline activity were reported. In 1996, the Department of Audit received 58 contacts. Cases opened concerned allegations of employee misconduct, operational inefficiencies, wasted resources and complaints regarding County vendors/contracts. The audit of the Department of Public Works Fleet Maintenance Division, released 3/21/96 was based on a hotline call.

Department of Human Resources Self-Insured Medical Insurance - This audit found that for County subscribers who are retired with Medicare insurance, the County's preferred provider network pricing had minimal impact since Medicare is the primary insurance. Elimination of retirees from the contracted preferred provider network could save the County $175,000 annually in monthly subscriber membership fees. Also, our review of prescription drug payments showed a potential savings of 8 to 10 percent with generic equivalents. Considering prescriptions represent $4.5 million in annual County payments, substantial savings could occur if the County required generic equivalents when available.

Semi-Annual Museum Monitoring Report (3/12/97) - This report represented the final transition monitoring report under the original County Board resolution transferring the Museum to a nonprofit Corporation. The report indicates that comparing fiscal year 1996 admissions with calendar year 1991 figures, the last full year before the County transferred the management and operation of the Museum, paid admissions have decreased 23%.

Sheriff's Obligation to Administer Foreclosure Sales - This is a review of the Sheriff Department's obligation, under s. 814.70, Wisconsin State Statutes, to administer foreclosure sales in Milwaukee County. The report includes a review of program costs in comparison to revenue received. The report also includes a survey of other jurisdictions to evaluate foreclosure sales fee structures.

Fleet Maintenance Division Follow-up Report - As requested by the Committee on Finance and Audit, this memo report was a follow-up regarding the status of recommendations from the original March 1996 report. Considerable effort has been taken by both Fleet Maintenance Division and the Department of Administration to enhance fleet efficiency.

Wauwatosa School District Reimbursement - Reviewed the School District's expenses related to providing teaching services at Milwaukee County Department of Human Services schools for the 1995-96 school year and verified a $492,025 rental payment due to the County from the District. (Original audit report had noted that the County had not been charging rent even though that State reimbursed rental costs.)

Sheriff's Department Forfeiture Fund - This was a financial statements audit of the Sheriff Department's Forfeiture Fund including the balance sheet and related statements of revenues and expenses, changes in fund balance and statement of cash flows. The audit was requested by the Sheriff to fulfill audit requirements of Federal Forfeiture Fund regulations.

Department of Parks Golf Operations - The focus of this audit was to determine the economic status of golf operations in the County. Since 1985, rounds of golf have decreased 31%. Our review of 1995 golf operations indicates a net loss of $950,000 using current overhead and indirect cost data. A survey of both customers and other area golf courses indicated respondents were pleased with their golf experiences and that fees for the County courses generally rank in the middle to low range of fees surveyed.

Semi-Annual Museum Monitoring Report (9/2/97) – As directed by the County Board, the Departments of Administration and Audit are monitoring and reporting on the progress of the transition of the Museum to a nonprofit corporation. This report noted that based on attendance figures provided by the Museum for September 1996 through June 1997, paid admissions and total admissions increased 35% and 48%, respectively, over prior year figures.

Zoo Cash/Inventory Controls – This audit looked at the controls in place to safeguard $10 million in annual Zoo admission and concession revenues. The audit found that although the Zoo has made considerable improvements in cash handling in recent years, more needs to be done.

Clerk of Circuit Court Office – This special review was requested by the Chairman of the County Board in the aftermath of the arrest of the Clerk of Circuit Court (COC). Our limited review, due to the urgency of this matter, provided reasonable assurance that approximately $200 million in public monies that pass through the COC office were safe and accounted for.

Day Treatment Program – The purpose of this audit was to determine the extent to which the day treatment program has been successful in treating youths referred to the program. The report indicated that the Department of Human Services needs to establish clear, meaningful, consistent and measurable goals and objectives that can function as effective program measures.

Milwaukee Metropolitan Drug Enforcement Group – This was a financial statements audit of the Enforcement Group's Federal Forfeiture Fund administered by the Milwaukee County District Attorney. The report provided a 'clean' opinion of the Fund's financial statements of receipts and disbursements and changes in fund balance.

Controls and Security Over County Treasurer Investments – This audit found that as of September 1997, the County Treasurer was managing over $170 million in County funds in compliance with County and State investment requirements. At the same time, the report highlighted specific areas where improvements could be made.

1996

Fraud Hotline - 1995 Annual Report - As directed by County Board Resolution, year-end statistics on hotline activity were reported. In 1995, hotline contacts were close to 150, with the majority of the sources coming from citizens. Examples of reviews conducted as a result of hotline tips included: cash handling procedures at the DHS business office due to an apparent cash shortage, procedures used for the disposal of surplus equipment, an allegation that the County is not maximizing revenues from recycled materials, and personal use of County vehicles.

Parks Purchasing Practices - Review of Parks purchasing practices requested by the Director of Parks, Recreation and Culture. The management letter to the Director reported instances of internal control weaknesses in procurement and petty cash procedures, and made suggestions for improved practices in order to enhance Park's internal control system over both purchases and petty cash.

Semi-Annual Museum Monitoring Report (2/28/96) - As directed by County Board, the Departments of Administration and Audit are monitoring and reporting on the progress of the transition of the Museum to a nonprofit Corporation. This report noted that paid admissions to the Museum decreased 4% in 1995. Also noted was the difficulty in obtaining attendance data which was categorized in an inconsistent manner resulting from staff turnover and changing admissions practices. The report also included a status update on the Imax Theater project and the percentage of construction wages paid to women and minorities through December 1995.

Department of Public Works, Fleet Maintenance Division - As a result of a Hotline tip, we audited the Fleet Maintenance Division of Public Works in order to assess the adequacy and timeliness of preventive maintenance performed on County vehicles. Findings presented in the report included a review of time spent on preventive maintenance and vehicle repairs which exceeded industry standards, as well as analysis which identified vehicles with lifetime repair and maintenance costs exceeding their original acquisition cost. An example of a lease/purchase cash flow analysis was also presented showing the benefits the County would realize under both methods.

Department of Human Services, Business Office - A follow-up review of cash handling procedures of the DHS Business Office showed improvements, however, more work needs to be done regarding timely deposits of checks. The review also noted some previous recommendations which had not been addressed by DHS staff.

Residency of Employees on County Construction Projects - In 1995 the County paid $34.1 million in certified payments for work performed on County construction projects. At the request of County Supervisors, we reviewed payroll information in these certified payments to determine residency of employees working for the contractors. Our review showed that 40% of wages paid on County construction projects went to County residents, while 60% went to non-residents.

Community Relations - Social Development Commission (SDC) - As directed by the State Legislative Audit Committee and the Milwaukee County Board, we conducted a joint audit of SDC which has responsibility over a variety of anti-poverty and social service programs. The audit found a number of weaknesses in SDC's financial management, purchasing and personnel practices. Also, we found the SDC Board had not exercised effective oversight. The audit includes 40 specific recommendations to improve agency management and oversight.

Semi-Annual Museum Monitoring Report (7/3/96) - As directed by the County Board, the Departments of Administration and Audit monitor and report on the progress of the transition of the Museum to a nonprofit Corporation. The report included a status update on the Imax Theater project. Through May 1996, the percentage of project construction wages paid to minorities and women was 16%. This was below the contractual requirement of 25%.

Milwaukee County Transit System - This audit included reviewing the internal controls over revenues collected through the farebox system, petty cash funds, purchasing, procurement functions and inventory, as well as the appropriateness of travel and other miscellaneous expenditures.

Wauwatosa School District Reimbursement - Reviewed the School District's expenses related to providing teaching services at Milwaukee County Department of Human Services schools for the 1994-95 school year and verified a $487,118 rental payment due to the County from the District.

Unannounced Cash Counts at Various Parks Locations - Conducted several unannounced cash counts at 11 Parks locations. Of the 43 sales points counted, there were 24 overages, 12 shortages and seven items were in balance. During out counts, we observed internal control weaknesses including cash register keys being readily available to employees, failure to ring-up sales, timely deposit of receipts and failure to give cash register receipts.

Sales Tax Collections for Milwaukee County - Reviewed the sales tax collection process to assure Milwaukee County that the process resulted in the receipt of all money due to the County. After testing 3,200 tax filings, we concluded that the controls over sales tax collections and monthly distributions to Milwaukee County provide reasonable assurance that the County receives the proper amounts due.

Department of Human Services Community Support Program Operated by Transitional Living Services, Inc. - This was an audit of the community support program (CSP), a mental health program designed to provide a network of coordinated care and treatment services to chronically mentally ill persons in the community where they live and work. Transitional Living Services (TLS) is one of eight private vendors under contract with the County to provide these services. Our review showed that three of the five stated program goals had not been achieved. Also, TLS could have billed Title 19 for $54,000 more in reimbursable costs, thus reducing the County's program payments.

Attachment B

MILWAUKEE COUNTY
Office of the Comptroller–Audit Services Division

Audit Services Division Mission Statement: Through independent, objective and timely analysis of information, the Audit Services Division of the Milwaukee County Office of the Comptroller assists both policy makers and program managers in providing high-quality services in a manner that is honest, efficient, effective and accountable to the citizens of Milwaukee County.

I. DIVISION FUNCTIONS

Pursuant to Sections 59.255(2)(i) and 59.47 of the Wisconsin Statutes , the Office of the Comptroller is responsible for all audit functions related to county government, including, but not limited to, the following functions performed by the Audit Services Division:

1. Examining the records and procedures of County offices and departments to reach a conclusion as to economy and efficiency, program effectiveness, and compliance with regulatory authority.

2. Monitoring the propriety of departmental recordkeeping throughout the County relating to cash receipts and disbursements, cost accounting procedures, assets held in trust, and supplies and equipment inventories.

3. Determining the adequacy of internal controls, i.e., the extent to which the duties of certain employees serve as a check upon work done by other employees wherever cash and other assets are involved.

4. Auditing, when warranted, agencies receiving County funds or providing services to the County.

5. Monitoring contracts with vendors of goods and services for compliance with affirmative action requirements as provided in Section 56.17 of the County Ordinances.

6. Contracting for the annual audit of the financial statements of Milwaukee County and the Single Audit of Federal and State grants required by Federal OMB Circular A-133 and State Single Audit Guidelines.

Pursuant to Section 15.15 of Milwaukee County Ordinances, the Office of the Comptroller is responsible for reconciliation of the County's bank accounts and custody of the cancelled checks.

II. SECTION FUNCTIONS

A. Administration/Support

1. Directs programs, assigns projects and coordinates department activities. Participates directly in complex audit analyses.

2. Submits completed audits and management letters regarding internal control to the County Board for referral to the Finance, Personnel and Audit Committee.

3. Provides technical assistance to the Finance, Personnel and Audit Committee and to other County Board standing committees when necessary.

4. Directs reviews of outside agencies receiving County funds for adequacy of their performance.

5. Directs such other investigations as may be requested by the County Board, or by other departments of the County.

B. Audit Compliance

Audit Follow-Up and Resolution

1. Monitors implementation of audit recommendations by departments including field checks to verify implementation.

2. Provides continuous monitoring of the annual County-wide audit project by external auditors.

   (1) Prepares necessary material for requesting proposals to perform audit.

   (2) Assists in the evaluation of proposals and selection process of the successful bidder.

3. Supervises Contract Compliance and Bank Reconciliation sections.

4. Prepares Department annual budget submission to Department of Administration, County Executive and County Board.

5. Supervises internal quality control review process regarding audit projects and reports.

Contract Compliance

1. Monitors vendors and contractors for compliance with relevant guidelines under the affirmative action and equal employment opportunity programs.

2. Provides affirmative action and equal employment opportunity support (regulation references, interpretations, legal case precedence, past practices, etc.) to County Board, Corporation Counsel, vendors and contractors.

Bank Reconciliation

1. Prepares monthly reconciliations of County bank accounts and maintains custody of paid checks for the seven most current years.

2. Provides paraprofessional support of audit efforts including data entry, file review and miscellaneous assignments contributing to audit preparation.

C. Comprehensive Auditing

1. Assists the Director of Audits and Deputy Director of Audits in administrative duties of the division.

2. Directly supervises audit teams in conducting audits and internal control reviews of County departments and grantees.

   (1) Audits departments of the County from the point of view of program results, economy and efficiency, financial and compliance with regulatory authority and internal control.

   (2) Audits outside agencies funded by the County when warranted.

   (3) Performs such other reviews as may be requested by the County Board, or by other County departments.

   (4) Audits data processing systems and programs for adequacy of internal controls, underlying documentation, and for physical security.

   (5) Provides assistance to departments on an as needed basis.

D. Fraud Auditing

1. Maintains Hotline to facilitate contacts from persons with concerns about County operations.

   (1) Receives information from citizens and employees regarding waste, fraud and abuse of Milwaukee County resources.

   (2) Investigates complaints and refers matters as appropriate.

   (3) Prepares annual reports on the outcome of Hotline contacts.

   (4) Provides assistance to departments including law enforcement agencies on an as needed basis.