

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: December 2, 2011

To: Lee Holloway, Chairman, Milwaukee County Board of Supervisors

From: Jerome J. Heer, Director of Audits

Subject: Review of Charge Out of IMSD Position to Other County Departments

Background

We have reviewed the situation that you referred to us regarding a position within the Department of Administrative Services – Information Management Services Division (DAS-IMSD). Your specific question related to the propriety of charging the cost of the position to federally funded programs.

Analysis

Our review identified the following:

- On July 11, 2011 an appointment was made to the position of IT Director-Business Development. According to the DAS Director, duties of the position include strategic planning, reviews of best practices, identification of process improvements and efficiencies and incorporation of information technology into process improvements.
- Payroll records show that the total cost of compensation for the position (approximately \$132,000 in annualized salary and future benefits) is charged to DAS-IMSD. Although the position is not included in the 2011 Adopted Budget reports, the position does exist in a separate list of authorized DAS-IMSD positions that is maintained by DAS-Fiscal Services. The position is not classified as a civil service merit-hire position.
- According to the DAS Director, the decision to hire the incumbent was made as a result of conversations between the County Executive and the DAS Director. The Interim Chief Information Officer was not involved in the hiring decision.
- Work activity is directed jointly by the County Executive and the DAS Director. The incumbent is physically located in the County Executive's office suite. (A 2012 budget initiative that was not approved would have created a Senior Advisor position to be filled by the IT Director and the incumbent would have moved to work space in DAS's office.) Work activity of the incumbent is not directed by the Interim Chief Information Officer.
- According to the 2011 Adopted Budget for DAS-IMSD, the Division's costs are fully charged out to user departments.
- Federal regulations (2 CFR 225 which codifies OMB Circular A-87) define salaries and expenses of the office of the chief executive of a political subdivision as unallowable.

Conclusion

Given the collaboration between the DAS Director and the County Executive's office in hiring and directing the incumbent, it could be argued that the charging out of some portion of the position is allowable. However, the physical location of the incumbent and the limited amount of technology – based work activity indicate the need for a more guarded approach. While the amount at issue is minor in light of the \$16.7 million DAS-IMSD budget, it could raise a red flag for federal or state auditors reviewing the County's allowable costs.

Lee Holloway, Chairman, Milwaukee County Board of Supervisors
December 2, 2011
Page Two

Recommendation

We recommend that, prior to the closing of the County's books for 2011, the cost of the IT Director – Business Development position be transferred to the Office of the County Executive.



Jerome J. Heer

JJH/cah

cc: Milwaukee County Board of Supervisors
Chris Abele, Milwaukee County Executive
Patrick Farley, Director, Department of Administrative Services
Pamela Bryant, Interim Fiscal & Budget Administrator, DAS
Scott Manske, Controller, DAS
Steve Cady, Fiscal & Budget Analyst, County Board Staff
Carol Mueller, Chief Committee Clerk, County Board Staff